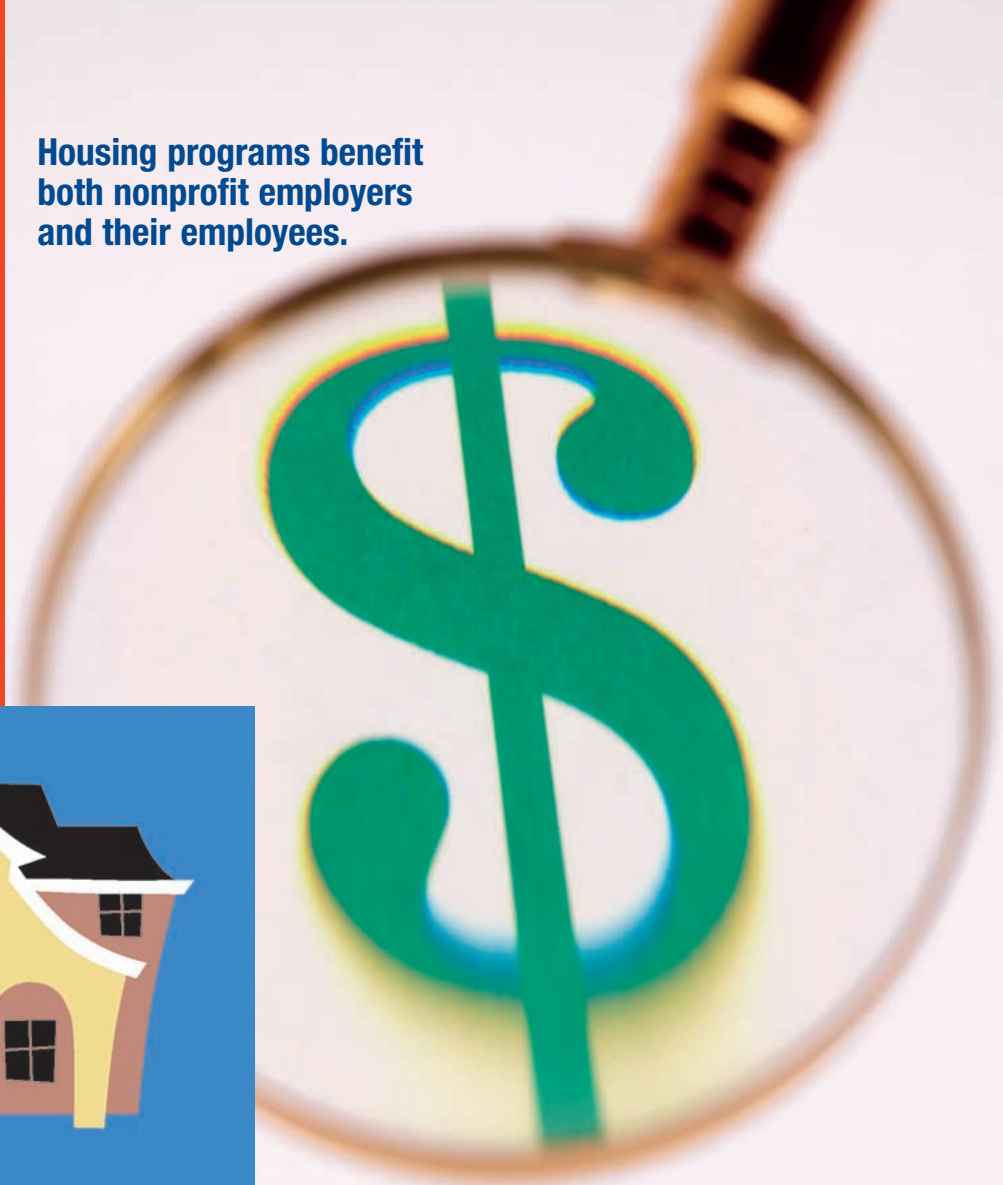


A New Benefit to Offer Your Employees: Access to Housing

Housing programs benefit both nonprofit employers and their employees.



By Daniel Hoffman

Finding and keeping talented employees is difficult for many overextended and under-capitalized nonprofit organizations. A common response is to hire less experienced (and less costly) staff, hoping they'll grow into the job. Once these employees master new skills, however, they often leave for better wages and benefits elsewhere, as nonprofit turnover rates attest.¹ Hence, nonprofit employers face staff turnover rates averaging 24%. In some nonprofit sub-sectors, such as child-care, turnover rates can run 100-300% annually.²

A New Strategy

In Philadelphia, a new program gives employers a tool for managing

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employee recruitment and retention problems and a new benefit for their staff. Known as HomeBuyNow, this program, funded by the City of Philadelphia's Neighborhood Transformation Initiative (NTI) and managed by the nonprofit Greater Philadelphia Urban Affairs Coalition (GPUAC), is a menu of cost-effective housing benefits that employers can readily access and use to address core workforce issues.

Although first targeted to nonprofits, HomeBuyNow has attracted

significant nonprofit participation. It offers a powerful incentive for people to take and keep jobs, an inducement even more valuable than a high salary – the chance to buy a home or improve the one they have. And it's a program that nonprofit managers and public officials across the country can replicate.

Because of a lack of third-party-provided benefit products, it has always been hard for employers to offer housing benefits.³ Unlike health insurance, for example (where employers purchase products from insurance companies, HMOs, and the like, who then manage the benefit), employers wanting to offer a housing benefit have often had to design and manage a

**In less than two years,
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have adopted
the program.**

program for themselves.

HomeBuyNow, in contrast, emulates more familiar employee benefits by offering third-party-provided benefit products. With HomeBuyNow, GPUAC acts as marketer and administrator, explaining the program to employers and helping them customize it to their needs.

HomeBuyNow offers three benefit products:

1. Homebuyer education. Classes and on-line programs, provided by housing and credit-counseling agencies with whom GPUAC has relationships, explain how to shop for a home and inspect it before buying. Employees can also obtain personalized credit counseling or other help.

2. Home improvement financing. HomeBuyNow offers home improvement loans via city-subsidized financing, as well as energy audits and energy-conservation improvements to lower utility expenses. Some employers like this option because they want to do something for employees who already own a home.

3. Financial assistance to buy a home. The core of the HomeBuy Now program is the chance for employees to purchase a home. Employers provide employees down-payment assistance that's matched dollar-for-dollar by the city. The city provides up to \$3,000 per participating employee. Many households qualify for an additional \$2,000 from the Pennsylvania Housing Finance Agency to cover closing costs. Through HomeBuyNow, an employee could receive \$8,000 toward a down payment and closing costs.⁴ Moreover, city assistance, as well as any state aid, is tax-free.

Nonprofit Feedback

Nonprofit response to this program has been strong. Two-thirds of participating employers are nonprofit organizations.⁵ Through these employers, approximately 11,000 nonprofit employees are eligible to participate. The smallest participating nonprofit has only

five employees and the largest more than 5,000. These nonprofits are using HomeBuyNow as:

An employee retention tool. Nonprofits are slowing down their turnover rates by requiring employees to stay with the organization two to four years after

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How You Can Partner with the Public Sector

Local and state governments make excellent partners for employee-benefit programs and many other projects. The public sector often has extensive experience, knowledge, and programming that you can leverage. Here are tips for finding public-sector partners:

- **Learn what programs the public sector offers in your city and state.** Have preliminary meetings with city officials, or reach out to other nonprofit organizations in your community. These organizations are often savvy about knowing who in the public sector makes decisions and what programs exist or could exist. Such information can guide your thinking about how public programming could enhance your project.

- **Consider a get-started strategy.** One low-cost approach is to bring existing public programs to your employees' attention. Such programs are inevitably under-marketed, and many employees may not know they're eligible. Helping public officials find participants for their programs can create momentum, gain public-sector attention, and build a relationship between your organization and public agencies.

- **Recognize that bigger is better.** If yours is a small organization with few employees, government may be less interested in partnering with you. You gain clout, however, if you work sectorally — as part of a group of local social-service agencies or cultural arts organizations, for example. If several nonprofits all express a willingness to offer a benefit or support a program, this will magnify your significance and increase the public sector's desire to work with you.

- **Use your connections.** If you receive public support for core activities, talk with officials involved with making those funding decisions. Let them know how a publicly supported benefit or program would increase your capacity. If you have relationships with local officials, use them. You're not the only one looking for a partner. Local officials are, too. You could be the partner they're seeking to help address a public-sector need.

- **Participate in public hearings.** Most communities have public hearings on the use of community development dollars. Put your idea on the public agenda. If you're a larger organization in the city, government is likely to listen carefully to you.

- **Reach out to local bankers and businesses,** especially those with which you have relationships. Let them know what you're trying to do. Your banker may be an important source of leverage for your efforts and a good interface with public officials.

- **Have some idea of what you might be willing to do or spend.** Don't wait for public agencies to suggest what you should do. Tell them your idea and let them know what you'd like them to do in response to your effort.

The program allows employers to offer a new benefit and the city to leverage its housing investment dollars in a new way.

receiving assistance. During this time, retention and productivity savings amortize the employer's costs. If employees leave before the deadline, they must repay some or all of the money, leaving the employer no worse off than if the program hadn't been offered.

An alternative investment strategy for employees. With stock markets down and housing prices up, home ownership is a good personal wealth-building strategy. As the executive director of a nonprofit in another city with a similar program explained, "We don't have a great retirement plan, but an employee of ours who purchased a home with our help several years ago recently left our organization and took \$100,000 in new housing equity with him."⁶ For most employers, it hardly matters whether the employee takes cash as retirement savings or down-payment assistance. But for employees, the difference between investing in a flat market or buying a home can be huge.

A leveraged benefit. For nonprofits with tight budgets, the idea of more than doubling a benefit's value by partnering with the public sector is attractive.⁷ For employees, the idea of matching their employer's contribution with tax-free dollars from the public sector is even better.

A reinforcement of concern about the community. Many nonprofits have strong commitments to their communities. Some employers have found that good employees make good neighbors and that encouraging employees to live in the vicinity revitalizes the neighborhood. Such a strategy can also improve security in the area, reduce insurance and policing costs, raise property values, reduce employee tardiness by cutting

commuting time, and make the employer's site more attractive to potential employees and clients.

Why It Makes Sense for Your Organization and City

By offering housing benefits, nonprofit organizations can provide something valuable, innovative, and relatively inexpensive, especially when they partner with the public sector and housing finance industries. Unlike other benefit programs, employer-assisted housing programs may even save an employer money. Housing benefits can also be easier to budget, since employees participate on a one-time rather than annual basis. A housing benefit may reinforce a nonprofit's mission by encouraging investment in the community so that administrative dollars, in effect, further programmatic goals.

Good employees make good neighbors.

Experience has shown that creating and marketing a housing benefit program encourages employer participation. For example, before HomeBuyNow was created, the University of Pennsylvania (a nonprofit that is the city's largest private employer) offered employer-assisted housing to its employees. Although this program was successful, no local employer followed its example. The local conventional wisdom was that it was just too difficult and expensive for most employers to offer such a benefit. However, in less than two years of marketing HomeBuyNow, dozens of employers have adopted the program or are in the process of doing so, and they're finding that accessing a third-party-managed program is easy and cost-effective.

In Philadelphia, the nonprofit sector represents nearly 30% of all non-governmental employment. Many other cities have large nonprofit sectors that play critical roles in the local quality of life. It's important to remember that employer-assisted housing can benefit both for-profit and nonprofit employees. But when contacting

your city about adopting this strategy, also point out that it's an excellent way to strengthen the nonprofit sector and support its valuable work.

Footnotes

¹Survey by South Carolina Association of Nonprofit Organizations (SCANPO), Columbia, SC, "To Stay or Leave: Job Satisfaction and Turnover," Charity Village.com Library, <http://scanpo.org/>.

²National Center for Charitable Statistics, The Urban Institute, Washington, DC, <http://ncesdata.web.urban.org/faq/fDetail.php?category=48&itemID=409#employment>.

³Schwartz, Hoffman, & Ferlauto, *Employer-Assisted Housing*, BNA Books, Washington, DC, www.bna.com.

⁴Employees can receive even more than this amount, as there is no limit on an employer's contribution.

⁵These organizations include universities, nursing homes, social service agencies, community development corporations (CDCs), and others.

⁶Ed Rutkowski, executive director of the Patterson Park CDC, Baltimore, Maryland, on the success of Baltimore's Live Near Your Work employer-assisted housing program at a conference sponsored by GPUAC on November 10, 2004, at the Philadelphia offices of the United Way of SE Pennsylvania.

⁷The benefit is more than doubled because City funds are viewed not as compensation but as a community development activity and thus aren't subject to taxation. Also, the Housing Finance Agency offers income-eligible households up to \$2,000 in additional assistance. ■

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