# WORKING TO HOME

## A TOOLKIT FOR BUILDING EMPLOYER ASSISTED HOUSING PROGRAMS

**Policy Guide**

**nhc.org**

NATIONAL HOUSING CONFERENCE

# EXECUTIVE SUMMARY

Employer Assisted Housing (EAH) programs offer a unified solution to housing, jobs, and transportation issues by empowering organizations to help their employees achieve homeownership, reduce turnover costs, reduce commuting times, and contribute to local community development initiatives.

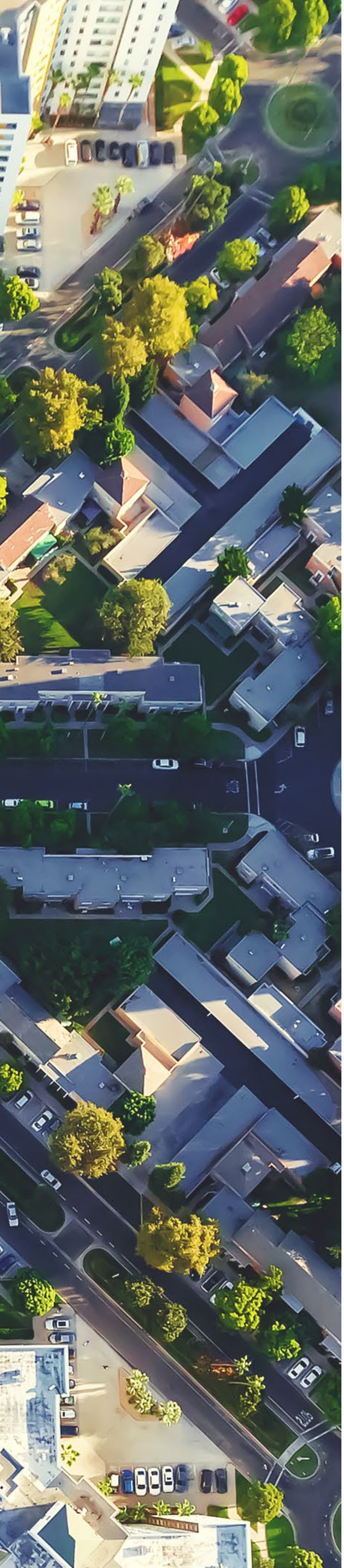
- **In every state,** employees in a wide range of occupations cannot afford to buy a home of their own.[1] As of 2022, the average American renter spends more than 30 percent of their income on housing.[2] Housing costs contribute to hiring challenges in high-growth areas. At the end of 2022 there were 11 million job openings in the U.S., with 4.1 million people voluntarily quitting their job. One study found that as many as 67 percent of employers reported that home prices and rental costs are affecting their ability to recruit qualified candidates.[3]

- **Some of the most beneficial** and effective EAH programs provide downpayment and closing cost assistance for first-time homebuyers in the form of a loan that is forgiven over a 3- to 10-year period as long as the employee remains at the organization. Savings on lost productivity, recruiting, and training costs often cover the entire cost of the benefit.[4] EAH programs with additional benefits for employees who live close to work can make a significant contribution to economic stabilization. When designed in tandem with community development initiatives, EAH can also be leveraged as a tool for investment in local economies with a reduced risk of displacing residents.[5]

- **EAH programs can include** other supply-side methods of assistance such as cash contributions to development projects, land donation, construction financing, investment in Low Income Housing Tax Credits, and more. This toolkit will focus on direct cash assistance and low-cost or forgivable loans offered to employees.

- **A larger scope of employers** should consider EAH as an opportunity to provide impactful benefits to their employees and a competitive advantage in employee retention. While employers traditionally do not engage in housing initiatives, EAH allows them to provide nontraditional benefits to make housing affordability a reality for their employees.

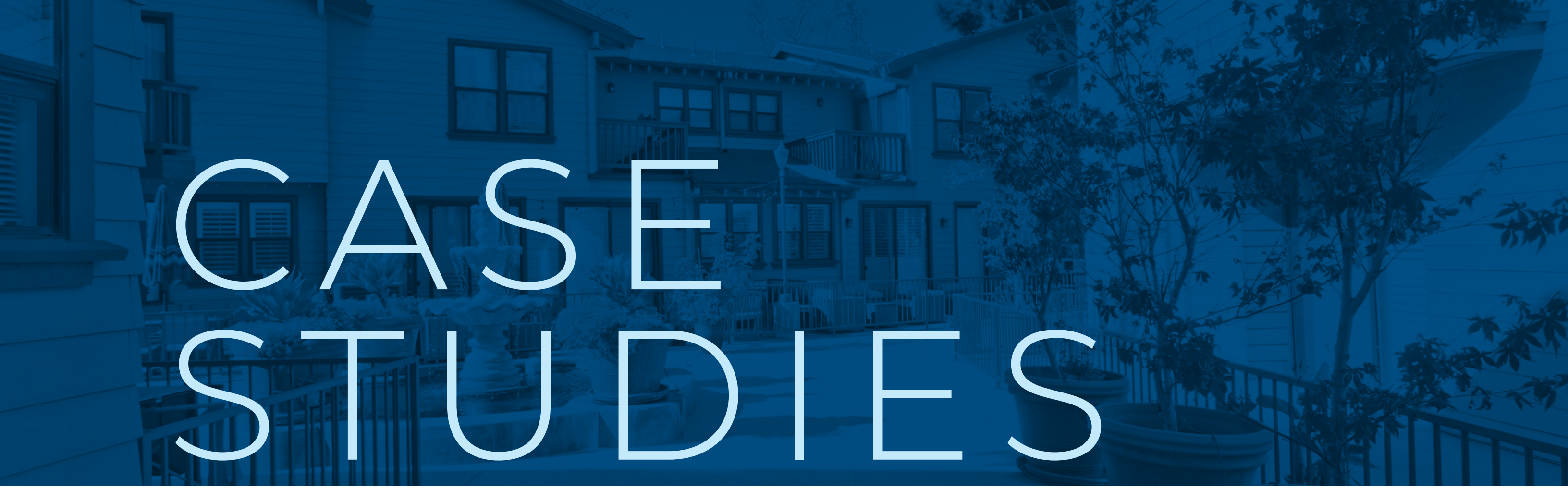
This toolkit is intended to act as a resource for employers and policymakers that are interested in EAH. It provides history, context, and programmatic examples of other relevant programs in order to help interested entities successfully launch an EAH program. It is not intended to be used as legal advice. Interested parties should always consult with legal counsel before enacting new programs.



# BACKGROUND

First introduced in 1991, EAH programs were gaining popularity prior to the Great Recession but fell out of practice for many after the housing market crashed.[6] Reduced home prices, high unemployment, and disparagement of homeownership in the wake of the subprime crisis virtually eliminated the marketing of EAH.

However, many currently operating programs are attached to "anchor institutions" like universities, medical centers, and public offices.[7] Employment in these sectors has remained understaffed, and geographically scaled programs remain valuable. With populations migrating away from larger cities and looking for more space after the pandemic, there is an opportunity to help bolster economies in suburban neighborhoods while attracting new talent for employers.[8] Similarly, EAH can help to revitalize neighborhoods in urban areas that otherwise see disinvestment by leveraging the funding of private employers.



# CASE STUDIES

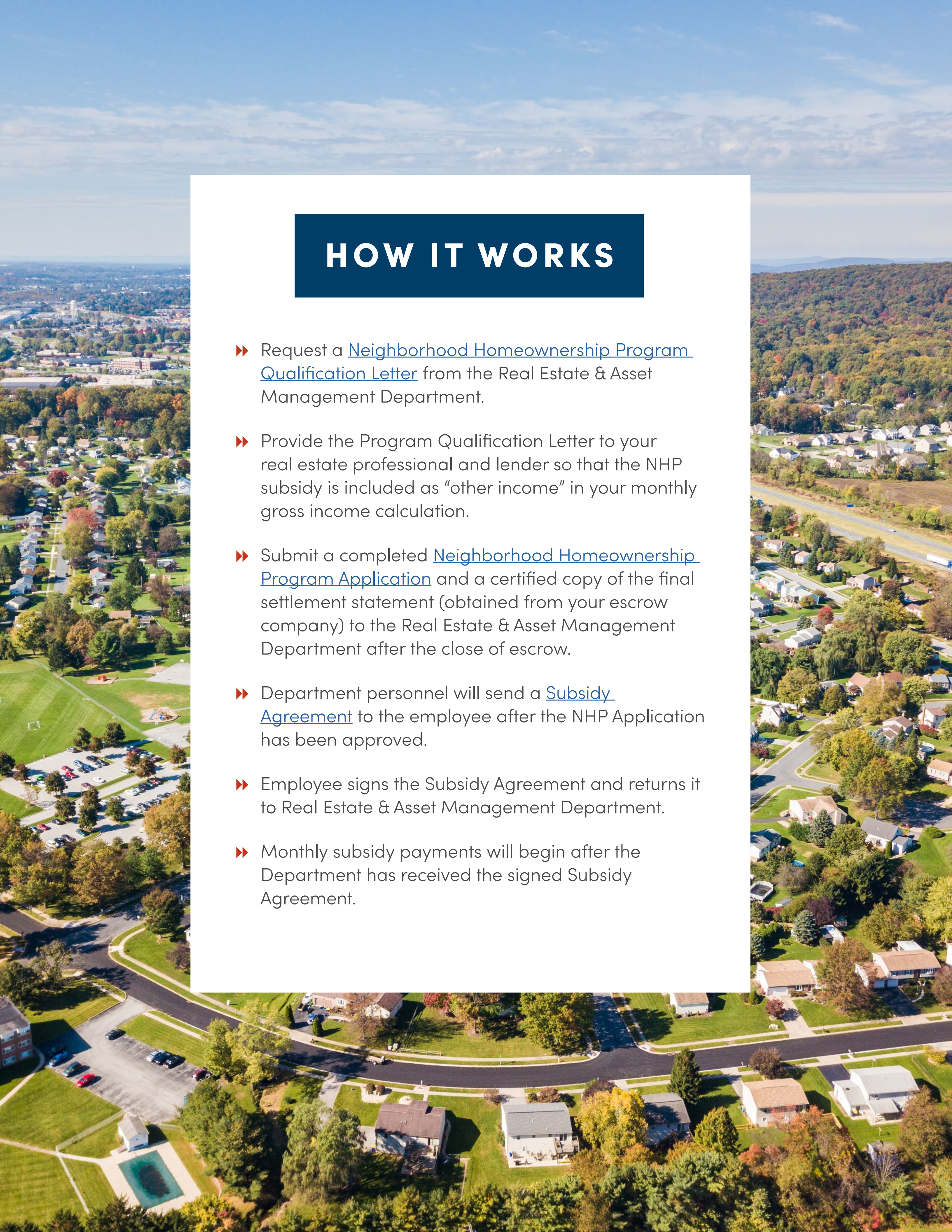
## UNIVERSITY OF SOUTHERN CALIFORNIA (USC)

- **The USC Neighborhood Homeownership Program (NHP)** is funded by the school itself and provides employees with monthly payments totaling $50,000 or 20 percent of the home's purchase price (whichever is less) over a seven-year time frame.[9] Payments through the NHP are delivered directly through the employee's payroll, and consequently are taxed as income. These forgivable loans are secured to the title of the home via second or third trust deeds, with a subsidy agreement and trust deed signed at closing for the new home purchase along with the documents package for the employee's first mortgage lender. This is handled by the escrow company, and the first lien holders must be notified of the presence of the USC second.

- **USC also has a program that offers specific subsidy grants** to new employees moving into the area that can vary widely depending on need. For example, the program could offer $100,000 as a forgivable lump sum that is secured as a lien on the home with no interest and forgiven at a pace of $10,000 over 10 years, depending on the agreement. A popular design for this offer gives employees $50,000 in a forgivable, zero-interest lump sum loan with $10,000 forgiven annually each year for five years, however the options range widely anywhere from $10,000 to six figure numbers. The loan amount forgiven each year is added to the employee's W2.

- **USC also offers Short-Term Loans (STL)** that are funded in lump sums at the close of escrow of the new home purchases. This type of loan is not forgiven but repaid in payments like typical loans, and are amortized over 30 years the same as conventional mortgages. The loans are offered at much lower rates that can vary from department to department within USC.

- **Finally, USC has an option of monthly payment subsidies** to help employees with rent or mortgage payments. These can vary greatly in total amount and term length. For example, some employees receive $1,000 a month for a year, or others can receive $5,000 a month for four years. The most common term lengths are one to four years. These monthly subsidies



# HOW IT WORKS

- Request a Neighborhood Homeownership Program Qualification Letter from the Real Estate & Asset Management Department.
- Provide the Program Qualification Letter to your real estate professional and lender so that the NHP subsidy is included as "other income" in your monthly gross income calculation.
- Submit a completed Neighborhood Homeownership Program Application and a certified copy of the final settlement statement (obtained from your escrow company) to the Real Estate & Asset Management Department after the close of escrow.
- Department personnel will send a Subsidy Agreement to the employee after the NHP Application has been approved.
- Employee signs the Subsidy Agreement and returns it to Real Estate & Asset Management Department.
- Monthly subsidy payments will begin after the Department has received the signed Subsidy Agreement.

are added to the employee's payroll each month and thus taxed as regular income.

- According to a USC representative, around 2,000 employees used these programs since they began and default rates on the loans are very low. The program is currently considering expanding its neighborhood boundaries offer more housing inventory. Employees are eligible by continuing USC employment, continuing to own and occupy the home, and remaining in good standing with the primary lender. USC offers the most variety of EAH program structures. Consequently, the school requires more staff devoted to implementing and tracking the programs.

## "SPIN got me a house"

Some people call and say "this is complicated" — but it's easy to streamline. A person makes contact. We send them an email with application and privacy waiver and Home. Buy. Now. requirements. They return it with an agreement of sale and a preapproval. That comes through and we write two letters- one accepting into the program that goes to Philadelphia and one to the mortgage company outlining that a recipient is getting this amount of money. We submit it all to Home. Buy. Now., it gets approved, and we get a W9, a form for the title company, and a settlement notice. The settlement notice triggers the money to be sent. It's very simple and there is not a ton of clerical work. We just need to have two weeks before the settlement is processed.

## PHILADELPHIA

- **Home.Buy.Now** provides matching grants to employers offering EAH amounts up to $4,000 with a minimum buy in of $500.[10] The program is funded by the Pennsylvania Housing Finance Agency and the City of Philadelphia's Division of Housing & Community Development (DHCD), and administered by the Community and Economic Development Department of the Urban Affairs Coalition (UAC). The program makes a grant payment matching the employer contribution up to $4,000 directly to the settlement company. The program requires that an employee live in the City of Philadelphia and be at or below 115 percent of Area Median Income. Average income of employees served is around $56,000 and the average grant amount for the FY22 was $2,455. Employers can set their own participation criteria for their employees, including any additional income or geographic restrictions.
  - **SPIN:** SPIN is a nonprofit organization that provides high quality services to people with autism and intellectual or developmental disabilities and has participated in Philadelphia's Home. Buy. Now program since 2002. SPIN provides $2,000 in EAH funds to its eligible employees. Eligible employees are then qualified to receive a matching grant of an additional $2,000 from the Home. Buy. Now program. To date, SPIN has helped 93 employees purchase homes within and around the Philadelphia area. The program is offered in a benefits package and

## EAH Recipient Story

Just before the end of 2022, I was having a conversation with a close friend. Neither of us follows the tradition of New Year's resolutions but he asked me, "where do you see yourself in 5 years?" it did not take very long for me to respond because for quite some time, this has been my dream. I replied almost immediately, "within the next 5 years, I want to own a home that has room for my children and my mom with a yard for the puppies in an area where I feel safe.

At the end of 2021, someone violated us and threatened our safety, which devastated my family. Since that time, I have done everything I can to maintain the safety of my family. I had security features installed in the home, alerted my neighbors, and contacted the local authorities. I wanted to find a new home and now with our safety in danger, this made the desire to move more imperative.

As a single black female, with two children, it can be very difficult to attain the funds necessary for purchasing a home. I have attempted this process several times since the incident, only to be ignored by realtors because my purchasing power was not strong enough, or my credit score was not high enough. This year, with much determination and the help of The Home. Buy. Now. Program; I was finally able to secure the funds necessary for closing on a home where my family can live safely.

Without the contribution of The Urban Affairs Coalition, along with SPIN, Inc., this process could have taken much longer and my family would have continued to live in an unsafe area for an undetermined amount of time. I appreciate all of the support that was given to me throughout this process.

Without knowing it, this program has saved my family and helped me achieve a dream that my parents had but haven't yet achieved; to become a homeowner. Thank you so much for making my dream a reality.

**— KIA, PROGRAM PARTICIPANT**

requires employment for a one-year period before it can be used. It is first come, first served, and because the granted money acts as a benefit, funds go directly to settlement company and are not touched by the employee. A SPIN representative noted that some employees who benefitted have since had children that come to work for SPIN and also benefit from the program, creating a strong network of employees who are engaged with and supportive of the company. “SPIN got me a house” is a well-known sentiment.

## BALTIMORE

- **Live Near Your Work** is a city funded matching program administered through the independent nonprofit, Live Baltimore.[11] The program matches any EAH grants up to $2,500 with a minimum buy in of $1,000 and currently has 150 businesses participating. The City of Baltimore requires three things to match the employer funding: 1. The home being purchased is a primary residence; 2. The purchaser puts down $1,000 of their own capital; and 3. The buyer participates in homeownership counseling through a city-approved counseling agency prior to making an offer on a home. Once an interested employee has completed these three steps, they have one year to purchase a home to take advantage of the grant. The program is first come, first served, and often runs out of funding due to its popularity. In January 2023, the program was allocated $242,500, enough for the purchase of 97 properties. A representative from the City of Baltimore noted the program and its participant, Johns Hopkins University, was integral in increasing homeownership and developing community around the Johns Hopkins medical center in East Baltimore.

## SAN MATEO COUNTY

- **The Employee Down Payment Assistance Program** is available for full time County and Housing Authority employees and was created to help employees afford housing in the expensive area.[12] The county funds the program and offers a $100,000 loan as a second mortgage towards the purchase of a home in San Mateo County. It requires a 20 percent down payment with 3 percent provided by the employee and the remaining 17 percent by the program, not to exceed $100,000. The loan is deferred for the first five years and amortized for 30 years at three percent interest. In one case, a single household employee was able to purchase a one-bedroom condo in the county for just over $600,000, which otherwise he would not have been able to afford without the additional $100,000. The average home price for program participants is $875,000. The county also offers a $5,000 grant to help cover closing costs for awardees moving to San Mateo from outside the county. It requires the employee to work full time for at least 18 months, not currently own a home within the county, and have a pre-approval letter from a partnered credit union. In this program, five names are drawn each quarter through a lottery system. Funding is set aside for the recipients for up to six months while they search for a home to purchase. Reducing commute times was the main driver for implementing an EAH plan that allowed county employees to live in the county, mitigating commuter stress, the environmental impact of driving to work, and helping improve the health of employees. Initially, the program was funded at $2.2 million and the amount was quickly depleted. In total, 31 people have used the program since it began in 2017. The program is expected to become self-funding around 2030 as recipients begin repaying loans.

## UNIVERSITY OF MARYLAND-BALTIMORE

- **University of Maryland-Baltimore (UMB):** UMB takes part in Baltimore's Live Near Your Work program. UMB's program offers downpayment and closing cost assistance for homes in select West Baltimore neighborhoods with contributions up to $16,000.[13] The program is offered to full and part time employees who have also completed homeownership counseling. The employee is required to contribute $1,000 of their own funding toward the downpayment. In the five years since the program was revamped from a previous iteration, UMB has helped 68 employees become homeowners through the distribution of over $1 million in grants funded by the school.[14] The employees can stack the additional $2,500 in matching funds from Baltimore for a total of $18,500. The taxation of the grant applied to employee paychecks over the course of five years. A driving factor for UMB participating in LNYW and offering a larger downpayment assistance was to encourage community development around its campus. Because of this, employees are not required to stay with UMB for any period of time– they are only required to continue occupying the home for five years. The vast majority of employees who received the benefit remained employed for those five years and the program serves a wide range of income brackets. UMB is tracking community indicators to positively impact the health, economic, and social outcomes of its employees and the surrounding neighborhoods to ensure that the program is impactful and equitable.

## ROCKET COMPANIES

- **Rocket Companies now offers the Rocket Home Grant Program,** which grants employees up to $10,000 in downpayment assistance or closing costs on conventional loans.[15] Due to its unique position as a mortgage company, it also offers discounted closing fees and reductions in interest rates. The grant program has helped several hundred employees since it was launched a year ago.[16] It is available for first-time homebuyers who have been employed with the company for at least a year. The grant program was launched to attract and retain new talent, but also to provide the benefits of homeownership to employees as a method of "practicing what we preach." As a mortgage company, Rocket understands the barrier a downpayment can present for otherwise qualified homebuyers and also offers internal financial training and education to help navigate the buying process. The company has seen improvements in employee retention among team members who have taken advantage of the program.

## WASHINGTON, D.C.

- **Live Near Your Work Pilot:** The DC Office of Planning ran a Live Near Your Work pilot program for several years that drew participation from three local universities: Georgetown University, American University, and Gallaudet University.[17] The program was a matching homeownership grant for downpayment and closing cost assistance that provided up to $8,000 in assistance for DC residents to purchase homes near their employer or a metro transit station. The goals were to reduce household transit and energy costs and to reduce the impacts of long commutes on community infrastructure. The pilot helped approximately 35 employees purchase homes within two miles of their place of work, half a mile of a metro stop, or a quarter mile of a bus route. According to the Office of Planning, at the time of the pilot 54 percent of workers in the Washington Metro Region drove 30 minutes or more to get to work. They found living closer to work can save an individual anywhere from $3,000–$7,000 in transportation costs annually.

# RECOMMENDED PRACTICES/ BUILDING YOUR EAH PROGRAM

STEP ONE

## Determine Your Employee Need

Before designing your EAH program, it is helpful to understand the market needs of your current and potential employees. Identifying the exact issues your employees face will help inform how you should structure your EAH program. Employers can determine these needs in a variety of ways, including by sending out a formal survey to all employees, researching local housing markets, or partnering with a local housing or community development organization to better understand the context of your community.[18]

### KEY QUESTIONS:

1. **What are the goals of my program?**
   - a. *Reducing turnover, lowering commute times, attracting new employees?*
   - b. *Note that different goals might require different program structures. For example, if you are interested in contributing to community development, specific geographic requirements and partnerships with local organizations might make sense. If you are interested in employee retention, requiring a grant recipient to remain with the company for three years and forgiving a percentage of the loan amount annually might work best.*
2. **Is housing affordable around my physical place of work?**
   - a. *What does it cost to purchase a home?*
   - b. *What does it cost to rent?*
3. **Is there sufficient housing stock available around my location?**
4. **What percentage of my employees are currently commuting to work?**
5. **Is traffic or commute time an issue for my employees getting to work?**
6. **Is housing and the local community a draw for potential employees to work for me? Is it a drawback?**

National Housing Conference maintains a tool called *Paycheck to Paycheck* that analyzes housing and rental affordability in 390 metropolitan areas.[19] The database can act as a starting point for understanding how housing and wages are impacting your community.

STEP **TWO**

## Determine Your Funding Source

Once you have a clear picture of what your employees' housing needs are, you can begin determining what level of funding is needed to meet those needs. Not all EAH programs are capable of being exclusively self-funded. There are opportunities to include matching grants from other public and private resources that can often double the amount of assistance for your employee.

For those seeking to increase their funding capacity or take advantage of grant matching from other parties, connecting with available public resources is a good place to start. Check with your local housing authority, or city, state, and local governments to find out if an existing funding source is already available. Some entities have new funding resources from the American Rescue Plan, the State and Local Fiscal Recovery Funds, and the Inflation Reduction Act.

Some Federal Home Loan Banks also support EAH. The Federal Home Loan Bank of Atlanta has a Community Partners Product available for current or retired law enforcement officers, educators, health care workers, firefighters, other first responders, veterans or active-duty members of the military or their surviving spouse, and COVID-related essential workers.[20]

In determining funding, consider how the program might become self-funding after a number of years. If you are interested in offering zero or low interest loans, consider when the initial loan period will come due and how to use the money generated.

Finally, determine an estimated amount of cost savings from any reduced turnover. A well-designed program can actually save an employer money. Calculators are available from HR resources to determine the cost of employee turnover, and this cost can be compared to the overall investment in EAH.[21]

STEP **THREE**

## Design Program Structure

EAH programs are by no means one-size-fits-all, and companies should consider the ease of delivery when designing their program structure. There are a variety of ways to structure the available assistance to best fit your organizational needs and goals. To maximize benefits to the employee and maintain simplicity, NHC recommends using direct grants and forgivable loans. While some employers choose to tailor each EAH grant to individual employees and offer letters, a consistent program is likely easier to implement and less competitive among employees. Larger employers with infrastructures in place to manage different grants may want to consider tailored offerings. Determining this level of flexibility will help to determine the staffing needs to administer your program.

### KEY QUESTIONS:

1. **What type of benefits are offered?**
    - a. *Direct grant for downpayment assistance, forgivable loan, low interest loan*
    - b. *Is there an option for rent assistance?*
2. **What is the amount of each benefit?**

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   a. *NHC recommends analyzing your local housing market and determining what an average three percent downpayment is within your community to help decide on this number. Helping employees get close to this downpayment amount is likely to provide the strongest benefit.*

3. **Is there a time period the employee must stay to receive the benefit?**
   a. *How long must an employee be with the company before the benefit is offered? This number can range from immediately to a year.*
      i. NHC recommends not instituting time requirements offering benefits. As with most programs, the simpler the structure, the easier it is to implement. Further, offering benefits immediately more substantially builds EAH into the employee hiring and onboarding process, making it a more attractive offer for potential employees who may or may not be willing to move to a new area. You could also consider offering larger amounts of assistance with longer tenure.

4. **How will the assistance be delivered to the grantee?**
   a. *Some employers apply grants directly into paychecks, some write checks made out to the title company, and some wire directly to the lender.*
   b. *What staffing is needed to implement delivery?*
   c. *What changes need to be made to the payroll process to implement your program?*

5. **Are there any other restrictions?**
   a. *Geographic area close to the workplace, income limit, first time homebuyer?*
   b. *Required housing counseling or financial literacy courses?*
   c. *NHC recommends a basic requirement that employees maintain the home as their own, continuous, primary place of residence.*

STEP **FOUR**

## Establish Program Processes

To ensure a smooth implementation strategy, a company should establish its program processes and draft any needed materials. These might include an application for the grant, a preliminary loan application for a partner, a credit report release, pre-approval letters, or others.

First, if the program is not universally offered, determine what the application process for the benefit looks like.

### KEY QUESTIONS:

1. **What documentation is needed to apply for and receive the benefit?**
2. **Default outcomes: what to do if an employee defaults on a loan, quits the job, or is laid off**
   a. *Is the loan required to be paid in full? Is there a sunset clause where each year more is forgiven and only the remaining needs repaid?*
   b. *Employers will need to develop their own policies around employee terminations.*
3. **Determine selection process**
   a. *Is this offered to all employees? Will you use a lottery system?*
   b. *What does the application process look like?*
4. **Set up payroll (if applicable)**
5. **Determine staffer responsible for administering program**

STEP **FIVE**

## Connect with Partners

Organizations should consider who might be a beneficial partner for their program. Partnerships allow for a deeper investment and cohesive effort by multiple entities to bolster community development initiatives. They also help employers work alongside local partners with a vested interest in seeing the community grow while limiting displacement. Partnerships can also provide an opportunity for an employer to outsource program implementation to experts in managing the application and processes. In best cases, they can bring in additional funding sources that will amplify the amount of assistance offered to employees.

Potential partners might include a specific bank or credit union that is interested in providing the loans, an intermediary that acts as a source to implement the program, a housing counseling agency, or a government partner that provides additional funding. When considering any partnerships, remember that they can potentially come with additional restrictions on the program to form an agreement or receive matching funds. City governments might have a stipulation that the home purchase is within city limits or include an income restriction. Any new restrictions from partners must be built into the program structure. Be sure to clarify if any new criteria must be vetted by your organization, or if there is additional paperwork for the partner to process.

It can be beneficial to draft a Memorandum of Understanding with any partners to codify the agreements made and make clear the expectations from the partnership.

STEP SIX

## Implement and Market

Once the program is ready for implementation it is vital that it is effectively marketed to employees. A purposeful marketing plan that highlights the benefits of the program will encourage uptake by current employees, and can be utilized for attracting new talent as part of a broader employment strategy. Any EAH program is only as effective as the employer's intentional implementation of the program. A successful program maintains consistent marketing to continue highlighting the benefits of the program and promote word-of-mouth stories among program recipients. For many, hearing another employee successfully used the program is the most impactful way to market to other employees.

## Rent Assistance Options

Some EAH programs are not only focused on homeownership, but allow for a form of rental assistance for employees as well. While there are already federal rental assistance programs designed to meet this need, it is well documented that the programs are underfunded and can be burdensome for landlords to use.[22] Employers might be interested in providing rental assistance as a way to make housing more affordable for their employees. Such programs could be applied universally or use some income restrictions depending on the employer goals. Rental assistance can be particularly helpful in high cost areas and fill in a needs gap for employees who are not yet ready to purchase a home, financially or personally. For example, one program found that many employees coming from out of state were hesitant to commit to purchasing a home in a new city without living in the area first. They began offering rental subsidies, some up to $2,000 a month, to allow their employees to settle into the community before seeking homeownership. Renting options then act as an onboarding ramp for employees moving into the area who are unfamiliar with the new place and unwilling to purchase a permanent home immediately. This can be an attractive option for new employees coming from out of state.

# BENEFITS

**Reducing turnover rates:** EAH lowers employee turnover, reducing vacancy, recruitment and training costs. Fannie Mae, which pioneered EAH in 1991, saw its turnover go from 25 percent to single digits after implementing its program.[23] A study by Aurora Medical Centers saw its turnover fall from 14.5 to 5.3 percent among employees using EAH.[24] EAH fosters greater employee morale and loyalty and can help companies increase employee retention and reduce overall turnover and training costs, which can be twice an employee's salary.[25] In January 2022, median employee tenure was 6.8 years for the public sector and 3.7 years for the private sector.[26] When looking at age brackets, median tenure for workers ages 25-34 (within homebuying age) is only 2.8 years.

**Potential for net zero cost:** Effectively designed programs can pay for themselves. For example, the City of Baltimore noted that their Live Near Your Work program pays for itself in gained property taxes. Many participants purchase homes within the $150,000-$300,000 price range, which results in a healthy amount of property taxes back to the city. According to a representative, the only true cost of the program is the salary of the manager running it. Another study by NHC's former Center for Housing Policy on Aurora Health Care System in Wisconsin found a total outlay of $500,000 for 208 forgivable loans, and noted that while data wasn't specifically available, it is highly likely that the cost of hiring and training 208 employee replacements would be much higher than the investment.

**Fosters Homeownership Opportunities:** EAH makes the dream of homeownership possible for many people who otherwise would not have the financing needed to purchase a home. Many programs are stackable with other grant and loan opportunities, meaning employees can receive assistance of up to $50,000 depending on the program design. If programs are further targeted to specific income brackets, geographies, or first time homebuyers, they can also make meaningful contributions to help close the homeownership gap for lower income households and people of color. Downpayment assistance in particular is a recognized method for helping to close the racial homeownership gap, and EAH can act as a downpayment assistance program funded by private resources.[27]

**Leveraging diverse policy initiatives:** EAH encourages access to affordable housing options within areas of opportunity for employment, uniting housing and labor goals for communities. It can also leverage transit-oriented development planning. In San Mateo County, reducing commute times was the main driver for implementing an EAH plan that allowed county employees to live closer to the county headquarters, mitigating the environmental impact of driving to work and helping improve the health of employees.[28]

**Higher employee productivity and morale:** The benefits of EAH programs are shared by both employees and employers. Commuting time is reduced for employees, which results in reduced absenteeism and tardiness. Reduced stress on employees then contributes to higher morale and productivity. These benefits can have overall positive impacts on employee health and productivity.

**Environmental impact reduced:** The reduced commute and travel times can result in positive impacts on the environment of the community and broader environmental impact. Fewer cars on the road for shorter periods of time results in fewer emissions and slower degradation of community infrastructure such as roads and bridges.

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# CHALLENGES

**Scalability:** Many individual programs in operation only serve five to a dozen families a year, often making EAH a small-scale program. This is in part due to the lump sums of capital needed to fund the programs, and also due to staffing capabilities of varying employers who implement the programs. It is difficult to scale these programs in expensive markets. Some representatives from programs in more expensive markets noted that they have heard feedback from employees that $100,000 loans are not enough to find a home in the area. Many representatives interviewed reiterated that their program is only as effective as the administration's marketing efforts to potential employees. Employers with dedicated HR professionals who build EAH into their operations are much more successful in taking advantage of the full range of EAH benefits. It is notable that the more successful an EAH program is, the more participants are in the program and results in additional labor needs for program implementation. Several interviewed programs expressed that HR departments are not always the ideal space to operate EAH programs due to competing priorities. Further, as housing becomes more expensive, the impact of payments is diluted. Programs providing $1,000-$5,000 in assistance are not as impactful in some markets where homes costs are reaching one million dollars. Assistance amounts should be tailored to local housing contexts in order to make a material impact for potential homebuyers.

**Tax Implications:** Taxes can be a disincentive for both individual employees and employers. EAH grants and loan forgiveness are considered taxable income, and can push employees (often with limited means depending on program design) into new tax brackets, or discourage participation due to intimidation of new tax obligations. The funding is also limited in impact after taxes dilute the value of the initial EAH grant. Select programs noted that directly transferring the grant from the employer, without the employee touching the funding, could potentially avoid tax obligations since it is not considered income.

**Marketing:** Many groups implementing EAH programs, particularly those that act as intermediaries for matching programs, noted that marketing these programs can be challenging due to limited funding and staffing. For many, the employers who were most purposeful in engaging their employees were the ones who saw the most use of EAH matching funds. Unless a company leans in to taking advantage of EAH as a business and HR strategy, the HR team can often let it fall to the wayside amongst their other competing priorities. Some noted employees, rather than the employer, can drive the programs when they discover the benefit listed somewhere on a website or onboarding material. This leads to ad-hoc program participation by employees who are seeking the benefit, as opposed to a strategic approach from the employer looking to leverage the benefit. SPIN runs its program through the corporate office rather than HR, incorporating its implementation as a corporate strategy rather than an employee benefit, to highlight the importance of the program.

# POLICY OPTIONS

**Address Negative Tax Incentives:** Two strategies can be used to avoid EAH creating a taxable event. A new tax incentive could be authorized by Congress that makes any EAH grant amount nontaxable on gross income, similar to benefits like health, dental, and life insurance so the funds are not subject to end of year taxation. Alternatively, a tax credit could be created for businesses that utilize EAH to encourage greater employer participation. Some states have already included some tax incentives for EAH.[29] In Illinois, the tax incentives can allow a company to commit $10,000 to EAH with a net cost of only $2,640, well below the cost of turnover.[30]

Rep. Nydia Velazquez most recently introduced a bill in the 115th Congress called *Housing America's Workforce Act* of 2017 that would allow employers to qualify for a 50 percent tax credit when helping their staff rent or purchase a home.[31] The bill was supported by the National Association of REALTORS.[32]

**Address Scalability:** NHC recommends encouraging a pooling system and centralized administration program similar to those used by Philadelphia, Baltimore[33],Chicago[34], and Minnesota.[35] Ideally, programs would be tied to a matching grant and funding source that allows for a constant stream of funds through a state, city, or local program and increase the possible amount of grant money available to homebuyers. Some of these matching programs do not become involved with setting up individual employer programs and strictly provide the matching funds, however they can provide technical assistance with getting employers started. Keeping an overarching program for administration and implementation can reduce the burden of operations for individual employers and allows for greater participation by smaller businesses that otherwise do not have the organizational capacity to maintain program stability. A centralized resource also helps to encourage a greater number of employers to participate, advancing common community development goals through a wider scope of offered grants. Such central administrations can be run through state or local housing finance agencies and/or nonprofit organizations similar to the structures built to administer Emergency Rental Assistance programs.

**Invest in EAH:** There is a lack of data available that specifically analyzes the impact of EAH programs. Many employers are interested in the concept, but would reasonably like to see evidence-driven outcomes from other employers before establishing their own programs. Because employers are not often prioritizing pilot programs or tracking their own HR-related data, there is a lack of updated evidence available to provide those interested with relevant success stories of EAH.[36] Investing in a comprehensive study of EAH could help to provide this data and drive more investment into EAH programs.

# CONCLUSION

Employer Assisted Housing was gaining traction among employers before the economic crisis. In 2008, nine percent of companies offered some kind of downpayment assistance nationally, up from eight percent in 2004 and just four percent in 2002.[37] Bringing EAH programs back into the scope of employer benefits can provide a streamlined policy solution for housing, employment, and transportation.

It has been well documented that direct cash assistance is the easiest and most impactful way to make housing more affordable.[38] During the COVID-19 pandemic, housing practitioners and governments at all levels learned valuable lessons from the Emergency Rental Assistance program and Homeowners Assistance Fund that each provided direct relief to struggling families. In short of a federally funded downpayment assistance program, employers have the opportunity to step in and fill a market need that can also provide them with outsized benefits in return. Many current EAH programs are centered around the public sector, anchor institutions, and community service professions such as police, firefighters, and teachers. Expanding the program into the private sector can stoke substantial housing investment without needing any capital from taxpayers. Leveraging private industry to help address housing affordability in this manner can be a solution that benefits everyone.

# ENDNOTES


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