

## Cost-benefit model

Employer-assisted housing programs can be designed to fit both your personnel objectives and budget. An employer's tax status will impact the tax benefits of the program. Examples of each of the two categories (for-profit and non-profit) are presented below.

### Example A: A for-profit company

In this example, an investment of \$22,000 yields a program valued at \$34,000 with a net cost of less than \$3,000. This size program could be suitable for a company with 200-400 employees.

Budget	Cost
Counseling/administration: 15–20 employees	\$10,000
Down payment assistance: 4 employees at \$3,000/employee	\$12,000
Gross investment by employer	\$22,000
Less state tax credit	-\$11,000
Less federal tax deduction*	-\$8,360
<b>Net cost of program</b>	<b>\$2,640</b>

Program value	Cost
Employer investment	\$22,000
Matching funds**	\$12,000
<b>Total financial value</b>	<b>\$34,000</b>

\*Figure is based on the 38% tax bracket [(full investment less state tax credit) × .38].

\*\*If employees meet state income requirements, they will be eligible for up to \$5,000 in matching down payment assistance.

## Example B: A nonprofit employer

This second model considers an employer without tax liability, such as a nonprofit hospital, university or municipality. Since this employer cannot claim the federal tax deduction or directly use the state tax credits, the credits can be transferred or "sold" to another entity with Illinois tax liability to realize this benefit.\* In this example, a program valued at \$70,000 would have a net cost of around \$33,000, after an initial employer investment of \$55,000.

<b>Budget</b>	<b>Cost</b>
Counseling/administration: 20–30 employees	\$20,000
Down payment assistance: 7 employees at \$5,000/employee	\$35,000
Gross cost of program	\$55,000
Less state tax credit*	-\$22,000
<b>Net cost of program</b>	<b>\$33,000</b>

<b>Program value</b>	<b>Cost</b>
Employer investment	\$55,000
Matching funds**	\$15,000
<b>Total financial value</b>	<b>\$70,000</b>