

ATTACHMENT # 3

**NATIONWIDE SURVEY
OF EMPLOYER ASSISTED HOUSING PROGRAMS**

NATIONWIDE SURVEY
SUCCESSFUL EMPLOYER-ASSISTED WORKFORCE HOUSING
PROGRAMS

Purpose

This survey highlights successful employer-assisted workforce housing programs nationwide. The objective is to learn from the experiences of other jurisdictions in order to help develop a program that would meet the unique needs of employers and employees in Montgomery County.

Key Findings of the Survey

Finding #1: Employer-assisted workforce housing programs are effective tools to help address the high cost of housing for workers.

Finding #2: Employer assisted workforce housing programs have helped to revitalize communities.

Finding #3: Employer-assisted workforce housing programs are gaining popularity nationwide, with the growing involvement of public employers, private employers, financial institutions, health care institutions, universities, and labor unions and non-profits.

Finding #4: Employer assisted workforce housing programs are beneficial to employers, lending institutions, and the whole community.

Finding #5: Some jurisdictions implement programs exclusively to benefit teachers, policemen, and firefighters, and for the purpose of recruitment, retention, and enabling them to live in the communities they serve.

Finding #6: Local non-profits, with expertise in homeownership counseling and program administration, are a useful resource for successful implementation of employer assisted housing. They successfully collaborate with individual employers, consortiums, or local governments to administer programs.

Finding #7: Successful employer assisted housing programs have been funded through multiple sources and implemented by means of a variety of benefit packages.

Finding #8: Organized labor has responded proactively to members' changing housing needs by instituting diverse mechanisms for providing affordable housing. In addition to investment of pension funds, organized labor has established non-profit housing corporations, and joint ventured with community-based housing development corporations, such as land trusts and mutual housing associations, to

promote the development of large numbers of affordable housing units for their members.

Finding #8: Fannie Mae is recognized nationwide for its expertise in assisting public employers, private employers, and labor unions in designing and implementing successful employer-assisted housing programs.

Highlights of the Survey

Finding # 1: Employer-assisted workforce housing programs are effective tools to help address the high cost of housing for workers.

City of San Jose, California: Teacher Homebuyer Program

The City of San Jose, California, created a Teacher Homebuyer Program to address the severe challenges of teacher recruitment and retention. Under this 1999 scheme, low and moderate-income teachers receive down payment assistance and deferred-payment loans to buy homes in the city. It provides a zero percent interest loan of up to \$40,000. By means of collaboration among the Housing Department, realtors, lenders, and other public and non-profit groups, such as Neighborhood Housing Services, County of Santa Clara, Housing Trust of Santa Clara County, and the Housing Finance Agency, the program helps eligible teachers assemble financing to purchase their first homes. The program is funded by a tax increment through the State Redevelopment Agency. To date, over \$12 million has been invested, and over 350 teachers have taken advantage of the program.

Pitkin County, Colorado: Employer-Assisted Housing Program

Pitkin County responded to the worsening housing crisis in the popular and upscale ski resort area surrounding Aspen by constructing and managing its own employee housing program. The affluent had been buying up the areas properties as vacation homes, leaving local workers priced out of the market. The County was compelled to introduce subsidized housing for households earning \$118,000 per year. Almost half of Aspen's permanent population qualified for some subsidy. In addition, the County compelled developers to set aside up to 70% of new homes as affordable. Under this scheme, houses that would fetch \$3 million on the open market could be purchased at \$180,000.

Pitkin County's employee fringe benefit package includes an employer-assisted housing program, which covers rental as well as homeownership. After six months, a full-time employee, who meets certain income and asset criteria, qualifies for an interest free rental advance loan for one-half the cost to secure housing, including first and last month's rent plus damage deposit. This loan must be repaid in bi-weekly payroll deductions within 6 months. The County owns over 1,500 units that are for sale or rental at about $\frac{1}{3}$ to $\frac{1}{2}$ less than the market rate. Available units are advertised weekly in a local newspaper, and the County has arranged with lenders who provide special-term loans for employees interested in buying.

Santa Fe, New Mexico: Teacher Wise

Schools in the Santa Fe district had been losing 20 percent of their educators each year, due to the incompatibility of cost of living and teacher salaries. The starting salary for teachers was \$23,000 a year, and the average teacher salary was about \$31,000 a year, in a market where the median cost of a home was over \$200,000.

Teacher Wise, formerly called Teacher Home Fund, was developed to help teachers purchase homes or receive affordable rehabilitation loans. Under this Program, The Land Title Trust Fund grants money for down payment and closing-cost assistance, and provides low-interest, home-repair loans to current homeowners. Teachers are also able to take advantage of mortgage-loan products and homebuyer education. *Teacher Wise* makes it possible for teachers to purchase a \$100,000 home with as little as \$1,000 of their own money. Initially, the loan amount was \$6,000, but in 2001, the School District became a partner, and the amount was increased to \$20,000.

During the program's first quarter, there were 40 inquiries for home purchases or repairs. By May 2000, the number of inquiries has risen to 71. Within six months, 21 teachers had met with counselors to start the home buying process. Some had received loans, and others were working towards lowering debts and increasing savings. By 2001, 11 teachers had become homeowners. Nineteen teachers had started orientation and home-purchase counseling.

Milwaukee, Wisconsin: Condos at North Meadows

Using a Fannie Mae-backed \$1 million mortgage pool, the City rehabilitated the 576 unit 59-building complex and offered its three and four-bedroom units for sale at \$500 or less in monthly mortgage payments to owner-occupants willing to put up at least 3% of the purchase price—about \$900. The monthly cost is comparable to, in some cases lower than, rents in the area.

Fannie Mae worked with the consortium—involving the City of Milwaukee, St. Francis Bank, Mortgage Guaranty Insurance Corporation, Alexian Village Retirement Complex, Select Milwaukee, Inc. (a housing promotion group), and Milwaukee Office of Local Initiatives Support Corporation—in a partnership called Woodlands Condominiums Mortgage Eligibility Project. These partners not only undertook to underwrite costs and provide buyer incentives, they were also willing to take risks by including borrowers from the region's lowest income rungs— \$13,000 to \$28,000 per year, including even those with low credit scores. By April 2002, 22% of the complex residents were owners.

New Haven, Connecticut: Yale University Homebuyer Program

Yale University and Yale-New Haven Hospital collaborate with the Hill Development Corporation, a non-profit community organization, to recruit residents of the Hill neighborhood for this affordable homeownership program. Residents, who are employees of Yale University or Yale-New Haven Hospital, can receive financial assistance through employer-assisted housing programs offered by the institutions. The Hill Development Corporation provides homeownership and credit counseling to potential homebuyers.

Yale's HomeBuyer Program is intended to encourage faculty and staff to buy houses and live in New Haven. The citywide program, which began in 1994, provided 230 Yale employees with a \$20,000 benefit over 10 years to assist them in buying homes. As of May 7, 2003, 546 Yale faculty and staff had benefited from the program, representing a financial commitment by the university of over \$12.5 million toward home purchases of more than \$65 million.

Finding # 2: Employer-assisted workforce housing programs have helped to revitalize communities.

Minneapolis, Minnesota: Abbott Northwestern Hospital Home Ownership Assistance Program

Abbott Northwestern Hospital's Home Ownership Program has served the dual purpose of providing affordable housing opportunities, and helping to build strong communities in the Phillips neighborhood in Minneapolis where the hospital is located. Hospital employees can obtain up to \$6,500 in loans to be used for down payment and closing costs. The loans are forgiven incrementally over a four-year period, if the employee remains with Norton Healthcare. To ensure that the program has an impact on the target neighborhood, preference is given to first-time homebuyers who also have resided in the neighborhood for seven years. The loan is forgiven if the employee resides in the home for an additional seven years. Over 10 years (1991 to 2001), \$635,457 was spent to support 129 families in buying or rehabilitating homes.

Milwaukee, Wisconsin: Select Milwaukee Employer-Assisted Housing Program

Select Milwaukee's programs demonstrate the opportunities employer-assisted housing programs create for lower income workers as well as the communities they live in. Nearly 65 percent of all homes purchased through Select Milwaukee programs are in zip codes where median annual incomes are less than \$33,000. From 2000 to 2002, the average purchase price of homes acquired through these programs was \$90,200; the corresponding average loan amount was \$82,000.

Santa Clara County, California: Housing Trust Of Santa Clara

This unique consortium generated \$20 million from a broad array of sources in just 24 months. Within hours of raising the \$20 million, the Housing Trust began allocating funds to area families wishing to buy homes. More than 45 loans were advanced within the first 120 days to individuals and families as homebuyer loans or complete down payments. The transactions generated approximately \$14.9 million in area home sales. In its first year of disbursing the money, the Trust granted loans to more than 400 first-time home buyers; helped produce more than 700 units of affordable rental housing; and helped build more than 600 units of transitional housing for formerly homeless and other special-needs households in Santa Clara County.

Des Moines, Iowa: Principal Financial Group, Inc. Employee Home Advantage Program
Principal Financial Group (PFG) had multi-faceted goals for their Employee Home Advantage Program that began in 1995. As the largest employer in the city of Des

Moines, with substantial real estate holdings downtown, The Group was invested in revitalizing targeted areas of the community to produce a stronger, more stable economic and residential tax base. At the same time, they sought to make home ownership an attainable reality for any of their 9,000 employees who might be interested.

To date, 30 employees have purchased homes in targeted areas of Des Moines, and 100 more employees are in the process of obtaining funds from the Employee Home Advantage. Furthermore, PFG estimates that the \$140,000 that has been provided in forgivable loans to employees has leveraged \$1.6 million of investment in the targeted neighborhoods.

New Jersey: Police 3-2-1 Program

The Casino Reinvestment Development Authority in cooperation with the Atlantic City Police Department designed The 3-2-1 Police Residency Program to help stabilize Atlantic City neighborhoods by making them more economically viable and safer for the citizens who live and work there. This is being accomplished by offering a choice of three incentive packages to Atlantic City police officers that move into certain city neighborhoods and carry out certain community oriented policing activities. The biggest incentives are offered to those who choose the most undesirable neighborhoods. To create a greater police presence and assist in efforts to deter crime, marked patrol cars are assigned to participating officers to take home and use during off duty hours. To date, 47 officers are participating.

Finding # 3: Employer-assisted workforce housing programs are gaining popularity nationwide, with the growing involvement of public employers, private employers, financial institutions, health care institutions, universities, and labor unions and non-profits.

Programs Developed By Public Employers

King County, Washington: Homeownership Program

The King County program, which started in 1999, involves a partnership between the County, the Washington State Housing Finance Commission, Fannie Mae, and two local banks. Originally, a total of \$850,000 in down payment loans was advanced to government-employed labor union members who are first time homebuyers. Other benefits include: reduced closing costs and loan fees on home mortgages; additional discounts on real estate services, home inspections, and escrow services; 0% or low down payment; down payment assistance; flexible program guidelines and underwriting; 24 hour loan approval; individual real estate, credit and loan counseling and home buyer education; and loan programs to suit individual needs and lifestyles.

The program is funded through a taxable investment note issued by the Housing Finance Commission and purchased by Fannie Mae. The Commission and King County jointly created a reserve fund to guarantee the note and buy down interest rates for buyers below 80% of the median income. In 2001, a total of 215 loans, amounting to

\$33,515,308 were advanced. This resulted in a total of \$300,635 savings for the workers in closing, loan fees, inspections, etc. Over 97% of all loan applications were reviewed within 72 hours.

Program Developed By Non-Profit Organization

Milwaukee, Wisconsin: Select Milwaukee

In 1992, Wisconsin Electric Power Company approached Select Milwaukee, a non-profit organization dedicated to workforce home buying, to develop and administer a program for its employees. Select Milwaukee works in partnership with five other non-profit organizations and neighborhood associations and currently handles counseling and administration of an expanded program for a group of thirteen employers including Northwestern Mutual Life; Sinai Samaritan Medical Center; Wisconsin Electric Power Company; WISN-TV; Visa Lighting Corporation; and Greater Mitchell Street Association.

The programs have helped 282 low income workers to become homeowners. More than 50% of these new homeowners have an annual income of less than \$40,000, and 58% have an annual income of less than 80% of the Milwaukee County Median Income. Also, 42% of these beneficiaries are female heads of household. Select Milwaukee programs have helped to increase homeownership among Milwaukee's minority community. Between January 2000 and October 2002, 45% of participants were African-American, and 11%, Latino - in a city where only 23% of all homeowners are African-American and 6% Latino. For the \$343,000 that the participating employers spent on the program, the employees spent \$25.5 million in buying homes in the city. The lenders gained more than \$23 million in business, the city's tax base broadened, and some shaky neighborhoods were strengthened by the infusion of owner-occupants.

Program Developed By Health Care Institution

Portland, Oregon: Emmanuel-Good Samaritan Hospital Neighborhood Home Ownership Program

The Emmanuel Neighborhood Home Ownership Program (ENHOP) was developed in 1992 to assist in the revitalization of inner North/Northeast Portland and also help hospital employees purchase primary residences. The hospital invested \$100,000 over 3 years to provide \$5,000 forgivable loans where 20% of the principal is forgiven each year. To qualify, an employee needs to fulfill the following: one year of employment, pre-qualification for a loan, 2% contribution towards down payment, and purchase of home in a targeted geographic area surrounding Legacy Emmanuel (roughly a 25-block area). In the past eight years, nearly 100 employees, ranging in age from 26 to 62 years, and in occupation, from cooks, nurses, secretaries and licensed practical nurses to medical transcriptionists, security guards and social workers, have become first-time homeowners as a result of the program.

Program Developed By Educational Institution

New Haven, Connecticut: Yale University HomeBuyer Program

Yale's HomeBuyer Program is intended to encourage faculty and staff to buy houses and live in New Haven. The citywide program, which began in 1994, provided 230 Yale employees with a \$20,000 benefit over 10 years to assist them in buying homes. To date, more than 500 University employees have bought houses in New Haven through the program.

Programs Developed By Labor Unions

AFL-CIO Nationwide Hit Home Program

Since its inception in January 2002, HIT HOME, a unique AFL-CIO/Countrywide Housing Initiative co-sponsored by Countrywide Home Loans (Countrywide), and supported by Fannie Mae, has been targeted to help union members and municipal employees purchase homes. Four hundred and fifty-two investors nationwide including 44 New York-based pension funds invest in the Trust, which currently has assets of over \$3.4 billion.

The initiative has generated \$185 million in home mortgage financing for 1,031 working families in the New York City Metro Area - \$46 million in Brooklyn, \$7 million in the Bronx, \$800,000 in Manhattan, \$28 million in Queens and \$55 million in Staten Island. An additional \$49 million in mortgages has been provided for homebuyers in the New York City metro area outside the five boroughs.

Boston, Massachusetts: AFL-CIO Housing Investment Trust

The Bricklayers and Laborers' Union created this non-profit development corporation that has helped provide housing at affordable prices, while at the same time paying union wages. The first project undertaken by the Trust was a 17-unit townhouse development. The 1,200 square foot, two bedroom units sold for \$70,000 in an area where comparable market rate apartments would sell for over \$140,000. The Union, through the Trust, also completed two other projects: one involving 48 units in Charlestown, and the other, a recently completed project with 160 units in Boston's Mission Hill district. This latest project is subject to deed restrictions that guarantee long-term affordability.

Finding # 4: Employer-assisted workforce housing programs are beneficial to employers, lending institutions, and the whole community.

Milwaukee, Wisconsin: Employer-Assisted Housing Programs

Within three years, Milwaukee's employer assisted housing programs, referenced above, showed impressive results. There are 282 homebuyers and 11 participating employers. A study by the University of Wisconsin-Milwaukee's Center for Urban Initiatives and Research describes it as very successful. For the \$343,000 that the 11 employers spent on loans, grants, and homeownership counseling, the study found that workers spent \$25.5 million buying homes in the City. Lenders got more than \$23

million in business, the City's tax base broadened, and some shaky neighborhoods were strengthened by the infusion of owner-occupants. No borrowers have defaulted on their loans. The research found that the program ameliorated the City's racial divide. Because 45% of buyers were African-American and 11% were Hispanic, the City's minority homeownership rate edged up and local lenders improved their fair-lending standing with government regulators. Employers are so pleased that all 11 participants plan to continue with the program.

Santa Clara County, California: Innovative Finance Scheme for Teacher Housing

The Santa Clara School District reports that efforts in teacher housing have achieved a reduced annual teacher turnover from 145 to 30 in three years. In addition to the construction of a \$7 million 40-unit apartment complex for teachers, the Santa Clara School District sponsors a program that provides teachers with a \$500 loan each month towards a mortgage for a period of five years, up to a total of \$30,000. Linear Technology Corporation, a local technology services firm, as a community service, provides up to \$5,000 closing costs for teachers, in effect providing another housing subsidy. By April 2002, 27 teachers had been able to buy homes through the program.

A second tier of the Housing Trust gives affordable housing developers a chance to garner critical "gap financing" to start building homes for low-income families. By 2001, 5 loans totaling \$1.78 million had been granted and was expected to leverage \$127.3 million in home development, and result in 513 affordable homes being built in the area. In 2002, the Trust kicked off a new fund-raising drive with a target of \$1 million.

Santa Fe, New Mexico: "Teacher Wise/San Jose, Teacher Homebuyer Program

These programs, referenced earlier for the opportunities they provided teachers to purchase homes, are also noted for their benefits to the school districts. Enabling teachers to purchase affordable homes in the communities where they work resulted in their long-term establishment in the communities. The outcome is that the previous high turnover of teachers was reduced. Consequently, the school districts retained experienced staff and also saved the expense of recurrent teacher recruitment.

Finding # 5: Some jurisdictions implement programs exclusively to benefit teachers, policemen, and firefighters. Other jurisdictions implement programs that are open to all employees but give priority to public safety employees and teachers.

City of San Jose, California: Teacher Homebuyer Program

The City of San Jose Teacher Homebuyer Program referenced earlier, which provides a 0% deferred loan of up to \$40,000 to low and moderate-income teachers as down payment assistance, has helped to address the severe challenges of teacher recruitment and retention.

The City collaborates with private employers, realtors, lenders, and other public and non-profit groups such as Neighborhood Housing Services, County of Santa Clara, Housing Trust of Santa Clara County, and the Housing Finance Agency, to help eligible

teachers to assemble the financing required to purchase their first homes. The program is funded by a tax increment through the State Redevelopment Agency.

During the 2000 fiscal year over 100 teachers obtained assistance to purchase their first homes through the program. By November 2001, within 20 months, the number of participants had increased to 165. To date, over \$12 million has been invested, enabling over 350 teachers to own homes. The Santa Clara School District reports that the homeownership program, along with a 34% salary increase, has reduced annual teacher turnover from 145 to 30 in three years.

San Jose's Teacher Homebuyer Program is Targeted Exclusively to Teachers

The disparities between teachers' salaries and cost of living resulting high teacher turnover had reached crisis proportions, leading the City to consider ways of helping teachers afford housing in the community. Prior to the introduction of the programs, the community recognized the need for specific policies to resolve this crisis. The community, therefore, viewed the program to be in the public interest. Before adoption of the program, the City Legal Department reviewed it in the context of Equal Protection Laws, the Fair Housing Act, Unfunded Mandates Reform Act, etc., to ensure they were legal. In addition, there was public outreach to further explain the need for such programs.

State of New Jersey: Police 3-2-1 Program

The Atlantic City Police Department 3-2-1 Police Residency Program run by the New Jersey Casino Reinvestment Development Authority, is another example of a program exclusively designed to assist police officers in order to help stabilize Atlantic City neighborhoods.

Santa Fe, New Mexico: Teacher Wise

HomeWise, a non-profit, formerly called Neighborhood Housing Services of Santa Fe, developed the Teacher Wise program 1999 in response to high teacher turnover in the city. The program provides down payment and closing cost assistance, and low interest loans for home purchase and rehabilitation. After two years, *HomeWise* partnered with the School District and expanded the program. Since then the loan amounts have increased from \$6,000 to \$20,000 to take into account the current prices of homes.

State of New Mexico: Land Title Trust Fund

In 1999, local title companies established a pool—The Land Title Trust Fund—to provide funding, and assist in making housing more accessible to low-income families in New Mexico. The Chief Executive Officer of a Santa Fe title company initiated this fund on realizing that there were millions of dollars sitting in escrow accounts managed by title companies, which could be earning interest and benefiting the community. Local developers then successfully sponsored a legislation to enable title companies to place escrow funds into interest-bearing accounts and to use the interest accrued in support of affordable housing. Title companies voluntarily choose to participate. Fannie Mae, Santa Fe Community Foundation, and the Mortgage Finance Authority provide

additional resources. Housing organizations in New Mexico can apply for funds to use in creating affordable-housing options.

During the program's first quarter, there were 40 inquiries. By May 2000, the number of inquiries has risen to 65 for home purchase, and six for home repair. Within six months, twenty-one teachers had met with NHS counselors, and started the home buying process. Some had received loans, and others were working on reducing their debts and increasing savings towards the goal of purchasing homes. The first loan closed in February 2000. By 2001, 11 teachers had become homeowners. Nineteen teachers had started orientation and home-purchase counseling.

City of Baltimore: Down Payment and Closing Cost Programs

The City budgeted \$1 million to establish this program to benefit qualifying city employees, giving priority to police officers, fire fighters and teachers. Up to \$3,750 deferred forgivable loans are available to city employees towards closing costs and/or down payment for properties in eligible areas of Baltimore City.

The program objectives include: increased home ownership for city employees, more employees living near their work places, and, more city workers living in selected neighborhoods. Participants, who purchase in one of six designated "Healthy Neighborhoods" areas of the City, qualify for additional \$750. Participants are required to make the purchased properties their principal residence.

The loans have 5-year terms, reducing by 20% for each year of occupancy. At the conclusion of 5 years, they are fully forgiven. Two hundred and thirteen city employees have benefited from the program.

Baltimore, Maryland: Teacher/Officer Next Door Program

This special mortgage finance benefit program is offered through Housing and Urban Development (HUD) and in conjunction with Atlantic Federal Mortgage Company. Full-time teachers and police officers are given the opportunity to purchase homes at 50% off the contract price. The average monthly mortgage payment is \$550. To be eligible, participants must make the home their sole residence for three years following the purchase. After that, they can sell and keep the equity. Teachers may purchase homes located in the city or county where they work, and police officers may purchase throughout the state. Most borrowers settle with only \$300 out-of-pocket expenses. No realtors are needed in this program. Full program information and the list of available homes are provided on the Internet. There is also a free 24-hour over-the-phone approval. To date, no applicant has been declined for less-than-perfect credit or bankruptcy. Participants may qualify for additional monies to be used for improvements to the property. In 2003, more than 100 Baltimore teachers and police officers purchased homes through the program. Nationwide over 700 households benefited.

Finding # 6: Local non-profits, with expertise in homeownership counseling and program administration, are a useful resource for successful implementation of employer assisted housing. They successfully collaborate with individual employers, consortiums, or local governments to administer programs.

Westchester County, Employer Assisted Housing Consortium

The consortium, involving local non-profits—Housing Action Council, Westchester Residential Opportunities, and Community Housing Innovations—plays a vital role in facilitating employer-assisted programs. They currently administer an on-going Westchester County Administration program that is also being sponsored by private employers, such as, Hieneken, White Plains Hospital Center, and Zipjack Industries, local banks and Fannie Mae. The principal objectives of these employers are recruitment, retention or relocation needs. After employers have selected the form of assistance they want to offer, based on their unique need, the consortium designs customized programs to suit those needs. The program is very new (starting in April 2003), and, as such, no outcomes have been realized yet.

Milwaukee, Wisconsin: Select Milwaukee

Select Milwaukee is a good example of the effective use of non-profit expertise and services to implement employer assisted housing programs. A 1992 initiative from Wisconsin Electric Power Company, which prompted Select Milwaukee, a non-profit organization, to develop and administer a program that would help its employees become homebuyers, has been expanded to an additional twelve employers, including: Northwestern Mutual Life; Sinai Samaritan Medical Center; Wisconsin Electric Power Company; WISN-TV; Visa Lighting Corporation; and Greater Mitchell Street Association. Select Milwaukee usually works in partnership with 5 other non-profits organizations and neighborhood associations. Between January 2000 and October 2002, the program had assisted a total of 282 homebuyers, with another 250 more in the pipeline.

Long Island, New York: Housing Partnership

The Long Island Housing Partnership, a not-for-profit group, works with about 18 employers to assist employees in buying homes near their work places. The Partnership provides mortgage counseling, arranges financing, administers down payment assistance and offers technical assistance to the employers and participating employees.

The employers contribute up to \$3,000 in grants or forgivable loans towards down payment for workers who are either buying homes for the first time or moving to Nassau or Suffolk Counties to begin a new job. About 30 to 35 workers have benefited so far. Maximum income restrictions have, however, limited the number of beneficiaries. In 2003, 8 more companies signed on to the program.

Finding # 7: Successful employer assisted housing programs have been funded through a variety of sources and implemented by means of a variety of benefit packages.

City of Seattle, Washington: Hometown Home Loan Program

This city's employee benefit program does not utilize taxpayer or non-profit dollars. Instead the city provides a variety of incentives, such as closing cost assistance, flexible loan terms, reduced loan fees, free pre-approvals, access to below market interest rates, free home buyer education, and individual financial consultation. These incentives are all provided as part of a group volume discounts package that was negotiated with Homestreet Bank.

Santa Clara County, California: Apartment Complex for Teachers

The \$6 million spent on the apartment complex was generated through bond sales to be paid back with the rents to be collected from the tenants. The County charges half the market rent, and occupancy is restricted to five-years.

Rochester, Minnesota: First Home Program

The City leveraged \$105 million from an initial \$12.75 million contributed by a public-private partnership (involving Fannie Mae, Mayo Clinic, Rochester Area Foundation, Minnesota Housing Finance Agency, Rochester Area Chamber of Commerce, and some local employers). Participating employees are required to make a 2% down payment from their own resources. By the end of 2001, 100 houses and 128 rental units had been completed and sold. The present goal is to construct 875 affordable houses and apartments by 2005.

Santa Clara County, California: Bond Sale to Intel Corporation for Teacher Housing

The school district arranged an innovative financial transaction, beginning with a \$10 million bond sale to Intel Corporation at 4% interest for five years. The school district invested the amount at 7.25%, and uses the profit to fund housing loans and subsidies for teachers. Beneficiaries are not required to pay back the loan for 5 years. They may pay back the whole \$30,000 when it is due, refinance the loan, take a second mortgage or arrange a repayment schedule.

Rochester, New York: City-Provided Matching Funds for Employer Assisted Housing Program

This is a Fannie Mae assisted program, in which the City matches contributions by local employers (including Unity Health System, Eastman Kodak, Xerox, and High Falls Brewing), up to \$3,000, for home buying assistance. In addition, the City provides a direct \$3,000 home buying assistance benefit to its own employees.

Brooklyn, New York: Innovative Investment of Pensions Funds for Housing Development

Innovative investment techniques, designed by the New York State Pension Policy Group, directs pension funds into low- and moderate income housing production for workers.

Finding # 8: Organized labor responds proactively to members' changing housing needs by instituting diverse mechanisms for providing affordable housing. In addition to investment of pension funds, organized labor has established non-profit housing corporations, and joint ventured with community-based housing development corporations, such as land trusts and mutual housing associations, to promote the development of large numbers of affordable housing units for their members.

AFL-CIO Housing Investment Trust (HIT)

AFL-CIO Housing Investment Trust (HIT), referenced above, is a good example of labor union initiatives that have achieved impressive results in various jurisdictions nationwide. The Trust has assets of over \$3.4 billion involving 452 investors (including 44 pension funds) nationwide.

State of Illinois: Joint Efforts by AFL-CIO and Illinois Housing Development Authority:

The Union has invested in nine multi-family apartment projects originated and closed by the Illinois Housing Development Authority under its Risk-Sharing Program, a credit enhancement tool for developers. The nine developments cost a total of \$106 million, added 1,161 apartments to Illinois' affordable housing stock, and generated additional \$40.4 million in AFL-CIO Housing Trust Loans.

Brooklyn, New York: New Communities Housing Development

International Union used \$23 million in pension fund assets from the International Brotherhood of Electrical Workers, the Amalgamated Clothing and Textile Workers Union, the Amalgamated Life Insurance Employees, and the Hotel Employees and Restaurant Employees, to leverage a \$6.5 million construction loan for the New Communities Housing Development in Brooklyn, New York. Over 100 housing units, including 34 moderate-income condominiums, have been rehabilitated with finance provided by the New York State Mortgage Authority. In addition, 31 low-income cooperatives have been subsidized by the state Housing Trust Fund. To assist its members, the Operating Engineers Local 675 provided \$3 million in mortgage loans at rates 2½% lower than the market rate.

Boston, Massachusetts: Employer Assisted Housing Trust Fund for Union Members

In 1989, Local 26 of Boston's Hotel and Restaurant Workers' Union set a precedent by successfully negotiating the first union housing trust fund in the nation. The three-year contract with 9 Boston-area hotels covers 3,000 Local 26 members who have an average annual salary of about \$16,000 in an area where the median-priced home sells for over \$175,000.

After negotiations, union and management representatives agreed to jointly administer a fund—Taft-Hartley Trust Fund, into which employers' contribute five cents per hour per worker. The Fund accumulated nearly \$1 million over the life of the contract and is

being used towards various housing affordability programs, to be matched with \$12 million in pension money.

Finding # 9: Fannie Mae is recognized nationwide for its expertise in assisting public employers, private employers, and labor unions in designing and implementing successful employer-assisted housing programs.

Fannie Mae, works with public and private employers throughout the country to create customized cutting-edge employer assisted housing programs. Fannie Mae's programs provide different qualifications, terms and flexibility to accommodate different income households. To date, Fannie Mae has worked with more than 500 employers to create plans that meet the specific needs of employers and employees. Numerous of the cases uncovered by this survey involved Fannie Mae.

In March 2000, Fannie Mae launched a new a 10-year, \$2 trillion American Dream Commitment, and initiative to increase homeownership rates and serve 18 million targeted families. In 2003, by the third anniversary of the Commitment, Fannie Mae and its lender partners had already fulfilled over half of its 10-year pledge. To date, Fannie Mae has provided more than \$1.3 trillion for nearly 12 million targeted families, completing two-thirds of the American Dream Commitment in about 30 percent of the time, and leading the market in serving minorities and the nation's affordable housing needs.

Fannie Mae's own in-house program has helped 2,200 of its employees to become homeowners. Seventy-six percent of all Fannie Mae employees own their own homes, compared with a national average of 68 percent. The company's initiative has also proven to be a significant recruitment and retention tool, reducing turnover by 25% since implementation in 1991.