

Regional Employer-Assisted Collaboration for Housing (REACH)

2002 Year-End Report

The employer-assisted housing (EAH) initiative, undertaken by the Metropolitan Planning Council (MPC) in collaboration with nonprofit Regional Employer-assisted Collaboration for Housing (REACH) partners and regional employers, picked up momentum in 2002. A pilot program at one company began helping employees buy homes in 2000. In 2001, five new employers signed on to develop EAH programs. The initiative also received broader recognition, including new incentives from the state of Illinois and awards from outside institutions.¹ In 2002, five new employers signed on, and three programs got off the ground and began producing successful home-buyers.

New Programs

In 2002, five new employers committed to launch EAH initiatives for their workers in collaboration with MPC and REACH partners. REACH consists of eight nonprofit housing counseling organizations across the region: Housing Opportunity Development Corporation (North Shore), Affordable Housing Corporation of Lake County, Joseph Corporation (based in Aurora), Corporation for Affordable Homes of McHenry County, North West Housing Partnership (in Palatine), the DuPage Homeownership Center, Neighborhood Housing Services of Chicago (NHS) and the Regional Redevelopment Corporation (south suburbs). In Chicago, **Advocate Bethany Hospital** in Garfield Park and the **National Interfaith Committee for Worker Justice**, a nonprofit organization with offices in Edgewater, initiated new programs in partnership with NHS. Three companies in McHenry County committed to develop EAH programs: **Chroma Corporation** and **Medela, Inc.** in McHenry, and **Seaquist Perfect** in Cary. They will work with the Corporation for Affordable Homes of McHenry County (CAHMCO).

They join a growing list of employers offering EAH programs, including the following companies that announced EAH programs in 2001: the **City of St. Charles**, **Village of Riverdale**, **Bank One**, **Sinai Health Systems** and **Northwest Community Healthcare**. In addition, **System Sensor** in St. Charles will reinstate its EAH benefit in 2003 following a one-year hiatus after the company was acquired by Honeywell. MPC and REACH partners work with employers to determine targeted employees, define eligibility criteria and roll out programs to employees.

The bottom line is we are interested in housing issues overall because we firmly believe that employer-assisted housing will reduce our own turnover. Everytime we lose an employee it costs us.

*– Brenda Mitchell, Human Resource Specialist,
Advocate Bethany Hospital*

More and more employers are investing in housing. These employers working with MPC and REACH partners supplement a longer list of businesses locally and nationally which offer housing programs, including the University of Chicago, Loyola University, Wheaton College, Lake Forest College, the City of Chicago (program for police officers), St. Bernard, Holy Cross, Lake Forest Hospitals, Bank of America and Fannie Mae.

2002 Launches

Advocate Bethany Hospital, the Village of Riverdale and Northwest Community Healthcare launched programs for their employees in 2002. Bank One, after launching its program nationwide in 2001, finalized protocols enabling its employees to participate with REACH partners and take advantage of state matching funds from the Illinois Housing Development Authority (IHDA) in 2002.

¹BPLleader Award to REACH; Bank of America Leadership Award for King Harris, who as CEO of Pittway Corp started EAH at System Sensor.

Advocate Bethany Hospital, on the West Side of Chicago, launched its EAH initiative in September 2002. Brenda Mitchell, from Bethany's human resources department, said the hospital was interested in an EAH program to save money by reducing employee turnover. "The bottom line is we are interested in housing issues overall because we firmly believe employer-assisted housing will reduce our own turnover. Every time we lose an employee it costs us," Mitchell explained. Three employees were referred to NHS for homeownership education in 2002. Additional employees will be enrolled in counseling in 2003.

Northwest Community Healthcare (NCH), located in Arlington Heights, a northwest suburban community with an expensive housing market, launched its EAH initiative for employees in March 2002. More than 25 people attended the meeting, and 28 applicants were referred to REACH partner North West Housing Partnership for homeownership education. Four employees have bought homes. A second announcement was made to employees in November 2002, and another 30 employees were referred for counseling.

The **Village of Riverdale**, a south suburban community, announced its EAH program to municipal employees in November 2002. Three employees are working with REACH partner the Regional Redevelopment Corporation (RRC) to improve their credit, find homes and save for down payments.

Bank One, based in Chicago, has instituted an EAH initiative nationwide. In the Chicago region, employees are linked with a REACH partner to obtain counseling and to access Illinois Housing Development Authority (IHDA) state matching funds. "We want to help our employees realize the dream of homeownership," said Jamie Dimon, Bank One's chairman and CEO.

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The key to a successful housing program is a good partner to administer and implement it, as well as pro-

vide guidance and education to prospective buyers. The eight REACH partners work with employers, relieving them of the administrative responsibility of developing and administering a new benefit. "Employer-assisted housing is not a one-size fits all strategy," explains DuPage Homeownership Center (DHOC) executive director Lisa Tapper. DHOC is one of eight REACH partners who work with MPC area employers to customize every employer-assisted housing initiative. MPC helps with program design and evaluation, publicity and leveraging outside resources. REACH partners provide program administration, handle homebuyer education and help buyers through the process.

We want to help our employees realize the dream of homeownership.

– Jamie Dimon, Chairman and CEO, Bank One

In Dec. 2001, REACH was awarded the BP Leader Award. The REACH partners appreciated the recognition and financial support of the Award and learned valuable lessons about growing a young initiative. REACH partners find that the timing from initial employer interest to the first employee successfully buying a home varies from one employer to another. In addition to financial assistance for REACH partners, BP provided valuable marketing assistance, helping produce a new marketing brochure and slide presentation. These tools have proven valuable in ongoing outreach to interested employers.

Participating Homebuyers

Table 2 on page 4 provides information about the employers that have successfully helped employees buy homes through their EAH initiatives.

In 2002, 15 employees bought homes through EAH initiatives with MPC and REACH partners. All were first-time homebuyers, with incomes ranging from \$23,000 to \$55,000. The assistance they received from their employer ranged from \$2,500 to \$5,000 per

The following chart describes the program requirements for new EAH initiatives that have finalized their eligibility criteria, as well as how they compare with the requirements for IHDA state matching funds.

Table 1 Program Parameters Employer-Assisted Housing Initiatives								
	System Sensor, St. Charles	Northwest Community healthcare, Arlington Heights	Bank One, nationwide	Advocate Bethany Hospital, Chicago	Village of Riverdale	City of St. Charles	National Interfaith Committee for Worker Justice, Chicago	State Match through IHDA
REACH Partner	Joseph Corp	NWHP	All REACH Partners	NHS	Regional Redevelopment Corp	Joseph Corp	NHS	All REACH Partners
Employee buyers 2000-02	36	4	11	N/A	N/A	N/A	N/A	N/A
Average employee income served in 2002	\$55,000	\$27,867	N/A	N/A	N/A	N/A	N/A	62% of Area Median Income
Target # of buyers in 2003	16-25	10	20	5	5	3	5	57
Must be firsttime homebuyer?	No	No	Yes (has not owned a home in last 5 years)	Preference	No*	Yes	Yes	Yes (has not owned a home in last 5 years)
Employment Requirements	One year	At least one year employment	At least one year at Bank One or a subsidiary	One year	One year	Two years	One year	Employment requirements set by employer
Location of home	15 mile radius	10 mile radius	None specified	Within Bethany service area	Village of Riverdale	Within designated area	15 mile radius	Live near work component specified by employer
Income limit	Household income less than \$75,400	Employee income less than \$70,500	Borrower(s) income below 80% of HUD median income for area in which the subject property is located	None	None	Employee's annual gross wages not to exceed \$57,000	City mortgage guidelines	Household income must be less than 80% of region's Area Median Income (\$54,400 family of four)
Counseling required?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Amount of down payment/closing cost assistance	\$5,000	\$5,000	\$2,500	\$3,000 tied to 3-year commitment, \$5,000 tied to 5-year	\$5,000	\$5,000	3,000	Match employer assistance up to \$5,000 for very low-income or \$3,000 for low-income household
Form of assistance	0% interest loan, deferred, forgivable over 5 years	0% deferred, forgivable over 5 years	Grant	0% deferred, forgivable over 5 years	0% deferred, forgivable over 5 years	0% deferred, forgivable over 5 years	0% deferred, forgivable over 2 years	Grant with recapture provision
Terms	Must stay employed and in house for 5 years	Must stay employed and in house for 5 years	Grant	Must stay employed and in house for 5 years	Must stay employed and in house for 5 years	Must stay employed and in house for 5 years	Must stay employed and in house for 2 years	Must stay in the house for 5 years
Other		Must have signed purchase contract to reserve funds					Advance on salary increase	

* Riverdale – program will help existing owner move into Riverdale if current home is outside.

Table 2 Employer-Assisted Housing Participants				
Employer	Employees enrolled in 2002	Successful homeowners in 2002	Successful homeowners overall	Counseling provided by
Northwest Community Healthcare	31	4	4	NHWP
Bank One	11	10	87 (77 outside Chicago region)	CAHMCO, NHS, DHOC
System Sensor	N/A ²	1	36	Joseph Corporation

household. In addition, three Bank One employees received \$2,500 in matching funds from the State of Illinois, doubling the assistance they received.

State Incentives for Employer-Assisted Housing

In 2001, the State of Illinois approved new incentives for employer-assisted housing programs – matching funds to assist EAH buyers and tax credits to encourage employer investments in expanding the housing supply. The matching funds provide a dollar-for-dollar match to the assistance provided by an employer to an employee buying a home. Through the tax credit, participating Illinois corporations and individuals receive a \$.50 credit toward their state income tax for every \$1 in cash, land or property donated to employer-assisted housing. These new incentives have raised significant interest among businesses across the region.

In June 2002, IHDA awarded the first round of tax credits for employer-assisted housing. Two REACH employers, Chroma Corporation and Northwest Community Healthcare, were among the recipients. Their local REACH partners, CAHMCO and the North West Housing Partnership (respectively), submitted the tax credit applications and will administer the credits for the companies as the programs are implemented.

Endorsement from Mayors

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 EAH to companies and municipalities. Two active mayors, Zenovia Evans of Riverdale, co-chair of the housing task force, and Sue Klinkhamer of St. Charles, have moved forward with EAH initiatives in their communities, as described above. The U.S. Conference of Mayors has also endorsed EAH as a tool to help working people buy homes. Mayors Evans and Klinkhamer described their EAH programs as part of a panel discussion at the Illinois Municipal League, which also included King Harris who, as CEO of Pittway Corp., started an EAH



Mayor Zenovia Evans explains Riverdale's new employer-assisted housing program to municipal employees.

²Temporarily suspended at the end of the two-year pilot, the program has been reinstated for 2003.

³ 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 regional mismatch between the location of employment opportunities and housing affordable to working families. The Criteria are being adopted by municipalities and other governmental units to evaluate housing development proposals and overcoming barriers – such as community resistance, exclusionary zoning ordinances and financial impediments – to quality housing options.

program at System Sensor. The panel was moderated by Mayors Caucus Housing Task Force Co-Chair Rita Mullins, mayor of Palatine.

Employers as Engaged Advocates for Broader Housing Options

REACH efforts to expand employer-assisted housing initiatives have yielded not only new homeowners living closer to work, but also new advocates for affordable housing among employers. Representatives of participating employers testified before the Illinois House Urban Revitalization Committee about the need for housing programs. Advocate Bethany Hospital, NCH and Bank One highlighted their concerns for workforce housing opportunities and emphasized the importance of good public-private partnerships.

King Harris, an MPC vice chair, after championing the EAH program at System Sensor, has researched⁴ regional housing issues and reaches out to area corporations, encouraging them to invest in EAH for their workforces.

In Feb. 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 EAH initiative and its commitment to helping employees buy homes close to work. More than 150 people attended, including representatives from more than a dozen northwest suburban communities.

Public Attention to Employer-Assisted Housing

Harris and Mayor Mullins of Palatine also participated in a roundtable televised on WTTW public television Ch. 11 as part of the Chicago Matters: Inside Housing series which included features broadcast on WBEZ public radio, CLTV cable television, articles in the *Chicago Reporter* magazine and events at the Chicago Public Library in April, May and June 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 addressing housing issues. For instance, a clip of Northwest Community Healthcare's employer-assisted housing roll-out to employees was televised. In addition, CLTV interviewed both MPC President MarySue Barrett and EAH partner Caroline Goldstein of Bank One. Also included in the show was one of the first Bank One employees to secure a home. Employer-assisted housing also received coverage in the *Chicago Tribune*, *Daily Herald*, *Daily Southtown*, the *Courier News* and the *Chicago Reporter*.

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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.

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