

Employer-Assisted Housing

An Investment That Pays Many Times Over



Who is the Metropolitan Planning Council?

“a nonprofit, nonpartisan group of business and civic leaders committed to serving the public interest through the promotion of sensible growth, economic competitiveness and equity of opportunity”

- Founded in 1934
- 60 member, business-based board
- 24 professional staff
- Partnerships with hundreds of public officials, business leaders, community-based organizations and other stakeholders

What is the Metropolitan Planning Council?

Program Areas

Housing

Regional Development

Transportation

Urban Development

- Research: MPC begins all efforts with primary research.
- Policy Development: We formulate independent policies based on our research.
- Advocacy/Implementation: We activate change through coalitions, pilot initiatives, technical assistance, and direct lobbying.

Problem

Metro Chicago jobs and population are growing at a faster rate than the supply of workforce housing.

Issue

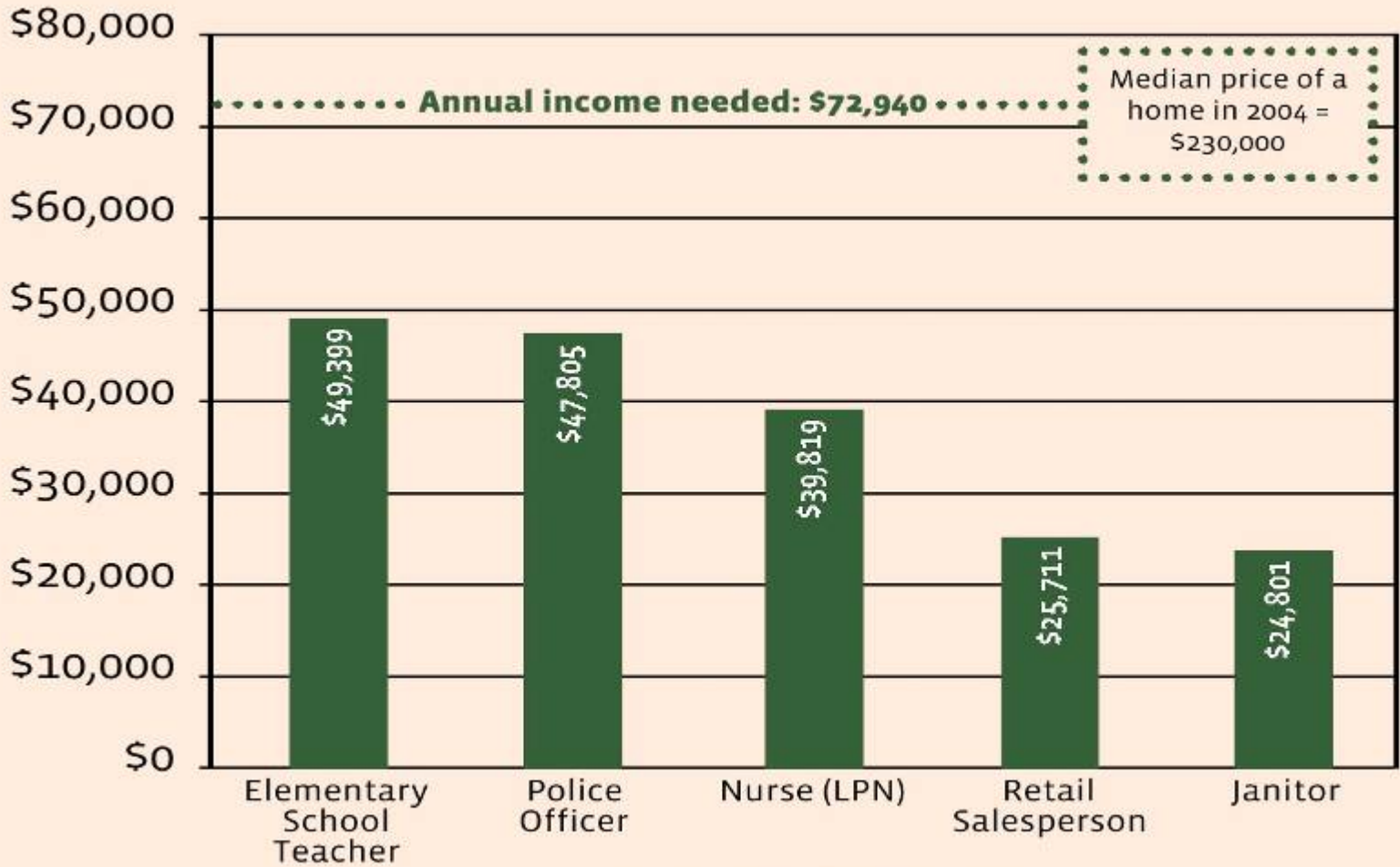
Workforce problems result from this 'Jobs-Housing Mismatch'.

Solution

Employer-Assisted Housing (EAH) – Maximize employee retention by implementing this outsourced, easy-to-administer employee benefit.

Working Families Cannot Afford a Home.

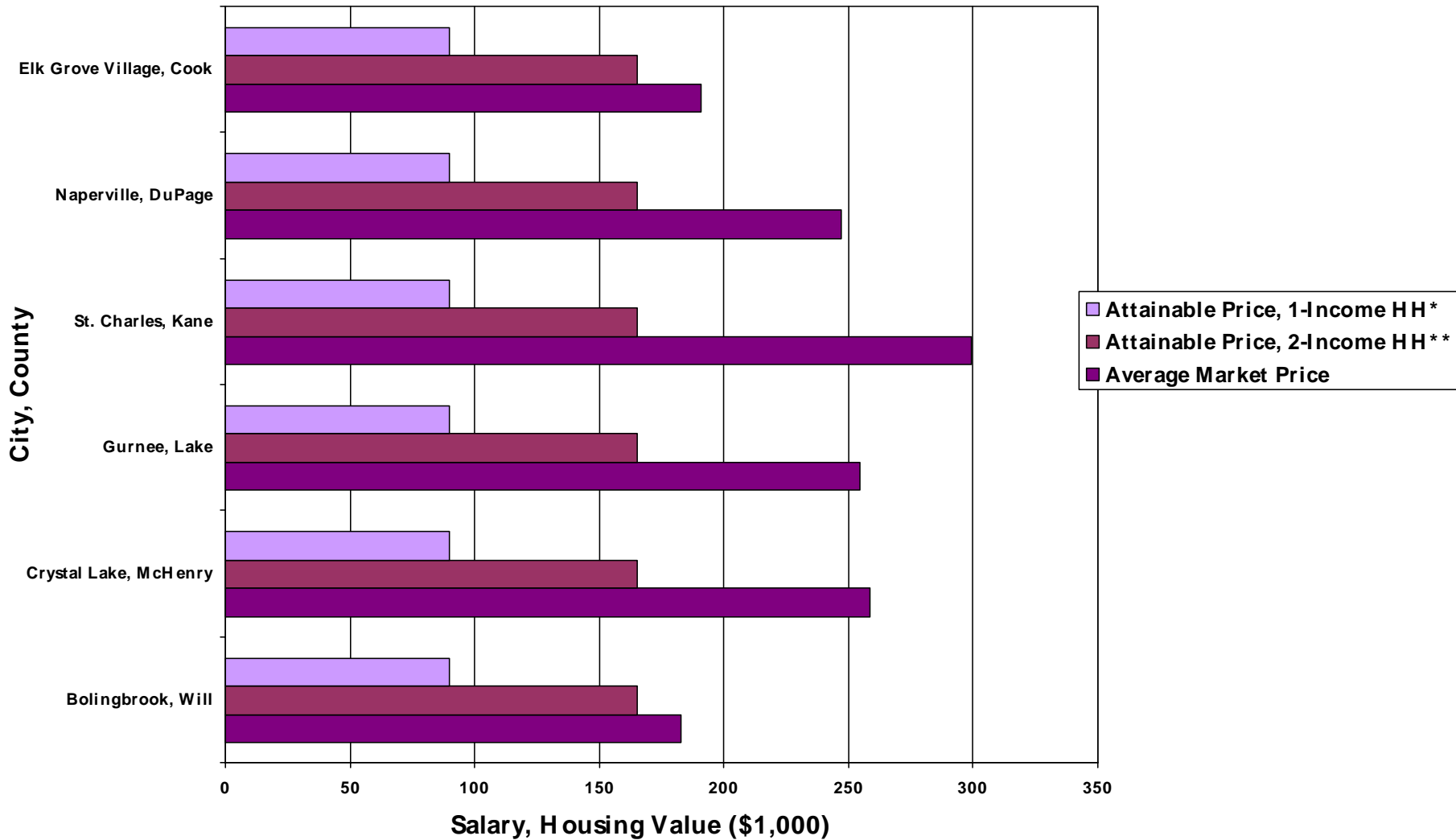
WAGES AND THE COST OF HOUSING IN THE CHICAGO REGION



Source: Center for Housing Policy

Average incomes

An employee cannot afford typical housing near where he works.

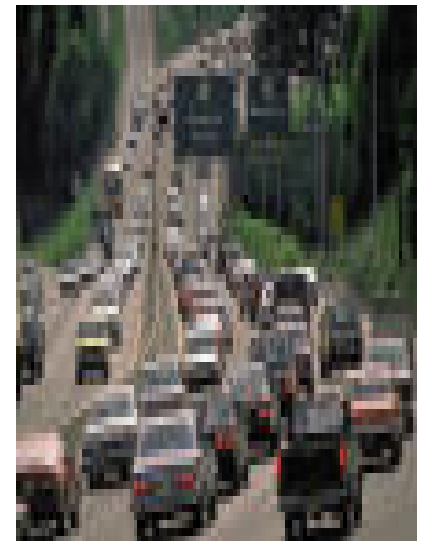


* Database Admin. @15.69/hr

** Medical Assistant @\$9.79/hr and Database Admin. @15.69/hr

What happens when workers have lengthy commutes?

- Traffic congestion. Average commute time has increased 10% in a decade. Employees waste approximately one extra workweek per year sitting in traffic.
- Consequences:
 - Employee stress
 - Morale problems
 - Tardiness
 - Absenteeism
 - Turnover
 - Recruitment costs



Employer-Assisted Housing helps you reduce employee turnover.

EAH is an employer-provided, easy-to-administer benefit that helps employees buy or rent a home closer to work.

Each EAH plan is different, customized to meet the needs and circumstances of the employer.

An EAH program could include:

- Counseling about home buying and financing
- Direct financial help with closing costs and mortgage payments
- Rental housing assistance
- A real estate investment
- A combination of the above

Employer-Assisted Housing helps you reinvest in the neighborhood.

An EAH program can:

- Encourage employees to live in the community
- Engage employees in neighborhood life
- Support community development and reinvestment



Why Employer-Assisted Housing?

EAH is a ...

- Win for the **EMPLOYEE**
- Win for the **COMMUNITY**
- Win for the **EMPLOYER**



EAH Benefits to Employer

- Improved employee retention
- Reduced recruitment and training costs
- A benefits package with a competitive edge
- Subsidized assistance for relocating employees
- Reduced commutes, stress and absenteeism for your staff
- State and federal tax benefits
- Leveraged state assistance for your employees

Your employees can benefit from EAH.

EAH Benefits to Your Employees

- Provide down payment and closing cost assistance
- Help resolve poor credit history
- Enable employees to live closer to work (reducing stressful commutes)
- Make employees invested members of the local community through homeownership



EAH provides tax benefits and financial incentives.

State Matching Funds

- State match of \$1 for each \$1 of down payment/closing cost assistance provided to an employee
- Reimbursement of some counseling costs for successful home purchases by employees
- Participating buyers' income restricted to 80% Area Median Income – approximately \$58,000 (for a family of four)

State Income Tax Credits

- 50 cent tax credit for \$1 invested in EAH
- Credit is “transferable” if donating entity does not have tax credit liability

Private, Municipal and County Programs

- First-time homebuyer programs, Federal Home Loan Bank, other resources can be leveraged

Federal Tax Benefits

- Federal tax benefit for contributing to nonprofit organization
- “Housing America’s Workforce Act”

Who are We?

MPC

- The Metropolitan Planning Council is a 68 year old independent, non-profit, civic organization working in the public interest to achieve policies that enhance the vitality and livability of the Chicago region.

REACH

- The Regional Employer Assisted Collaboration for Housing includes MPC and eight non-profit housing counseling organizations throughout Metro Chicago.

The REACH Model

1. Simple home ownership strategy
2. Hassle-free for the employer
3. Nonprofit partner administers the program, counsels employees
4. MPC leverages funding, spearheads evaluations, publicity

Sample of Participating Companies

- Advocate Bethany Hospital, Chicago
- Allstate
- Charter One Bank
- Chase
- Chicago Public Schools
- City of Evanston
- City of North Chicago
- City of St. Charles
- De LaSalle Institute
- Draper and Kramer
- First Midwest Bank
- Illinois College of Optometry
- Illinois Institute of Technology
- Lake Forest College
- MB Financial Bank
- Medela, McHenry
- Mercy Hospital and Medical Center
- Midway Moving
- Northwest Community Healthcare, Arlington Heights
- Robinson Engineering
- Rosenthal Brothers, Deerfield
- Sinai Health Systems, Chicago
- Seaquist Perfect, Crystal Lake
- System Sensor, St. Charles
- University of Chicago
- Village of Riverdale
- Walsh Group

How to Implement EAH at Your Company

Employer Role

- Identifies targeted population and approximate budget
- Provides small grants to employees or local loan pool for housing assistance
- Contracts with nonprofits for technical assistance, education and counseling services and evaluation services

MPC Role

- Provides assistance in program design and resource development
- Coordinates program evaluation
- Facilitates outreach to companies and partnership development
- Assists in marketing and publicity

REACH Partner Role

- Administers the EAH program
- Provides credit counseling and homebuyer education to employees
- Connects buyers and renters with financing products, financial institutions and realtors
- Applies for and administers state tax credits

Financial Partners Role

- May offer special loan products or other incentives for you and your employees
- Provide program support for REACH partners
- Offer EAH to their own workforce

An investment of \$1,000-5,000/employee pays for itself within 1 year.

Employer Investment

Housing assistance: 10 people at \$5,000 each \$50,000

Administration, counseling, evaluation (40 people counseled and 10 closings) \$20,000

Total Employer Investment \$70,000

Tax Benefits

Illinois tax credit (50 percent of \$70,000) \$35,000

Federal tax deduction (based on 38 percent tax bracket) \$26,600

Total Tax Benefits \$61,600

Employer Net Cost \$ 8,400

Employer Potential Savings (Reduced turnover and absenteeism) \$100,000

Emerging Employer-Assisted Housing Models

- Employer-Assisted Housing in support of the Chicago Housing Authority Plan for Transformation
- Rent Subsidies and Individual Development Accounts
- Employer-Assisted Housing Small Business Consortia
- Inter-jurisdictional Employer-Assisted Housing programs
- Employer-Assisted Housing as preservation tool or as development investment



Housing America's Workforce Act

S. 1330/ H.R. 3194

Tax Credits for Employers

- Offers a \$.50 cent tax credit for every dollar that an employer provides to eligible employees, up to \$10,000 or six percent of the employee's home purchase price (whichever is less) or up to \$2,000 for rental assistance.

Benefit to Employees

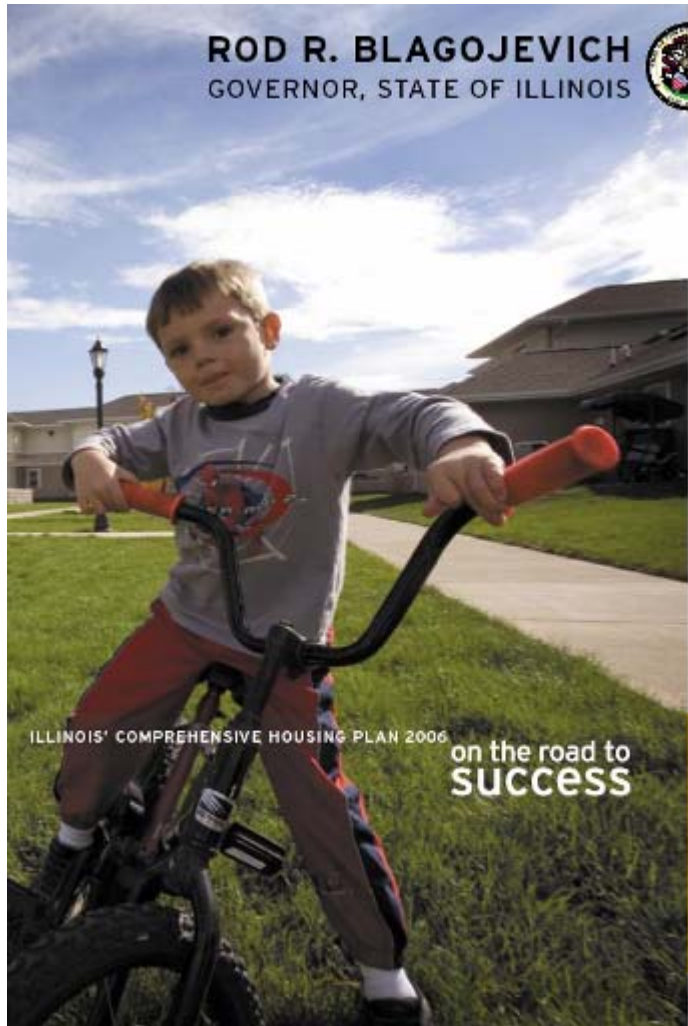

- Treats housing assistance as a nontaxable benefit by excluding from taxable income up to \$10,000 in home ownership assistance and up to \$2,000 of rental assistance received.

Funding for Nonprofit Housing Organizations

- Establishes a competitive grant program available to nonprofit housing organizations that provide technical assistance, program administration, and outreach support to employers undertaking EAH initiatives.



Achievements and Potential

ROD R. BLAGOJEVICH
GOVERNOR, STATE OF ILLINOIS





ILLINOIS' COMPREHENSIVE HOUSING PLAN 2006

on the road to
success



**Building for Success:
Illinois' Comprehensive
Housing Plan**



2005

Get Started Today

To find out about how your organization can participate in EAH, contact MPC. We are ready to offer technical assistance to help you:

- Introduce EAH to local businesses
- Design an EAH model for your community
- Raise resources to support a program

Lots more information is available at www.reachillinois.org

- EAH brochure and marketing material
 - Descriptions of existing programs and employers
 - Link to e-advocacy in support of the federal bill
- Metropolitan Planning Council contact information:
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