

# Regional Employer-Assisted Collaboration for Housing (REACH)

## 2003 Mid-year 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, has continued gathering momentum in the first half of 2003. Started in 2000, a pilot program at one company began assisting employees with home ownership. In 2001, five more employers signed on to develop EAH programs. The initiative also received broad recognition, including new incentives from the State of Illinois and awards from outside institutions.<sup>1</sup> In 2002, six additional employers publicly announced their commitment to this program, and in the first half of 2003 (through July), another five employers committed to launch a housing program for their employees. That brings the total to sixteen participating employers.

### New Programs

In the first half of 2003, five new employers committed to launch EAH initiatives for their workers in collaboration with MPC and REACH partners: the University of Chicago, Illinois Institute of Technology, City of Evanston, First Midwest Bank, and Allstate Insurance Company. 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 (CAHMCO); North West Housing Partnership (in Palatine); the DuPage Homeownership Center; Neighborhood Housing Services (NHS) of Chicago; and the Regional Redevelopment Corporation (in the south suburbs). In Chicago, the **University of Chicago and University of Chicago Hospitals** and the **Illinois Institute of Technology** announced initiatives in partnership with NHS of Chicago. The **City of Evanston** approved a program for municipal employees, and Housing Opportunity Development Corporation (HODC) will administer the program and provide home-ownership

education. **First Midwest Bank** announced a program to serve employees throughout its network, so eligible employees will work with all eight REACH partners. **Allstate** approved a pilot employer-assisted housing initiative that will help call center employees access homeownership close to work.

These companies join a growing list of established EAH programs, including the following that started in 2001 and 2002: the **City of St. Charles, Village of Riverdale, Bank One, Sinai Health Systems, Northwest Community Healthcare, Chroma Corporation, Medela, Inc., Seaquist Perfect, National Interfaith Committee for Worker Justice, and Advocate Bethany Hospital.** System Sensor in St. Charles reinstated its EAH benefit in 2003, following a one-year hiatus after the company was sold by Pittway Corporation and acquired by Honeywell.

More and more employers are investing in housing. Those working with MPC and REACH partners supplement a longer list of businesses locally and nationally that offer housing programs, including Loyola University, Wheaton College, Lake Forest College, the



Village of Riverdale Mayor Zenovia Evans; Carrie Broughton-Irving, president of Regional Redevelopment Corporation; and Francis Richard-Bey, Village employee and first EAH program buyer, celebrate the program's success.

City of Chicago (program for police officers), St. Bernard Hospital, Holy Cross Hospital, Lake Forest Hospital, Bank of America, and Fannie Mae.

**We would like to be the employer of choice in the county.**

*—Joe Hoffman, Vice President of Human Resources  
Medela Corporation, McHenry*

### **2003 Launches**

Between the time a company "signs on" and officially "launches" a program to employees, MPC and the REACH partner work to tailor it for the particular company and secure the internal administrative and legal approvals. Between January and July of 2003, the University of Chicago and University of Chicago Hospitals, City of Evanston, Medela and Seaquist Perfect launched programs for their employees. Advocate Bethany Hospital, the Village of Riverdale, Northwest Community Healthcare, System Sensor and Bank One continued their programs, which produced new home owners.

**The University of Chicago and University of Chicago Hospitals**, on the South Side of Chicago, launched its EAH initiative in May 2003. Eligible university and hospital employees will receive a \$7,500 forgivable loan to assist with down payment and closing costs. They attend home-ownership education classes provided by NHS and taught on-site at the University. The University has committed to help 35 employees per year for two years, while the Hospitals will assist 20 employees to buy in the targeted communities of Hyde Park, Woodlawn, North Kenwood-Oakland, and Washington Park. "We are pleased to show our commitment to our employees and local communities by investing in a program that will help our faculty and staff purchase homes close to work," said University President Don Randel. Within the first few days after the program was announced, more than 120 people called the University's Real Estate Services Office for information, and by the end of June, 84 employees had met with NHS homeownership education consultants. Two employees had bought homes by June 30, within two months of the program launch.

**The City of Evanston** approved a pilot program for municipal employees in April 2003, and launched the program with informational meetings in August. The

City will offer loans of \$5,000 to five employees to be forgiven over five years. Employees must buy in Evanston and qualify based on household income of less than \$56,500 for a family of four. HODC will provide program administration and home-ownership counseling.

**Medela Corporation**, a manufacturer of equipment for nursing mothers in McHenry County, announced its EAH program to employees in March 2003. Four employees are working with CAHMCO to improve their credit, find homes, and save for down payments. Medela hopes to help five employees per year with \$2,500 assistance. "We would like to be the employer of choice in the county," says Joe Hoffman, vice president of human resources.

**Seaquist Perfect**, in Cary (McHenry County), began referring employees to CAHMCO in May to begin the home-ownership education process. The maker of spray-dispensing systems will provide \$2,500 to up to four employees. Any full-time employee with two years tenure can apply to buy a home, which must be within 18 miles of work. First-time home buyers with household incomes of less than 80 percent of the Chicago Area Median (\$56,500 for a family of four) can also access State matching funds. Current home owners who live more than 18 miles away can receive assistance to move within 18 miles, but will not be able to take advantage of state assistance.

### **A New Model — Employer-Assisted Housing in Support of the Chicago Housing Authority's Transformation**

**The Illinois Institute of Technology (IIT)**, located on Chicago's South Side, announced a new employer-assisted housing initiative in April 2003. Seeking to bolster redevelopment of neighboring Stateway Gardens, a high rise public housing development slated for demolition and transformation into mixed-income housing, IIT will offer employees a \$7,500 forgivable loan to buy homes in the new community. "This is a tremendous opportunity for our faculty and staff to invest in an exciting, new residential development, right in our own backyard," said IIT President Lew Collens. NHS will provide home-ownership education and help employees through the home-buying process. Construction is expected to begin in the second quarter of 2004.

MPC, seeing a unique opportunity to support the redevelopment of Chicago Housing Authority (CHA) properties around the city, will help introduce employ-

er-assisted housing to other nearby employers. MPC will help support the success of the new mixed-income communities by encouraging local employers to support their employees in buying homes and investing in the communities in which they work. Employers can benefit by increasing employee productivity, reducing turnover, and strengthening their business through a stronger, more stable community. The CHA's mixed-income sites aim to serve former public housing residents, moderate-income households, and market-rate owners and renters within the same development. Employer participation can promote that integration by encouraging the investment of moderate-income and market-rate households in the redeveloping communities. This will be an important step in undoing the historic isolation of low-income public housing residents.

**Regional Employer Assisted Collaboration for Housing (REACH)**

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

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— Lew Collens, President, Illinois Institute of Technology

provide guidance and education to prospective buyers. The eight area 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 that work with MPC and area employers to customize employer-assisted housing initiatives. 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.

**Table 1: Employer-Assisted Housing Program Participants**

<b>Employer</b>	<b>Employees enrolled Jan-July 31, 2003</b>	<b>Successful home owners Jan-July 31, 2003</b>	<b>Successful home owners 2000-2003</b>	<b>Counseling provided by</b>
<b>Advocate Bethany Hospital</b>	16	1	1	NHS
<b>Bank One</b>	6	6	18*	AHC, CAHMCO, NHS
<b>City of St. Charles</b>	3	0	0	Joseph Corp.
<b>Medela Corporation</b>	5	0	0	CAHMCO
<b>National Interfaith Committee for Worker Justice</b>	3	0	0	NHS
<b>Northwest Community Healthcare</b>	35	6	10	NWHP
<b>Seaquist Perfect</b>	4	0	0	CAHMCO
<b>System Sensor</b>	18	7	43	Joseph Corporation
<b>University of Chicago</b>	91	5	5	NHS
<b>Village of Riverdale</b>	4	1	1	RRC
<b>Total</b>	<b>185</b>	<b>26</b>	<b>78</b>	

\* Bank One also helped an additional 120 employees in other parts of the country

### Participating Home Buyers

Table 1 summarizes EAH activities among employers that have operational programs. Close to 200 employees have begun participating in homeownership education, and 21 have successfully bought homes through an EAH initiative in the first half of 2003. That brings the total to more than 70 area households who have accessed homeownership through these employer-assisted housing programs since 2000.

### New Home Owners

Table 2 provides more insight into the employees who have bought homes through their company's employer-assisted housing initiative. Of the 26 new homeowners this year (based on available data), employee median salary was \$37,500, and household median income was \$48,400. Based on family size and income, four buyers were very low-income, six were low-income, six were at the Chicago region's median, and six had incomes greater than the median. There were 19 first-time home buyers. The program served a diverse clientele, helping 11 white, five African-American, four Latino, and two Asian employees buy homes.

### University of Chicago Applicants

Currently representing the largest local commitment to EAH, the University of Chicago and University of Chicago Hospitals launched its program in May 2003. By the end of July, 91 employees had enrolled in the program, beginning their work with NHS counselors

and attending homeownership education classes. The median household income of these applicants was \$50,000, and their median household size was two people. These applicants were diverse, with 43 African-American applicants, 36 white, 10 Asian, and two Latino. Table 3 provides a breakdown of the incomes and household sizes of these applicants.

**We are pleased to show our commitment to our employees and local communities by investing in a program that will help our faculty and staff purchase homes close to work.**

*—Don Randel, President, University of Chicago*

The majority of University of Chicago applicants have smaller households. And, approximately 38 percent of applicants have household incomes of less than 80 percent of the region's Area Median, which is \$56,500 for a family of four. NHS has found that early buyers have been middle-income employees, since lower-income employees need time to save for down payment, pay off debt, and clean up their credit. Few applicants have been Latino. As NHS increases marketing of the program, a bilingual homeownership consultant will reach out to employees through brown bag informational meetings and other opportunities. Of the 91 applicants, 10 are currently home owners and the rest are renters.

**Table 2: Summary of Successful Buyers by Employer**

Employer	Median					Average
	NCH	U of C	Bank One*	System Sensor	All*	All*
REACH partner	NHWP	NHS	various	Joseph	various	various
New home owners	6	5	3	7		
Employee annual income	\$41,451		35,000	32,000	37,464	40,339
Total annual household income	\$51,440	54,000	35,000	60,430	48,414	50,413
Household size	2	3	1	2	2	2
Sale price of property	\$131,000	223,000	84,900	155,000	155,000	159,330
Employer assistance	\$5,000	7,500	2,500	5,000	5,000	5,000

\*Six Bank One employees bought homes through the program but data was not available for three of them.

\* Totals include data from buyers employed by the Village of Riverdale and Bethany Hospital. Data from individuals was excluded to protect confidentiality.

**Table 3: University of Chicago and University of Chicago Hospitals Applicants**

	1-person household	2-person household	3-person household	4-person household	5-person household	6-person household	Total	Percent Distribution
<b>Very low-income</b>	5	2	3	2	1	0	13	14
<b>Low-income</b>	6	7	6	0	2	1	22	24
<b>Moderate-income</b>	19	14	14	5	2	0	54	59
<b>Over income*</b>	2	0	0	0	0	0	2	2
<b>Total</b>	32	23	23	7	5	1	91	
<b>% distribution</b>	35%	25%	25%	8%	5%	1%		

Very low-income refers to households below 50 percent of the Chicago region's Area Median Income (AMI). For a family of four, that is \$37,700. Low-income refers to buyers between 50 and 80 percent of the region's AMI, or \$56,500 for a family of four. Moderate-income households are those above 80 percent of AMI and within the City Mortgage income limits (up to \$105,000 for a family of three or more).

\*An employee over income can still access homeownership education services from NHS, but will not be able to receive down payment/closing cost assistance from the university.

### State Incentives for Employer-Assisted Housing

In 2001, the State of Illinois approved new incentives for employer-assisted housing programs — matching funds to assist buyers whose employers work with MPC and are based in northeastern Illinois, and tax credits to encourage employer investments in expanding the housing supply statewide. The matching funds provide a dollar-for-dollar match to the assistance provided by an employer to an income-eligible employee buying a home. Through the Illinois Affordable Housing Tax Credit program, 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. Nonprofit employers can benefit from the credits by "selling" them to an individual or corporation with state tax liability.

In 2002, program administrators discovered that the Illinois Affordable Housing Tax Credit statute inadvertently excluded the transferability of credits for employer-assisted housing, although the intent of the sponsors of the legislation was that the credits be transferable. Working with Rep. Barbara Flynn Currie (D-Chicago) and Sen. Jacqueline Collins (D-Chicago), MPC supported a "clean-up" bill in the legislature. Staff testified in Springfield, and the legislation passed without opposition. Gov. Rod Blagojevich signed the bill, and the program now supports the range of tax-exempt employers, including the Village of Riverdale, Northwest Community Hospital, and the University of Chicago, which will use the sale of the credits to help expand their programs.

### State of Illinois Stepping Up on Housing Policy

The Illinois legislature passed three key bills in the spring 2003 session, sending them to the governor for signature. In September, Gov. Blagojevich issued an executive order establishing a Comprehensive Housing Initiative, which adapts the Illinois Housing Initiative, a bill sponsored by Rep. Julie Hamos (D-Evanston) and Sen. Jeff Schoenberg (D-Evanston). The order creates a housing task force to formalize a State policy that prioritizes the housing needs of undeserved constituencies: low- and moderate-income workers who cannot afford to live near their jobs, homeless people, and those at risk of becoming homeless, among others. The initiative further requires all the State agencies currently investing in housing (there are about 20,



Julie Biel Claussen, from Corporation for Affordable Homes of McHenry County and HR Director Rob Revak at Seaquist Perfect finalize details on Seaquist's EAH program.

including the Illinois Housing Development Authority, Department of Human Services, and Department of Aging) to pool resources for joint efforts. This proactive approach enables the State to more efficiently seek and fund proposals consistent with this housing policy.



Sheri Rupert, night chaplain at Northwest Community Hospital, bought a home through the hospital's Employer-Assisted Housing program.

The Illinois Housing Development Authority has also been stepping up its commitment to Live Near Work initiatives, allocating an increasing number of points under the federal tax credit program to developers whose housing proposals are located near jobs. In addition to the above initiatives, which clearly support the need and value of employer-assisted housing programs, two other bills that passed out of the House and the Senate this spring further address the demand for locating housing near jobs.

The Housing Opportunity Tax Incentive (HB 2246) offers a tax incentive to property owners who rent to families using Housing Choice Vouchers in opportunity areas — places with low poverty rates and a strong tax base. Given the shortage of affordable housing near jobs, this is meaningful legislation to help voucher holders live closer to jobs in neighborhoods that have not previously been accessible.

The Affordable Housing Planning and Appeal Act (HB 625) requires municipalities with more than 1,000 people that do not have affordable housing for at least 10 percent of their residents to create a plan to ensure that they do. The bill further creates a State Appeal Board so that, down the road, if developers feel the city is unfairly denying affordable housing proposals, the State has the power to review and change the municipality's ruling.

<sup>1</sup> BP Leader Award for REACH; Bank of America Leadership Award for King Harris, who, as CEO of Pittway Corp, started an EAH program at System Sensor.

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