

Table of Contents

Introduction	2
Employer assisted housing as a cost effective solution	2
Overview of employer assisted housing programs	4
Demand Programs	6
Homebuyer Education	6
Closing Cost Assistance Programs	7
Down Payment Loans/Grants	8
System Sensor Case Study	9
Group Mortgage Orientation Plans	10
Mortgage Guarantees	11
Mortgage Buydown Programs	12
Rental Assistance	14
Bremer Financial Corporation Case Study	15
Supply Programs	16
Housing Site Subsidy	16
Anderson Trucking Systems Case Study.....	17
Construction Financing	18
Rochester Area First Homes Program Case Study	19
Schwan Foods Co. Case Study	21
Cash	23
Advocacy	24
Resources	25
Minnesota Housing Finance Agency	25
Greater Minnesota Housing Fund	26
Fannie Mae	27
United Way Housing Connections	28
Home Ownership Center	29
HousingMinnesota	30
Notes	31

Introduction

Safe, decent and affordable housing is the foundation of a vibrant and healthy community. Just as the research has shown that children who live in sub-standard housing do worse in school, employees facing overwhelming housing burdens have lower retention and productivity. The lack of affordable housing in Minnesota has placed a burden on employers in recruiting and retaining a quality workforce. The purpose of this toolkit is to introduce employers to employer assisted housing program models and to provide resources to assist companies in determining what type of employer assisted housing best suits their needs and organizational goals.

Employer assisted housing as a cost-effective solution

As Minnesota companies try to cut costs in a more competitive international market, the issue of employee retention has become a real issue for Minnesota companies. A high turnover rate among employees is very costly to employers.

Costs associated with Employee Turnover

Mean per-employee recruitment cost:

Exempt Level	\$7,488
Non-exempt	\$1,529
Hourly	\$672
Average lag time	38 days
Average amount spent on formal training	\$1,155

Source: Joint Center for Housing Studies of Harvard University,
citing a 1991 Hewitt and Associate Study

Fannie Mae also estimates that each staff turnover incident can cost an employer between \$10,000 and \$20,000, which includes separation, replacement and training costs. Another estimate by researcher Lin Gensing-Pophal determined that costs associated with turnover are generally 25% of that employee's salary. One way to battle employee turnover is to structure benefit packages that give incentives for employees to stay. Employer assisted housing programs accomplish this while allowing companies to meet a vital need of their employees.

Employer assisted housing is a series of programs that help employees locate and afford housing closer to the workplace. Many employers have developed employer assisted housing programs because these tools help recruit and retain employees, increase productivity, and help in the growth of the local economy.

These programs also create better relationships with the community, government, organized labor, and most importantly the employees of the company. In a Fannie Mae survey of employers who offer employer assisted housing programs, 72% believed that the program had improved the company's image in the community and 68% believed the program had boosted employee morale.

For the employer, Employer Assisted Housing provides:

- An effective recruitment tool
- A way to reduce hiring and training costs through higher retention
- A tax deduction on benefits
- Enhanced reputation as a "family friendly" employer
- Improved employee morale
- Employer good will and participation in the community

For the employee, Employer Assisted Housing is:

- Realization of the dream of home ownership
- Enhanced lifestyle with greater community & school involvement
- Increased job satisfaction
- Possibility of reduced commuting time

For the community, Employer Assisted Housing means:

- Increase to tax base due to rise in homeownership
- Increase in business for realtors and local businesses
- Increase in community involvement
- Community revitalization tool
- Increased stability in neighborhoods

Source: The Housing Partnership Inc., Louisville, KY

Many employers find they can save and make money when offering housing benefits to employees. Programs can be designed to minimize the risk and maximize the cost savings given a company's specific needs. The Fannie Mae survey of employers who offer employer assisted housing programs found that 42% of respondents believed the benefits outweighed the costs, 42% believed the programs were cost neutral, and only 4% believed the costs were greater than the benefits.

A company's investment into employer assisted housing does not require the company to get into the housing business. There are multiple program models and resources available in Minnesota to assist your company in designing a housing benefits program that meets the needs of your employees, community, and business interests.

Overview of employer assisted housing programs

According to the public, what are the major obstacles to homeownership?

- 29% Money for a down payment and closing costs
- 26% Finding a home that is affordable, likable
- 16% Having a good enough credit rating to get a mortgage
- 13% Confusion about the home buying process and how to get started

Source: 1998 Fannie Mae National Housing Survey

All employer assisted housing programs attempt to meet the obstacles that employees face when trying to obtain or finance housing. While the survey results above give a good overview of the major obstacles, your employees might face specific barriers as a result of your location, pay scale, or many other factors. The first step in setting up an employer assisted housing program is to identify the specific housing needs of your workforce. Once this is accomplished choosing one of the following programs becomes a much easier process.

Employer assisted housing programs can generally be split into two main categories. Demand programs enhance the affordability of existing housing stock and allow employees to purchase market rate homes. Supply programs add affordable units into the housing market and makes at least a portion of these units available for employees. There are organizations in the state that can help you determine what type of program will best fit your employees' needs while utilizing the resources you have available. There are also funding sources available in Minnesota that may match part of your financial contribution to an employer assisted housing program.

Demand Programs

Homebuyer Education

Advantages: Low cost for employers and easy to provide; informs employees of new housing options and services.

Disadvantages: May be of limited value to employees facing affordability barriers.

Homebuyer education helps employees make informed and responsible housing decisions. These programs provide training on how to locate, finance and maintain a home as well as family budgeting and credit counseling services. Given that 13 percent of respondents in the Fannie Mae Housing Survey stated that confusion about the home buying process and how to get started is the major obstacle to homeownership, homebuyer education programs are often a good first step toward employer assisted housing. Employers can get involved by providing free meeting space for educational seminars or paying nonprofits to come in and provide more comprehensive counseling services for employees. Your company may want to require homebuyer education before employees can participate in other housing benefit programs.

Individual homebuyer education sessions usually cost between \$10-\$50 per person. Arrangements can be made between employers and nonprofit homebuyer education programs for a reduced rate. Specific costs depend upon where in the state the company is located, number of employee participants, and the local nonprofits that are available. Many nonprofits are willing to do an initial seminar or brown bag lunch with employees to introduce their services and provide basic information on homebuyer education.

Closing Cost Assistance Programs

Advantages: Fairly easy for employer to administer; clear direct lowering of entry costs of home ownership; availability of limited public-sector/foundation subsidies.

Disadvantages: Employer's cash outlay may not be feasible for large numbers of employees; benefits to employees are taxable, though can be offset by tax benefits of ownership.

This program gives the employee financial assistance during the closing or refinancing of their home. While your business subsidizes the closing costs, the employee can free up more of their income for other expenses. The aim of this program is to reduce employees' monthly carrying costs on a home and/or the transaction costs of home purchases. This tends to require little to no risk above the cost of the assistance, while providing a direct and substantial housing benefit for workers.

Closing cost assistance programs generally pay the closing points on a mortgage (usually 1 – 3% of the mortgage) or cover the legal costs associated with the purchase of a home (which can cost approximately a thousand dollars minimum). Obviously, this program requires some cash outlay for the employer, but has known costs established by the program parameters and carries no default risk for the employer.

Down Payment Loans/Grants

Advantages: Relatively low costs; can enable home ownership earlier and pay back loan over career as wages increase (for deferred or repayable loans).

Disadvantages: Administrative burden; non-recoverable expenditure (grants).

Down payment assistance can be executed in a variety of ways depending on the needs of the employees and the amount of funds that the employer is able to allocate to the program. It could be done in the form of a grant, forgivable loan (an employee should commit to a certain period of employment with the organization, usually 3-5 years), or a zero-interest loan from the employer. The average cost per employee is around \$3,000-\$8,000 for this type of benefit.

	Amount per employee	Recoverable amount	Benefit
Grant-	\$5,000	\$0	Helpful as a recruitment tool, upfront benefit, good for lower income employees. Make sense for companies with recruitment problems.
Forgivable Loan	\$5,000	Depends on whether employee remains with the company.	Encourages loyalty to the company as the debt is forgiven over a period of time. Makes sense for companies with retention problems.
Zero-Interest Loan	\$5,000	\$5,000	Offers a limited housing benefit with low costs (only the lost investment opportunity). Makes sense for companies with limited capital to invest into an EAH project.

Whatever the mechanism, down payment assistance allows the employee to put money down on a housing property, which allows the employee to find financing and reduce the overall size of the loan. This type of program is often combined with other programs such as group mortgage orientation programs discussed below.

Case Study: System Sensor, St. Charles, IL

In 1999, Pittway Corporation decided that they needed to do something to improve retention within the company. After investigating the problem they discovered that the high cost of housing in St. Charles, IL and the surrounding areas was a major reason why so many employees were leaving. In response, the company developed a program to provide up to \$5,000 in down payment assistance at its subsidiary System Sensor to help up to 50 employees purchase homes closer to the workplace. If the employee stays with the company for five years the loan is fully forgiven. If the employee leaves the company within five years, a portion of the loan must be repaid. Pittway also contracted with a local nonprofit affordable housing agency to provide counseling and home ownership education. The program was a two-year pilot program that was suspended at the end of the second year when Honeywell acquired the subsidiary. Honeywell decided to reinstate the program in January of 2003.

System Sensor Cost-Benefit Analysis

	2000	2001
Down payment/closing cost assistance	\$5,000 x 16 participants = \$80,000	\$5,000 x 19 participants = \$95,000
Homeownership counseling and program administration	\$20,000	\$20,000
Program design and evaluation	\$7,500	\$7,500
Savings due to reduced turnover, recruitment and training	\$207,500	\$247,500
Net savings to System Sensor	\$100,000	\$125,000

Source: Metropolitan Planning Council's Campaign for Sensible Growth, Right at Home: Local Support for Employer-Assisted Housing.

Group Mortgage Orientation Plans

Advantages: Low-cost for the employer.

Disadvantages: Likely needs to be combined with other benefits.

Group mortgage orientation plans are relationships between an employer and a lender where the lender provides a discounted mortgage interest rate or some other benefit to offer employees in exchange for bulk mortgage lending commitments or exclusivity of that particular lender's services. A typical benefit may be 1/8 off of the interest rate or \$500 off of closing costs. The group mortgage orientation plans allow the employee to find relief in lower mortgage fees while ensuring the employer virtually no costs.

This program is often used with the closing cost assistance programs, as it allows the employee to receive a reduced mortgage interest rate, closing points, and/or application fee. Under this scenario, these fees could be subsidized on a loan basis by your business and would be repaid by the lender through a predetermined level of mortgage lending activity (e.g. a bulk mortgage lending commitment).

Many lenders are interested in working with businesses in this capacity. This is an employer assisted housing benefit you can provide to your employees with minimal costs. It is suggested that you shop around for different lending institutions to find the one with the best deal for your employees. Many lenders will work with employers of any size.

Mortgage Guarantees

Advantages: Low cost for the employer; can obtain underwriting flexibilities, lower down payment requirements, and waiver of mortgage insurance requirements.

Disadvantages: Companies may have to carry contingent liabilities on their financial statements; requires scrutiny of employee's financial status.

Guaranteed mortgage programs allow an employee to apply for financial or other type of assistance from an employer. The employer guarantees all or a portion of the mortgage to a third party lender. As a rule, there are limits on the maximum purchase price of the house, and options are limited to a certain number of lenders that the employer has contracts with. The employee must also commit to a minimum period of stay in the new house or apartment in order for an agreement to take place. Any remaining principal payments are due immediately when an employee ceases to work for the employer providing mortgage guarantees.

The agreement with lenders allows employees of the organization to obtain loans on favorable terms. However, extending the loan is the ultimate decision of the lender, so it is recommended to limit eligibility to only employees with a good credit standing from the very beginning.

Benefits may vary, including: partial refunds when the mortgage payments are completed; very low rates; free prequalification; and waivers of tax and insurance escrows. The employer has to negotiate an agreement with lenders in order to determine which types of assistance are most appropriate and affordable.

Structure of these programs vary widely based on the size and financial situation of the organization as well as the specifics of the area that the employer plans to use for employee housing.

Mortgage Buydown Programs

Advantages: Helps employees overcome affordability barriers.

Disadvantages: Can be expensive to provide when compared to other programs; temporary buydowns may not be appropriate for non-professional employees.

Mortgage buy down programs are a way to subsidize mortgage interest rates. In this type of program, the company is able to offer the employee a mortgage with an interest rate that is less than the current market interest rate. The employer usually buys down the interest rate from the lender. To lower a mortgage interest rate by 2% on a \$80,000 mortgage, it would cost \$8,000 at the time of closing. Because of the relatively high costs of these benefits, they are primarily attractive to businesses in the finance sector that have experience with reduced rate products and/or hold their own lending portfolio.

Cost to employer	Loan amount/term	Base Interest rate	Discounted Interest rate	Base Monthly payment	Discounted Monthly payment	Annual savings to employee
\$5,000	\$100,000/ 30 yr.	7.00%	6.00%	\$665.30	\$599.95	\$784.20
\$10,000	\$100,000/ 30 yr.	7.00%	5.00%	\$665.30	\$536.82	\$1,541.76
\$7,500	\$150,000/ 30 yr.	7.00%	6.00%	\$997.95	\$899.93	\$1,176.24
\$15,000	\$150,000/ 30 yr.	7.00%	5.00%	\$997.95	\$805.23	\$2,312.64

Another less costly option is a temporary interest rate buydown. Under this program the employer pays a portion of the interest rate for only a few years. The two most common plans are the 2-1 buydown and the 3-2-1 buydown. Under the 2-1 buydown plan, the employer pays two percent of the interest the first year and one percent of the interest the second year. In the third year the employee pays the full market interest rate. Under the 3-2-1 buydown plan the

employer pays three percent of the mortgage interest the first year, two percent the second year, one percent in the third year and the employee pays the full market rate by the fourth year. Below is a chart that identifies the savings in monthly payments for the employee and the cost of the program to the employer.

Payments by Borrowers and Employer on a \$100,000 30Year 7% Mortgage With 3-2-1 and 2-1 Temporary Buydowns					
Year	Payment Received by Lender	3-2-1 Buydown		2-1 Buydown	
		Payment by Borrower	Payment by Employer	Payment by Borrower	Payment by Employer
1	\$665.31	\$477.42	\$187.89	\$536.83	\$128.48
2	\$665.31	536.83	128.48	599.56	65.75
3	\$665.31	599.56	65.75	665.31	0
4-30	\$665.31	665.31	0	0	0
Total Cost to Employer			\$4,586		\$2,331

Rental Assistance

Advantages: Clear and direct lowering of costs for employee.

Disadvantages: Employer's cash outlay is high; may not be feasible for large numbers of employees; direct benefits to employees may be taxable.

Rental assistance programs help employees cover first month's rent, last month's rent, and/or the security deposit. They operate very much like down payment loans where the loans are forgiven as long as the employee remains with the company for a length of time. Program costs are determined by how much money the company wants to invest, the number of eligible employees, and the rental market conditions. Programs like the Bremer Financial Corporation program profiled below invest \$2,000 per employee for rental assistance. This type of program is helpful for employees who are new to the area or might not have a rental history in order to obtain rental housing.

Other types of rental assistance include continual rent subsidies directly to the employee to compensate for an overpriced market or subsidies to property owners to reduce the rents of employees who live in those particular properties. These programs help employees both obtain and afford rental housing.

Case Study: Bremer Financial Corporation, St. Paul, MN

Bremer Financial Corporation saw the pressure that rising housing costs in the Twin Cities were having on their employees and wanted to do something to alleviate that burden. The company partnered with the Greater Twin Cities United Way and the Greater Metropolitan Housing Corporation (GMHC) to develop a model employer assisted housing program. Bremer will provide forgivable loans to qualified employees for a low interest loan to obtain rental housing or to help them make a down payment on a first home. The rental program, called REAL (Rental Employee Assistance Program), provides up to \$2,000 in an unsecured loan for rental housing to assist with the first month's rent, the last month's rent, and a security deposit. The down payment program, called HELP (Homebuyer Employee Loan Program), provides eligible employees a one-time \$5,000 unsecured loan toward a down payment of a home. Bremer funds both of these programs. Bremer will pay the cost of the loans as long as the employee remains with the company. This program started in their Twin Cities offices and they plan to expand it to other locations.

Through the program design process, Bremer worked with their partners to create a model program that can be used in other companies. Bremer used its technical and banking expertise to design this program; the United Way plans to market the program and GMHC will administer it. Bremer sees employer assisted housing as a way to improve the quality of life in the community while also investing in their own employees, and they want other companies do the same.

Supply Programs

Supply programs add affordable units into the housing market and at least a portion of these units are often made available to employees. The relationship between supply programs and employee benefits is not as tightly connected as with demand programs. Still, supply programs are an important tool in combating the affordable housing shortage in your community. Participating in these programs will not only have an impact on your employees, it will also build a stronger and more economically healthy region for your company operate in.

Housing Site Subsidy

Advantages: Can provide housing for employees that is very close to the worksite; can lead to more ideal land use; and has potential tax advantages.

Disadvantages: Few employers have excess land to donate that can be used for housing.

Companies with excess property can sell at a discounted price, lease, or donate land to a developer willing to build affordable housing. In return the employer can request that their employees be given first priority or discounted pricing on the housing. This type of project is particularly well suited for companies who have excess property at sites adjacent to their facilities that are well suited for housing development. Businesses are able to solve both the housing and transportation problems of their employees. Another option for companies is land swaps with organizations building affordable housing.

Case Study: Anderson Trucking Systems, St. Cloud, MN



Before



After

When Anderson Trucking System's headquarters was built in 1955 it was the only building in the surrounding area. As time went by a residential neighborhood with single-family homes sprung up around the headquarters and the space was no longer ideal for a trucking company. As ATS was looking at options to relocate their headquarters, the St. Cloud HRA approached them about donating their current site. In exchange the St. Cloud HRA would sell a site located in an industrial park to ATS at cost and with infrastructure improvements. As ATS was considering this partnership, they realized that half of their employees met the eligibility to obtain a home from the HRA. While there was no agreement that ATS employees would receive the housing, the employees of ATS were some of the first people to find out about the project, determine their eligibility and learn how to apply for the new units. Also, ATS was able to keep their headquarters near where their employees currently live, reducing the need to relocate their workforce.

The value of the donation to the HRA was nearly \$1.8 million and ATS received a prime piece of commercial space properly zoned and located for their fleet of trucks, while being acknowledged in their community as supporters of affordable housing. The St. Cloud HRA is planning to add 24 affordable single-family homes to this residential neighborhood.

Construction Financing

Advantages: Cash investment can be recouped after project completion.

Disadvantages: Little or no security value if the project is not completed; cost overruns and time delays strain employer's capacity to extend credit.

Construction financing is a program that allows a company to use its borrowing capacity in order to provide affordable housing developers with a short-term prime rate loan. The company basically passes down its short-term prime borrowing capacity to the developer. The result of such a program is substantial savings in construction finance interest charges for the developer. In return, the employer receives guaranteed units, reduced sale prices or reduced rents for their employees.

A small profit is made through the interest of the loan, though to be able to see true benefits, a company would most likely need to have the banking history to be able to receive large loans and prime interest rates. Many different companies use this program and it is essential to construction financing by small nonprofit and private developers across the state.

Although the theoretical risk in this type of project is high, this risk can be mitigated by working with a developer that has a track record of success and/or setting up programmatic safeguards such as structured credit draws, performance bonding and interim inspections.

Case Study: Rochester Area First Homes Program, Rochester, MN

Launched in 2000 through a collaborative effort of Rochester Area Foundation (RAF), the Mayo Clinic, the City of Rochester, Minnesota Housing Finance Agency and Greater Minnesota Housing Fund (GMHF), First Homes is the largest employer assisted housing program in the state. Sparked by the vision of GMHF and RAF and stimulated by the Mayo's commitment of \$7 million, First Homes has dramatically increased affordable housing construction in Rochester and surrounding cities and is well on track to meet its housing production goals of 600 single-family homes and 275 rental townhomes by 2005. The program serves households with incomes of 80 percent or less of the statewide median. As a result, families earning as little as \$22,000 per year have been able to purchase new starter homes.

GMHF Funding of First Homes (as of 8/2003)	GMHF Funding	First Homes Units	TDC	TDC/unit
Multifamily units	\$2,194,650	195	\$20,941,590	\$107,393
Single-Family homes	\$3,306,000	334	\$37,594,747	\$112,559
TOTALS	\$5,500,650	529	\$58,536,337	\$110,655

A testament to the local enthusiasm generated by First Homes, donations have already exceeded its five-year fundraising goal of \$12.5 million. Contributions from over 100 employers, including Mayo, and from dozens of individuals have capitalized the First Homes initiative with over \$12.5 million. Additional project funding from GMHF increases the total contributions to over \$19 million.

FIRST HOMES	
Employer, Local and Other Gifts by Category	
Mayo Clinic	\$7,000,000
Other Employers (100)	\$2,428,141
Private Donors (34)	\$110,968
MHFA	\$3,000,000
Local Foundations (2)	\$1,061,000
sub-total	\$13,600,109
Plus GMHF Project Funding	\$5,500,650
TOTAL CONTRIBUTIONS	\$19,100,759

(Rochester Case Study, cont.)

A significant programmatic addition to the First Homes initiative is the incorporation of a permanent affordability component, structured through a community land trust (CLT). Since a CLT essentially removes the improved land costs from the transaction, the starter homes funded through First Homes' CLT program will be available to many more lower-income households. Equally important, these homes will remain affordable (relative to market increases) over time and for future buyers.

Case Study: The Schwan Foods Company, Marshall, MN

As a regional center in southwest Minnesota, the city of Marshall has experienced the benefits of economic growth and the challenges of an affordable housing shortage. Area residents have watched as the average sales price of a single-family home rose from less than \$60,000 in 1990 to more than \$105,000 in 1999.

Parkway Addition, Phase I, 2000 – 2003 In response in 2000, the region's largest employer, The Schwan Food Company (Schwan's), Southwest Minnesota Housing Partnership (SWMHP), City of Marshall, and Greater Minnesota Housing Fund (GMHF) partnered to build Parkway Addition I, a mixed-income neighborhood of 78 affordable, single-family starter homes and 48 town home units located near downtown Marshall.

Schwan's provided a zero-percent interest revolving construction loan to build the single-family homes, matching funds for homebuyer downpayment assistance, and a grant to the Parkway Townhomes rental housing. The City provided significant financial support to the development. GMHF provided technical assistance for the single-family development, downpayment assistance funds, and a \$288,000, zero-percent interest deferred loan to Parkway Townhomes. Parkway Addition I will be completed by the end of 2003, three years ahead of schedule.

Parkway Addition, Phase II, 2003 – 2009 The success of Parkway Addition I, coupled with the guidance of GMHF's Employer Assisted Housing program, led the same four organizations to partner for development of Parkway Addition II, a six-year, 270-unit, mixed-income housing project of affordable, single-family starter and market-rate homes, built on land surrounding Parkway Addition I.

(Marshall Case Study, cont.)

The project will be constructed in two, three-year stages: from 2003 to 2006, and from 2006 to 2009. The initial, three-year stage of development includes 156 of the total 270 single-family homes.

In October 2003, **Schwan's committed \$1.5 million** to the total housing project, with \$736,000 targeted for the initial phase of development. **GMHF awarded \$1,008,600 to the SWMHP** for development of the project. The **City of Marshall will contribute \$1,120,100** to the total housing project, with \$514,400 targeted for the initial phase of the development. As proposed, Phase I of the **Parkway Addition II project represents an investment of \$3.46 million** from local public and private funds, and state, federal and charitable dollars. This funding commitment will **leverage an estimated \$20.3 million** in new housing development, resulting in a 6:1 return on local investment.

It was in 2001 that GMHF and SWMHP began to work with civic leaders in Marshall to lay the groundwork for the Parkway Addition II project, recognizing a tremendous opportunity to build affordable workforce housing in a vibrant regional center. The Parkway Addition project is a stunning example of how business, philanthropic, nonprofit and government organizations can partner to build strong, healthy, Greater Minnesota communities.

Cash Contributions

Advantages: Employers can earn a modest rate of return and receive public recognition.

Disadvantages: Difficult to properly structure participation. Small employers may lack sufficient capital to participate.

There are two main types of cash infusions that companies can make into affordable housing projects: charitable contributions and corporate contributions. A charitable contribution is cash given to affordable housing development projects that has no stipulations as to who can live in the affordable units. In return the company can increase the net supply of affordable housing stock in the community, give their employees a marketing advantage by informing them of the project, and receive a charitable tax deduction for the cash donation. In contrast, corporate contributions are not tax deductible, but allow the employer to stipulate that their employees receive some benefit such as a reduced cost or the first opportunity to purchase units.

Many government based developers such as city and county Housing and Redevelopment Authorities cannot set up corporate contributions with a employee requirement because of Fair Housing Laws, but it may be possible to strike a deal with nonprofit or private developers. Companies willing to make a charitable contribution will not have any problem finding a community partner, given that there is a large amount of government funding available for affordable housing development requiring some form of community business participation.

The size of the cash contribution depends on what outcomes a company wants to get out of the project. Recent cash contribution programs into housing developments have ranged from a combined donation of \$32,000 from eleven businesses in Hoffman, Minnesota to a \$7 million contribution by the Mayo Clinic in Rochester.

Advocacy

Another approach to support affordable housing initiatives in your community is advocacy. The business community has a strong voice at the State Capitol and can use it to affect statewide funding and policy on affordable housing issues. Issues on which the business community can have a positive impact include increased funding for affordable housing projects; land-use policies; and incentives for more participation by the private market. These incentives include tax credits, matching funds for building or operating affordable housing units and offering employer assisted housing programs. Companies that want to take a stand for affordable housing at a policy level should get their lobbyist or the lobbyist of their trade organization to include affordable housing issues on their political agenda. Also, companies can join HousingMinnesota, a statewide campaign to create Homes For All by 2012. HousingMinnesota develops a policy agenda each year around affordable housing issues and invites its campaign supporters to help set that agenda. Also, testimony by corporate leaders stresses the need and public support for more affordable housing in Minnesota. Advocacy work on behalf of affordable housing not only affects the options available to your employees, but also helps strengthen the community as a whole.

Resources

MHFA (Minnesota Housing Finance Agency)

MHFA is the state agency responsible for affordable housing. Since MHFA's creation in 1971, they have assisted more than 400,000 households by providing funding for a variety of housing needs. They help people buy their first homes or fix up their existing homes. They help build and fix up affordable apartments, single family homes, shelters and supportive housing. They work cooperatively with others to revitalize older communities, build new housing for a growing work force, and preserve the stock of federally assisted rental housing. MHFA programs are delivered throughout the state by banks and other lenders, community organizations, local housing or economic development authorities, cities, counties, and for-profit and nonprofit developers. MHFA has the following programs specific to affordable housing:

Employer matching grants- \$1 to \$1 match is available on a competitive basis, with \$1.6 million available over the biennium.

Challenge grants- Challenge grant for renter or owner occupied housing that supports economic development activities. Projects must have contributions from area employers.

Minnesota Housing Finance Agency

400 Sibley Street, Suite 300

St. Paul, MN 55101

(651) 296-7608

(800) 657-3769

www.mhfa.state.mn.us

GMHF (Greater Minnesota Housing Fund)

Since 1996, Greater Minnesota Housing Fund (GMHF) has been engaging Greater Minnesota employers in a variety of employer assisted housing projects. Through its Employer Assisted Housing program, employers from Rochester to Duluth, to Wilmar to Winnebago, and over 20 other cities have experienced the positive impacts affordable workforce housing can have on their employees and business, as well as on the greater community, providing housing for people who work in and contribute to its overall economic health.

To date, GMHF's Employer Assisted Housing program has provided the technical assistance, outreach and financial leveraging to secure significant Greater Minnesota employer investment in over 50 affordable housing projects, 1,148 units, totaling more than \$16 million. GMHF offers three programs for Employer Assisted Housing:

Affordable Rental Housing Development- GMHF provides zero-percent interest, deferred loans to match an employer's contribution to an affordable, newly constructed rental housing development in its community.

Homebuyer Financing Assistance- GMHF matches employer downpayment funds for qualified homebuyers purchasing a new or existing home. Financing options include gap financing, downpayment assistance, and interim financing.

EAH Program Development- GMHF offers technical assistance to employers and communities interested in expanding local affordable housing opportunities. GMHF works with business and community partners to develop programs and projects that best meet their needs.

Greater Minnesota Housing Fund
332 Minnesota Street - Suite 1310-East
St. Paul, MN 55101
(800) 277-2258 toll-free
(651) 221-1997 main
www.gmhf.com

Fannie Mae Minnesota Partnership Office

The Fannie Mae Minnesota Partnership Office works in the community to create long-term partnerships with lenders, local governments, businesses, and other organizations to expand affordable homeownership and rental housing opportunities. Fannie Mae offers the following specific employer assisted housing programs:

Affordable Mortgage Products- Employers can work with their local lenders and Fannie Mae to make affordable mortgage products available to their employees.

Customized Employer Assisted Housing Benefit Plans- Fannie Mae can provide technical assistance, assist in plan design, identify lending partners, provide marketing and public relations support.

Fannie Mae Minnesota Partnership Office

386 Wabasha St N # 1026

St Paul, MN 55102

(651) 298-9356

www.fanniemae.com/partnershipoffices/minnesota/

United Way Housing Connections

One of United Way Housing Connections' key goals is to increase understanding by business and civic leaders of the affordable housing problem, its impact and viable solutions. Housing Connections has helped established a program to meet the areas' workforce housing needs:

Bremer REAL/HELP Program- Housing Connections and Bremer Bank will work with employers to provide up to \$2,000 in an unsecured loan for rental housing, to be applied to the first and last month's rent and security deposit. Qualifying employees can also receive a one-time \$5,000 unsecured loan toward a down payment on a home.

Housing Connections
Greater Twin Cities United Way
404 South Eighth Street
Minneapolis, MN 55404-1084
(612) 340 7483
www.unitedwaytwincites.org

Home Ownership Center

The Home Ownership Center promotes sustainable home ownership for low and moderate income Minnesotans through the development and delivery of quality, standardized education, counseling and related support services. The Home Ownership Center focuses on helping a network of community-based organizations to develop consistent, high quality education, loan counseling and support for potential and existing homebuyers in Minnesota. The community-based programs' role is to deliver services to individual families. The Home Ownership Center's is to provide these organizations with training, technical and financial support, to ensure that home owner support services are available throughout the state. Contact the Home Ownership Center to find local nonprofits that can assist your company in providing homebuyer education programming.

Home Ownership Center
1885 University Ave W. Suite 350
St. Paul, MN 55104
(866) 462-6466
(651) 659-9336
<http://www.hocmn.org>

HousingMinnesota

HousingMinnesota is a multi-year public education, organizing and public policy advocacy campaign bringing together diverse constituencies to promote and achieve Homes for All by 2012. HousingMinnesota is dedicated to bringing business leaders, government, faith communities, housing advocates, people affected, labor, and the academic community together to find innovative solutions to the state's affordable housing shortage. Please contact HousingMinnesota to learn how your business can become a Campaign Supporter and affect affordable housing legislation in Minnesota.

HousingMinnesota

1821 University Avenue, S-137

St. Paul, MN 55104-2891

(800) 728-8916

(651) 649-1710

www.housingminnesota.org

Notes

Risk, Advantages and Disadvantages throughout this document are mainly from the Joint Center for Housing Studies of Harvard University and Neighborhood Reinvestment Corporation, http://www.jchs.harvard.edu/publications/mpill_W00-8.pdf.

System Sensor case study comes from the Metropolitan Planning Council's Campaign for Sensible Growth, Right at Home: Local Support for Employer-Assisted Housing. Original data from System Sensor, 2002. Used with permission.

Temporary Buydown table design by Jack Guttentag, http://www.mtgprofessor.com/A%20-%20Options/temporary_buydowns.htm. Used with permission.

Anderson Trucking Systems case study information and photos from the St. Cloud Housing and Redevelopment Authority. Used with permission.

Rochester Area First Homes Case Study and the Schwan Foods Co. Case Study are from the Greater Minnesota Housing Fund. Used with permission.

This resource guide is a project of HousingMinnesota and the Greater Twin Cities United Way as part of the Workforce Housing in Minnesota: Getting it Done Conference, November 24, 2003.