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EMPLOYER-ASSISTED HOUSING PROGRAMS FOR MUNICIPAL AND HIGHER EDUCATION EMPLOYEES

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You asked for examples of employer-assisted housing programs that target municipal or higher education employees.

SUMMARY

Municipal and higher education employers offer a wide variety of incentives to employees who purchase or rent a home in the municipality in which the employer is located, including (1) home purchasing assistance, (2) aesthetic and structural improvement funding, and (3) personal rewards. Examples of these programs can be found in Tables 1 and 2.

Employer-assisted housing (EAH) programs provide incentives to employees purchasing or renting homes close to their workplace to (1) help employees secure affordable housing, (2) find and keep qualified workers, (3) improve community relations, and (4) revitalize neighborhoods. Incentives take many forms, including forgivable down payment and closing cost loans, grants to rehabilitate existing properties, and preferential treatment in affordable housing lotteries.

BACKGROUND

Employers participating in EAH programs include hospitals, corporations, municipalities, colleges, and labor unions. States may incentivize employer participation by offering tax credits or matching funds. Additionally, as is the case in New Jersey, a state may sponsor an EAH-type program. Under its “Live Where You Work” program, homebuyers purchasing homes in the municipalities in which they work are eligible for home buying assistance, regardless of their employer. (Until 2006, Connecticut offered the employer-assisted housing tax credit, which allowed employers to claim a credit of up to \$100,000 in any tax year for contributions to a revolving loan fund used for housing loans for their low- and moderate-income employees.)

EAH for Municipal Employees

Although many municipally-sponsored EAH programs target only public safety workers and teachers, Table 1 provides examples of programs targeting a broad range of municipal employees. But, like EAH programs for higher education employees, these programs may have additional restrictions related to income, length of employment, or union membership.

Some EAH programs for municipal employees have residency requirements. In some places, municipal ordinances require municipal employees to reside in the municipality, with the goal of improving the local economy and strengthening communities. In recent years, such policies have been criticized, with some states choosing to prohibit them. Connecticut is one state that prohibits the residency requirement ([CGS § 7-460b](#)). At least one municipality (Milwaukee) enacted an ordinance tying wage increases to residency (see Table 1).

EAH for Higher Education Employees

Many higher education institutions limit their EAH program participation to full-time faculty and staff. Institutions often require eligible employees to work a minimum number of weekly or yearly hours, commit to a certain number of contract years, or hold non-probationary status.

TYPES OF INCENTIVES

Tables 1 and 2 provide examples of three categories of incentives: home purchasing assistance, aesthetic and structural improvement funding, and personal rewards. Table 1 provides examples in the municipal EAH program context and Table 2 provides examples in the higher education EAH program context. Below, we provide a description of each category.

Home Purchasing Assistance

Many municipal and higher education employers offer programs that help employees secure low-rate, forgivable mortgages. Some programs also assist employees with down payments and closing costs. Employees are generally asked to commit to a certain number of years using the homes as their primary residence. Also, many programs restrict employees from using the homes as rental properties.

Aesthetic and Structural Improvement Funding

Some employees of municipalities, colleges, and universities can apply for EAH programs that fund aesthetic and structural changes to local homes. Such programs offer loans or matching funds for interior and/or exterior aesthetic improvements, with the hope of improving properties' "curb appeal" and increasing the neighborhood's property value. Other programs incentivize employees to convert multifamily dwellings to single-family homes through deferred payment loans.

Personal Rewards

A select number of EAH programs offer employees incentives of a personal nature, such as monetary awards or preferential treatment in housing lotteries. Monetary awards range from wage increases upon demonstrating residency to yearly cash payments in recognition of residency duration. One city offers its employees a preference in its housing lotteries for 5% of the units in city-financed rental and homeownership developments.

FURTHER INFORMATION

Background information on EAH programs:

- http://www.policylink.org/site/c.lkIXLbMNJrE/b.7977773/k.7189/Employer_Assisted_Housing/apps/nl/newsletter2.asp

- <http://www.bostonfed.org/commdev/necd/2006/q1/EmployerAssistedHousing.pdf>
- http://www.lincolnst.edu/pubs/1250_University-Employer-Assisted-Housing
- <http://www.employerassistedhousing.com/>
- http://www.lincolnst.edu/pubs/1250_University-Employer-Assisted-Housing

Article on municipal employee residency requirements:

- <http://www.governing.com/columns/col-wisconsin-reignites-residency-requirement-debate.html>

Table 1: EAH Programs for Municipal Employees

EAH Programs	Location/ School	Eligibility	Incentive Categories
Baltimore City Employee Homeownership Program http://www.baltimorehousing.org/homeownership_employee	Baltimore, MD	Active employees of city agencies and quasi-agencies, working for a minimum of 6 months, purchasing property in certain Baltimore neighborhoods	Home Purchasing Assistance The Housing Authority of Baltimore City and the Baltimore City Department of Housing and Community Development's program provides: <ol style="list-style-type: none"> \$3,000 down payment and closing cost loans with no annual income limits and an additional \$750 for homes purchased in Healthy Neighborhoods target blocks. Loans are forgivable over 5 years (20% for each year of occupancy).
1.5% Wage Increase http://city.milwaukee.gov/ImageLibrary/User/jkamme/CityServiceCommission/F AQ_Residency.pdf	Milwaukee, WI	Non-represented municipal employees and members of certain certified bargaining units, if living in Milwaukee	Personal Rewards Pursuant to city ordinance, resident-municipal employees received a 1.5% wage increase in 2013. http://city.milwaukee.gov/ImageLibrary/User/tmacdo/2013Salaryord2.pdf (pg. 85-6)
Live Where You Work http://www.njhousing.gov/dca/hmfa/homeownership/buyers/live/	Multiple municipalities in New Jersey	First-time homebuyers and Urban Target Area (UTA) homebuyers purchasing homes in towns where they are employed (whether or not they are municipal employees) <ul style="list-style-type: none"> Homes must be located in a municipality participating in the state's program (UTAs are U.S. Department of Housing and Urban Development designated areas)	Home Purchasing Assistance The New Jersey Housing and Mortgage Finance Authority's program provides: <ol style="list-style-type: none"> forgivable down payment and closing cost assistance equal to up to 4% of the first mortgage loan, greater buying power because of expanded debt-income ratios, and low-interest fixed rate mortgages. Eligible properties include 1-family units, including condominiums, (new and existing), and existing 2- to 4-family unit properties that are more than 5 years old. In UTAs, new 2-family unit properties are eligible.

Table 1 (continued)

EAH Programs	Location/ School	Eligibility	Incentive Categories
<p>Housing Lottery Preference</p> <p>http://www.nyc.gov/html/hpd/html/apartment/faqs-municipal-employees.shtml</p>	<p>New York, NY</p>	<p>Municipal employees who meet the criteria (e.g., income limits) for the affordable-housing development for which they are applying</p>	<p>Personal Rewards</p> <p>The Department of Housing Preservation and Development (HPD) and Housing Development Corporation (HDC) provide a preference in their housing lotteries for income-eligible New York City municipal employees equivalent to 5% of the units in HPD - and HDC-financed rental and homeownership developments.</p> <p>Home Purchasing Assistance</p> <p>Down payment assistance and homeownership counseling are also available.</p>
<p>City Employee Loan Assistance</p> <p>http://www.waco-texas.com/housing-homebuyer-assistance.asp#assistance</p>	<p>Waco, TX</p>	<p>City of Waco employees, in good standing, employed for at least 12 consecutive months, living in a household earning less than 80% of the city's median income</p>	<p>Home Purchasing Assistance</p> <p>The city provides an interest-free forgivable loan of up to \$25,000 for the purchase of an owner-occupied home within the city.</p> <p>Loans are forgiven at \$2,500 per year for 10 years, provided the owner-occupant remains employed in good standing with the city.</p> <p>New or existing homes are eligible.</p>

Table 2: EAH Programs for University Employees

EAH Programs	Location/School	Eligible Employees	Incentive Categories
<p>City Life</p> <p>http://www.fandm.edu/citylife</p>	<p>Franklin & Marshall College Lancaster, PA</p>	<p>Franklin & Marshall employees in good standing who are:</p> <ol style="list-style-type: none"> 1. full-time faculty and professional staff, or part-time employees appointed to positions authorized to work 1,000 hours or more per year; 2. age 21 or older; and 3. a US citizen, permanent resident alien, or H-1B visa holder. 	<p>Home Purchasing Assistance</p> <ol style="list-style-type: none"> 1. Settlement Assistance. Designed to increase the number of employee-owned and occupied residences within the established college neighborhood area and to improve the homes' appearance and maintenance. College offers a deferred payment loan of up to \$10,000 for the down payment, closing costs, and interior and exterior home improvements. College also offers a deferred payment loan of up to \$5,000 to convert a subdivided home back into a single family home. For a college loan, no interest payments are due and the loan will be forgiven at 20% per annum over five years. Not open to employees who already own a home and reside in the established area. <p>Aesthetic and Structural Improvement Funding</p> <ol style="list-style-type: none"> 2. Curb Appeal. Designed to improve the look of homes as seen from the street. College offers a deferred payment loan, matching homeowner money on a one-to-one basis up to \$5,000. Homeowner money can be spent on interior or exterior home improvements. However, the college's matching funds must be spent on exterior improvements, which improve the curb appeal of the home. No interest payments are due on the loan, which will be forgiven at 20% per annum over five years. Open to employees who are either buying a home or currently own a home in the established area. Property must be principal residence at time of application and remain so for at least five years. Not available for new construction or where homeowner associations restrict or prohibit exterior home improvements.
<p>Employee Home Ownership Program (EHOP)</p> <p>http://msutoday.msu.edu/news/2008/city-approves-new-employee-home-ownership-program/</p>	<p>Michigan State University (MSU) East Lansing, MI</p>	<p>Both MSU and City of Lansing employees who are actively seeking a home to purchase in the established area and preapproved for a conventional mortgage.</p> <p>Typically, three qualified city and three qualified MSU employees will be selected on a first-come, first-served basis after submitting an approved application packet.</p>	<p>Home Purchasing Assistance</p> <p>EHOP encourages employees of the university and the city to purchase a home in East Lansing. Incentives include:</p> <ol style="list-style-type: none"> 1. \$5,000 loans for closing costs in homes in established areas, 2. loan forgiveness at a rate of 20% each year, and 3. full loan forgiveness after five years of living in the home purchased under the program. <p>Each purchased home is deed restricted for 15 years as non-rental occupancy.</p>

Table 2 (continued)

EAH Programs	Location/School	Eligible Employees	Incentive Categories
Guaranteed Mortgage Program http://www.lemoyne.edu/HumanResources/Benefits/GuaranteedMortgageProgram/tabid/568/Default.aspx	LeMoyne University Syracuse, NY	Full-time employees and faculty members of LeMoyne College who: <ol style="list-style-type: none"> are purchasing a single-family or two-family home, or a townhouse within a specified area of the city and have obtained a mortgage from a LeMoyne-approved bank and completed an application. 	Home Purchasing Assistance Incentives include: <ol style="list-style-type: none"> financing for 100% of the purchase price of a home with the college as guarantor on the mortgage and elimination of the need for a down payment and private mortgage insurance (PMI).
Intown Macon Historic District Down Payment Assistance Program http://dpa.mercer.edu/program-criteria/	Mercer University Macon, GA (Intown Macon Neighborhood)	Full-time Mercer University faculty and staff who buy newly constructed or substantially rehabilitated historic homes in the College Hill area of Macon and will live in the homes for a minimum of five years.	Home Purchasing Assistance Incentives include: <ol style="list-style-type: none"> a program contribution of 17% of the purchase price of the completed home, up to a maximum of \$20,000 if the purchase price of the home is greater than \$77,500, or a contribution of 17% of the purchase price, plus closing costs, if the purchase price is less than \$77,500 Existing homes are not eligible except in a few unique circumstances. Homes may only be used as single-family, owner-occupied residences.
Penn Home Ownership Services (PHOS) https://cms.business-services.upenn.edu/homeownership/	University of Pennsylvania West Philadelphia, PA	Either: <ol style="list-style-type: none"> Full-time University of Pennsylvania or U of P Health Center faculty and staff who have completed the probation period or contract employees with a minimum three-year contract who are interested in living or currently live in the West Philadelphia area and have a credit score of 630 and a debt-to-income ratio within the ranges of 33/38. 	Home Purchasing Assistance <ol style="list-style-type: none"> Enhanced Forgivable Loan (EFL). EFLs are \$7,500 forgivable loans that can be used for closing costs, down payments, to buy down points, for interior or exterior home improvements, and/or to convert a property from a multi- to single-family residence. Existing homeowners may apply for this loan for improvements, including energy audits or retrofit eco-products, to houses valued at the current median price of homes in West Philadelphia. Any home purchased must be the primary residence for a five-year period. Closing Cost Reduction Program. Offers mortgage financing options with discounted closing costs (0.25% of the mortgaged amount) for the purchase and refinancing of homes. Program can be used with the EFL. Eligible properties are single-family homes, duplexes, and condominiums.

Table 2 (continued)

EAH Programs	Location/School	Eligible Employees	Incentive Categories
<p>Yale Homebuyer Program</p> <p>http://www.yale.edu/hronline/homebuyer/</p>	<p>Yale University New Haven, CT</p>	<p>Any Yale employee who is either:</p> <ol style="list-style-type: none"> 1. a faculty member with an appointment of at least one year at 50% or more or full-time or 2. a permanent Yale staff employee scheduled to work 20 hours or more per week and has purchased a home in a target neighborhood. 	<p>Personal Rewards</p> <p>Program gives eligible employees an annual income benefit if they purchase a home to own and occupy in target areas in the city. The program consists of 10 annual payments that ultimately yield a \$30,000 total benefit for the employee:</p> <ol style="list-style-type: none"> 1. \$5,000 first-year bonus 2. annual \$2,500 grants for up to 9 additional years, as long as the employee continues to own and live in the house and remain employed by Yale. <p>(Eligible employees may also receive an additional \$5,000 special incentive payment by electing to buy in a designated area of the Dixwell/Winfield neighborhood by December 31, 2013.)</p> <p>Benefit payments are classified by IRS regulations as ordinary income for income tax purposes. Employee must buy and occupy a single, two, or three family home or condominium within a designated area and reside there for at least two years from the closing date to qualify for the benefit. Benefit ceases if employee ends occupancy.</p>

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