

Regional Employer-Assisted Collaboration for Housing (REACH)

2002 Mid-year Report

The employer-assisted housing (EAH) initiative of the Metropolitan Planning Council (MPC) in collaboration with nonprofit housing organizations and regional employers made strides forward during the first half of 2002. Started in 2000, a model program provided homes for 36 St. Charles-based System Sensor employees. In 2001, five new employers signed on to develop EAH initiatives. The initiative also received broader recognition, including new incentives from the state of Illinois, and awards from outside institutions.¹ During the first half of 2002, three new employers started programs, and the initiatives announced in 2001 got off the ground and have begun to produce successful homebuyers.

New Programs

In the first half of 2002, three new employers announced their commitment to launch EAH initiatives for their workers: **Advocate Bethany Hospital**, located in the Garfield Park community in Chicago, **Chroma Corporation** in McHenry County and another McHenry County employer (to be announced at a later date). MPC and eight nonprofit housing counseling REACH partners are working with these employers to determine eligibility criteria, prepare the necessary documentation and roll out the programs to employees.

The timing – from initial employer interest to the first employee successfully buying a home – varies from one employer to another. Some employers ask all employees to fill out a housing needs survey. Others undertake internal analyses to consider targeted worker categories. Preparation and review of documents may involve legal and finance departments. Employers work with a REACH partner to market the initiative and “launch” it to employees. The five employers who, in 2001, announced EAH programs are at various stages of these processes:

The **City of St. Charles** approved a contract with the St. Charles-based Mid-Valley Neighborhood Improvement Association (NIA) to fund counseling and program administration to encourage local employers to offer EAH programs to their workforces. The City will reach out to local businesses and host orientation sessions where Mid-Valley NIA will provide information about employer-assisted housing. The City’s contract with Mid-Valley NIA includes counseling costs for local businesses, to support local companies’ investments in direct support of homeownership for their employees. The first orientation session for area businesses occurred in August. MPC and REACH partners have partnered with Mid-Valley NIA to help share experiences and documents and will continue to work together as the program goes forward.

The 36 people who have gotten loans to buy homes all said that they never thought they could own a home without the help of the company.

– Dick Braun, director for Human Resources at System Sensor (now owned by Honeywell)

Bank One, based in Chicago, committed \$500,000 to providing down payment assistance to 150 employees across the country. In Chicago, Bank One is partnering with all eight REACH partners to offer credit and homebuyer counseling to its employees throughout the region. Bank One has set a goal of 25 new homeowners in the Chicago region as part of its pilot program. Nationwide, 63 employees signed up for the program and 26 bought homes with the bank’s assistance (a \$2,500 grant) since the program launched in the fourth quarter of 2001. Of those, seven were in the Chicago region. Locally, Bank One launched its partnership with REACH in June, 2002, and two employ-

ees (of the seven) qualified for the Illinois Housing Development Authority (IHDA) match, providing a total of \$5,000 to each employee in down payment and closing cost assistance. (Some employees qualify for assistance from Bank One but not matching funds, which are limited to families with a household income of less than 80 percent of the region's Area Median Income, \$54,400 for a family of four. See Table 1 on p. 2.)

Northwest Community Healthcare (NCH), located in Arlington Heights, a northwest suburban community with an expensive housing market, hopes its EAH program will make it a preferred employer and help retain employees in key health care positions who could not otherwise afford to live near work. In March 2002, the hospital announced the program to employees and invited them to apply. A total of 28 applicants were referred to North West Housing Partnership for counseling. To be eligible, employees have to have worked at Northwest Community Healthcare for at least a year, earn less than \$75,400 and be willing to buy a home within 10 miles of the hospital. By June 30,

2002, two hospital workers had bought homes with assistance from their employer.

The Village of Riverdale announced an EAH program for municipal employees as part of its 2001 budget. When Acme Steel, the south suburban community's largest employer and taxpayer, filed for bankruptcy, the Village questioned its ability to fund the initiative. However, continuing to view EAH as a priority reinvestment program which can help strengthen and stabilize the local housing market, the Village approved its 2002 budget with full funding for the EAH initiative. The program will offer counseling and down payment assistance to encourage municipal employees to buy homes in Riverdale. The Village is also encouraging local employers to set up employer-assisted housing initiatives for their workers by offering to cover some of their counseling costs.

Sinai Health Systems in Chicago moved forward with plans to offer incentives to nurses to buy homes in Lawndale on Chicago's West Side. Hospital officials hope the program will help them retain staff, while at

**Table 1: Program Parameters
Operational Employer-Assisted Housing Initiatives**

	Northwest Community Healthcare, Arlington Heights	Bank One, regionwide	State Match through IHDA
REACH Partner	NWHP	All REACH Partners	All REACH Partners
Must be first-time homebuyer	No	Yes (has not owned a home in last 3 years)	Yes (has not owned a home in last 3 years)
Employment requirements	Must be employed at NCH for at least one year	Must be employed at Bank One or a subsidiary for at least one year	Employment requirements determined by the employer
Income limit	Employee's income must be less than \$75,400	Borrower(s) income must be below 80% of HUD median income for area in which the subject property is located	Household income must be less than 80% of region's Area Median Income (\$54,400 family of four)
Average employee income served in 2002	\$27,926	N/A	62% of Area Median Income
Counseling required	Yes	Yes	Yes
Down payment/closing cost assistance	\$5,000	\$2,500	Match employer assistance up to \$5,000 for very low-income or \$3,000 for low-income households
Form of assistance	0% interest loan, deferred, forgivable over 5 years	Grant	Grant with recapture provision
Terms	Must stay employed and in house for 5 years	Grant	Must have signed purchase contract to reserve funds
Other		Must stay in the house for 5 years	

the same time strengthening a neighborhood in need of reinvestment. NHS of Lawndale, Lawndale Business and Local Development Corporation and the University of Illinois at Chicago have provided support to the hospital.

Table 1 describes the program requirements for the two initiatives that have successfully helped employees buy homes in 2002 – Northwest Community Healthcare and Bank One – as well as how they align with the requirements for the IHDA matching funds.

Regional Employer Assisted Collaboration for Housing

MPC and REACH partners work with employers to customize every employer-assisted housing initiative. REACH partners provide program administration,

handle homebuyer education and help buyers through the purchase process. REACH partners include Housing Opportunity Development Corporation (North Shore), Affordable Housing Corporation of Lake County, Joseph Corporation (based in Aurora), Corporation for Affordable Homes of McHenry County (CAHMCO), North West Housing Partnership (NWHP) in Palatine, the DuPage Homeownership Center, Neighborhood Housing Services of Chicago (NHS) and the South Suburban Housing Center.

Employer-Assisted Housing Participating Buyers

The following table provides information about employers that have successfully helped employees buy homes through their new EAH initiatives.

Table 2: Employer-Assisted Housing Participants

Employer	Employees enrolled in 1st half of 2002	Successful homeowners in 1st half of 2002	Successful homeowners overall	Counseling provided by
Northwest Community Healthcare	28	2	2	NWHP
Bank One (data include 4th Quarter 2001)	63	28 (24 outside Chicago region)	32 (26 outside Chicago region)	CAHMCO, NHS of Chicago
System Sensor	N/A ²	1	36	Joseph Corporation

Table 3, on the next page, further details who has participated in employer-assisted housing programs. This table includes data on two Northwest Community Healthcare employees, two Bank One employees who were eligible and accessed IHDA matching funds and one System Sensor employee. As shown in Table 1, there were an additional 25 Bank One employees who bought homes through the program not included in this chart. All participating employees were first-time homebuyers.

State Incentives for Employer-Assisted Housing

In 2001, the State of Illinois approved new incentives for employer-assisted housing programs, raising significant interest among businesses across the region. In August 2001, Gov. George Ryan signed a state donations tax credit into law. By year’s end, IHDA and the Chicago Department of Housing had finalized regula-

tions to implement the new Act, issued applications and announced 2002 deadlines. Through this tax credit, participating Illinois corporations and individuals will receive a \$.50 credit toward their state income tax for every \$1 in cash, land or property donated for affordable housing creation, including employer-assisted housing.

Two REACH employers, Chroma Corporation in McHenry County and Northwest Community Healthcare (NCH) in Arlington Heights, were among the recipients of the first round of tax credits for employer-assisted housing. Their local REACH Partners, Corporation for Affordable Homes of McHenry County and the North West Housing Partnership (respectively) submitted proposals for their employer-partners to receive tax credits toward their investments in employer-assisted housing.

Table 3: Employee Homebuyer Profile

	Buyer 1	Buyer 2	Buyer 3	Buyer 4	Buyer 5	Average
General Information						
Employer	NCH	NCH	Bank One	Bank One	System Sensor	
REACH Partner	NWHP	NWHP	CAHMCO	NHS	Joseph	
Time with current employer (years)	7.7	12	N/A	N/A	7	9
Annual gross salary	\$29,532	\$33,728	\$35,114	\$41,578	\$55,368	\$38,435
Total household income	\$57,174	\$61,865	\$35,114	\$43,978	\$55,368	\$52,380
Number of adults in household	3	2	1	2	2	2
Number of children in household	2	1	1	4	1	2
HH Income as % of AMI (considering family size)	80%	100%	73%	50%	82%	77%
Ethnic background	Latino	White	White	Latino	White	
Purchase Information						
Sale price of property	\$152,000	\$183,000	\$100,000	\$105,000	\$184,984	\$145,000
Employer assistance	\$5,000	\$5,000	\$2,500	\$2,500	\$5,000	\$4,000
State match amount			\$2,500	\$2,500		
First-time homebuyer	Y	Y	Y	Y	Y	
Pre purchase vs. post purchase comparative analysis						
Housing cost before per month	\$909	\$1,106	N/A	N/A	\$800	\$938
Mortgage cost (incl. taxes and insurance) after monthly	\$1,342	\$1,376	N/A	N/A	\$1,545	\$1,421
Increase in housing expenditures	\$433	\$270	N/A	N/A	\$745	\$482
Decrease in commuting time (minutes)	11	15	0	N/A	-30	13
Decrease in commuting distance (miles)	5.58	8.11	0	N/A	-10	7

And in April 2001, IHDA approved \$268,000 to stimulate private investment in employer-assisted housing in northeastern Illinois by making available funds for down payment and closing costs to match employer commitments dollar-for-dollar and to reimburse homebuyer education costs for successful buyers. This initial state allocation is reserved for employers working with MPC and REACH partners in the Chicago region.

Bank One became the first employer to access these funds, which became available during the second quarter of 2002.

Endorsement from Mayors and Gubernatorial Candidates

MPC has worked successfully with the Metropolitan Mayors Caucus Housing Task Force to develop and adopt Housing Endorsement Criteria³ and a Housing Action Agenda. The Housing Action Agenda includes an objective to “establish and maintain support from the private sector,” including promoting the implementation of employer-assisted housing by companies and municipalities. Two active mayors, Zenovia Evans of Riverdale, co-chair of the housing task force, and Sue Klinkhamer of St. Charles, have both moved forward with employer-assisted housing initiatives in their communities, as described above. The U.S. Conference of Mayors has also endorsed employer-assisted housing programs as a tool to help working families buy homes. The two gubernatorial candidates addressed housing issues at MPC’s Annual Meeting Luncheon in June, where Democrat Rod Blagojevich highlighted the need for “state leadership on the issue of housing,” and Republican Jim Ryan lauded the state’s participation “in a demonstration program to encourage employer-assisted housing.” He went on to say: “I think it’s important that we look at creative ways to encourage affordable housing [such as] using tax credits to encourage businesses that help employees to be able to afford a home.”

Employers as Engaged Advocates for Broader Housing Options

REACH efforts to expand employer-assisted housing initiatives have already yielded not only new home-

owners living closer to work, but also engaged advocates for affordable housing among employers. In February 2002, the Village of Arlington Heights and the Arlington Heights Housing Commission hosted a Summit on Affordable Housing in the northwest suburbs. Ron Buch, a vice president with Northwest Community Healthcare, presented the hospital’s new employer-assisted housing initiative and their commitment to helping employees buy homes closer to work. Over 150 people attended, including representatives from more than a dozen northwest communities.



Photo by Todd Winters

Our affordable housing initiative is saving us money. But more importantly, it's improving our employees' lives.

– King Harris, as CEO, started the EAH program at System Sensor

King Harris, as CEO of Pittway Corporation, championed the employer-assisted housing program at System Sensor. Now a senior executive with Chicago Metropolitan 2020, he has focused on exploring housing issues in the region, summarized in *Recommendations for Developing Attainable Workforce Housing in the Chicago Region*, published in July by Chicago Metropolitan 2020. He provided an early presentation to the Metropolitan Mayors Caucus Housing Task Force and invited their input. He has also continued to reach out to area corporations, encouraging them to invest in employer-assisted housing for their workforces.

Public Attention to Employer-Assisted Housing

Harris and Mayor Rita Mullins of Palatine, co-chair of the Mayors Caucus Housing Task Force, participated in a roundtable televised on CLTV as part of the *Chicago Matters: Inside Housing* series from April to June of 2002. This media attention to housing issues served to educate the public more broadly about housing needs throughout the region. It also provided recognition to corporations that offer employer-assisted housing programs. In addition, picking up on MPC's Winter 2001 *Regional Connection* newsletter, which featured employer-assisted housing, CLTV interviewed both MarySue Barrett of MPC and Caroline Goldstein of new EAH-partner of Bank One. Employer-assisted housing programs were also covered in the *Chicago Tribune*, *Daily Herald*, the *Courier News* and the *Chicago Reporter*.

For more information:

- Samantha DeKoven, housing associate, Metropolitan Planning Council, at 312/863-6021 or sdekoven@metroplanning.org

It's the greatest level of comfort I have ever had, being able to come home to my own home every day with my two kids.

— Olga Alvarez-West, who used \$5,000 of combined State and Bank One money to close on her first home on Chicago's Southwest Side.

Endnotes

¹ BP Leader Award for REACH, Bank of America Leadership Award for King Harris

² System Sensor was acquired by Honeywell, and the program was temporarily suspended at the end of the two-year pilot.

³ The Housing Endorsement Criteria promote mixed-income and mixed-use housing developments that meet community needs while also addressing broader regional sensible growth goals, such as increasing the supply of affordable housing and overcoming the jobs/housing mismatch. The Criteria are being adopted by municipalities and other governmental units to evaluate housing development proposals and overcome barriers – such as community resistance, exclusionary zoning ordinances and financial impediments – to quality housing options.

MPC is deeply grateful to the following whose funding made this work possible:

- Fannie Mae Foundation
- Pittway Corporation Charitable Foundation
- Bank of America
- Bank One Corporation
- U.S. Bank
- BP

Founded in 1934, the Metropolitan Planning Council (MPC) is a non-profit, nonpartisan group of business and civic leaders committed to serving the public interest through the promotion and implementation of sensible planning and development policies necessary for a world class Chicago region. MPC conducts policy analysis, outreach and advocacy in partnership with public officials and community leaders to improve equity of opportunity and quality of life throughout metropolitan Chicago.



Metropolitan Planning Council
25 E. Washington St.,
Suite 1600
Chicago, IL 60602
312/922-5616