

Northwest Michigan

# Growing Business with Workforce Housing:

A Guidebook for Employers



**Networks  
Northwest**  
Talent / Business / Community

**2015**



**FRAMEWORK  
FOR OUR FUTURE**  
A REGIONAL PROSPERITY PLAN  
FOR NORTHWEST LOWER MICHIGAN

[networksnorthwest.org/framework](http://networksnorthwest.org/framework)

The *Framework for Our Future* includes a wealth of information and tools that all parts of the community—including the public, community leaders, businesses, nonprofits, public agencies, and statewide stakeholders—can use as they work to address these issues in ways that also support regional goals. Data and information will help communities supplement their local deliberation, planning, and decision-making processes. Resources include:

- Samples of master plan language used in other parts of the region that communities can consider when updating their own plans and ordinances;
- New studies and research that will aid in decision-making;
- Goals, strategies, and actions that are provided as a set of tools and best practices that stakeholders can choose to use if they desire.

The information included in the *Framework* is intended to serve as a compilation of best practices to help guide local decision-makers and community organizations who would like to address the issues identified in the *Framework*.

For complete reports and accompanying resources for each topic, including background reports and data, please visit:

[networksnorthwest.org/rpi](http://networksnorthwest.org/rpi)

## Introduction

Our homes are among the most fundamental elements of our lives. The homes we live in can affect, for better or worse, our budgets, our quality of life, and even our health. But even beyond our personal lives, our homes are one of our communities' most basic building blocks: the amount, value, and type of housing available in a community impact its roads, schools, businesses, and more.

One of the most important factors in a community's housing choices is affordability: the cost of a home has far-reaching ramifications for a household's budget, with community-wide impacts. Yet, for decades, Northwest Michigan has struggled with shortages of housing that's affordable to many residents and members of its workforce. High land costs and demand lead to higher-than-average housing values in many communities, especially in cities and villages, where most of the region's jobs are located.

Housing throughout the region has become unaffordable even to an average household, with rental homes and apartments in particularly short supply. Rental shortages have an especially pronounced impact on our workforce, including the region's large seasonal workforce, as well as the young professionals and skilled workers needed by local businesses.

Faced with high housing costs and limited rentals, many of these workers "drive til they qualify," or move outside of town into rural areas, where homes are generally cheaper. But these moves often mean longer commutes, which in turn come with more time on the road, higher personal transportation costs, and community-wide impacts. When families leave town, schools struggle with unstable enrollment and budget cuts. Local governments have to stretch their budgets to provide services farther out in the country. Businesses lose sales when the combined costs of housing and transportation leave little or no extra income for their customers. And, more and more, employers in the region report that they struggle to fill jobs with the skilled workers that are needed to grow and sustain their businesses.

In today's economy, the ability to grow and create business depends on the presence of a skilled workforce. The ability to attract and retain this workforce, in turn, depends in part on the community's assets, including its quality of life, recreation assets, educational opportunities—and the presence of housing choices that are affordable to the workforce. Without quality housing choices that are affordable to our workforce, our region will struggle to attract the skilled workers that are needed to build our economy.

The *Framework for Our Future* includes a broad range of community-identified solutions for meeting Northwest Michigan's housing needs. But in order to take action and improve housing choices, support is needed from all parts of the community – including employers. This Guidebook provides a set of practical actions that employers, on their own or with other community partners, can take to increase the supply of adequate and affordable housing for workers in Northwest Lower Michigan. Where possible, examples of these actions—from local employers or from around the country—have been included. The Guidebook also provides an overview of the "housing crisis" in Northwest Lower Michigan, and offers guidance on ways that employers can support lasting change that will impact not only their workers, but also positively affect the community at large.

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## Business Growth Depends on the Workforce—and Workforce Housing

The many “livability” issues faced by our communities are all interrelated. When people think about housing, they usually think about property values, tax base, or perhaps about how the lack of housing choices negatively impacts schools and commute times. Few people think about how housing affects business competitiveness, and the ability to expand and profit, even though in this talent-driven economy, a community’s housing costs and choices can actually make or break a business.

Housing directly affects business competitiveness; yet, as community issues, business and housing have little interaction. However, ask someone who has recently moved why, and the answer is almost always employment. Business competitiveness—and in fact, a region’s competitiveness—depends upon a skilled workforce, the recruitment and retention of which is largely determined by the availability of adequate housing and strong communities (which also go hand in hand).

When there is a lack of adequate and affordable housing in an area, businesses will suffer. Lack of housing choices creates both short-term and long-term problems. In the short term, businesses feel the acute effects of limited housing because they cannot attract or retain workers. In the long term, the adverse effects on community building also damage businesses by eroding the community assets that would otherwise result from having a variety of housing choices, and by creating negative associations or reputation of the community itself.

### Housing Crisis in Northwest Michigan

Awareness of the housing crisis, as some have coined it, has grown since the region’s employers began to feel its symptoms. As businesses around the region began reporting a labor shortage, early attention to the issue focused on across-the-board skills gaps in all business sectors, along with transportation access. But, more recently, employers are starting to recognize that the “housing crisis” is creating an increasingly negative impact on the ability to recruit and retain employees, and that affordable housing needs to be a top priority.<sup>1</sup>

*Affordable housing is simply housing that costs 30% or less of a household’s income.*

Housing inventories and market studies completed for the Framework for Our Future confirm the lack of adequate and affordable housing across the region.<sup>2</sup> In Northwest Michigan, housing typically becomes more affordable the farther one gets from lakeshores and cities and villages where jobs are located; however, the high transportation and heating fuel costs in these rural locations can actually make a “cheaper” home unaffordable. The region’s moderate-income households spend 73% of their income solely on the combined cost of housing and transportation. And, to afford an average rental in the region, a wage of at least \$12.19/hr is required for the rent to be “affordable,” and that doesn’t take into consideration the cost of transportation or heating fuel.<sup>3</sup>

As employees leave the community or the region to find more affordable housing, businesses struggle with the costs of the ensuing labor shortage – including unfilled positions and turnover, which can limit their ability to grow. These costs are driving many employers to recognize that, as community leaders, they have a role to play in helping to create more housing choices. Many business owners understand that the health of their communities is critical to their overall success, because it’s the most influential factor in attracting and retaining “talent,” or skilled employees – which is central to community-wide business and economic growth. And the health of a community depends in part on the ability of all residents, and all parts of the workforce, to find safe and affordable places to live.

The reality of the “housing crisis” is that it is a greater problem than just a lack of housing for businesses’ employees. That particular housing gap is a symptom of a greater problem: a lack of adequate housing choices for people of all incomes and needs, which comes with far-reaching community costs and impacts on schools, roads, services, and business. Solving the problem requires more than providing employees with financial assistance to access housing. Solving the problem also requires more than creating new housing stock or making more of the existing stock. Solving the problem requires multiple

<sup>1</sup> Northwest Michigan Works! Talent Roundtables with employers in Cadillac, Manistee, Petoskey and Traverse City in March 2015. Elk Rapids Chamber of Commerce Community Forums in March 2015: Thirty-five out of 76 business leaders selected affordable housing as the number one challenge/opportunity of the county.

<sup>2</sup> Housing inventories and target market analyses are available for each county in northwest Lower Michigan at: [www.networksnorthwest.org/rpi](http://www.networksnorthwest.org/rpi) and click on the left-hand navigation bar for “Housing”.

<sup>3</sup> See *A Framework for Housing Choices in Northwest Michigan* for more information about housing diversity, affordability, energy and transportation cost, vacancies and seasonal homes, homelessness, and strategies to overcome these challenges. [www.networksnorthwest.org/rpi](http://www.networksnorthwest.org/rpi)

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tactics such as:

- *educating community members about the problem and possible solutions,*
- *considering moderate zoning changes to allow more housing types with less attention to the size or set back of the lot,*
- *increasing housing stock with varied size, design, and accessibility features,*
- *funding different levels of subsidized housing stock to increase eligibility, for both renters and homeowners,*
- *building within communities and near transportation options and community assets, and market these types of properties,*
- *reducing energy expenditures through retrofit and by locating housing near a variety of transportation options.*

This guidebook has examples of ways to incrementally create more housing options. It focuses on actions that employers can take today on their own, and in the future, with partners. Each action step builds upon the next to get toward a more holistic approach that shifts focus from treating the symptom of labor shortage to overcoming the community-wide problem of inadequate and unaffordable housing choices for all.

## Guide to Action

Why get involved in housing? Employers can achieve a variety of goals by engaging in housing solutions. In the short-term, employers that support employee housing through provision of employer-assisted housing benefits can improve employee recruitment, retention, attendance, and morale. Employer-assisted housing benefits can even keep labor costs down, because the fringe benefit costs less than salary increases and turnover,<sup>4</sup> and because solving the housing dilemma for workers could prevent “wage wars” with local workforce competitors that otherwise would be clamoring for the same candidate pool. In the long term, employers that support housing initiatives through civic engagement and partnerships can create inclusive, strong communities where people want to live, visit, do business, and have a desire to prosper.

Because there are so many ways for employers to participate in housing solutions, this guidebook is organized into sections that are defined by the level of employer engagement. The sections start with actions for “Doing it Alone” as a single employer, while other sections include different models for partnerships – for example, “Partnering with Landlords,” or

“Partnering with Other Employers,” which enable businesses to leverage resources and maximize outcomes. Each section includes the reasons why an employer might choose the actions, the list of actions, and tools or examples.



## Doing it Alone

It may make sense for some employers to take action on their own, and there are a number of opportunities or programs for those employers to consider. Most of these action opportunities don’t require much time or administration for implementation, though the amount of capital required varies.

### Consider Single-Employer Solutions If...

- You have immediate needs and want to get started;
- You have enough capital to do it yourself;
- You don’t want your competition to know of your challenge;
- You see the problem as localized.

### Opportunities for Action

- Create a vetted list of good rentals nearby
- Provide employee fringe benefits<sup>5</sup> related to purchase or rental of housing near work
- Become a landlord
- Purchase properties with employees as equity investor
- Pay to rehabilitate properties that otherwise would be desirable locations.
- Support homebuyer education, credit counseling

<sup>4</sup> Many small business examples of employer-assisted housing benefits are in the range of \$2,000 - \$5,000, while anchor institutions like colleges and hospitals might offer \$5,000-\$15,000 in large cities. These benefits are per eligible employee, which is determined by the business. The benefit costs much less than providing salary increases to all employees to stay competitive, and certainly less than employee vacancy or turnover, of which the latter is estimated to cost 50% to 150% of annual salary in lost productivity and the time you and your staff spend recruiting, interviewing, and training.

<sup>5</sup> Please note that employee fringe benefits for housing are not tax-deductible.

**Actions:**

- **Create a list of vetted rentals:** Word of mouth is a powerful way to find a good rental. Have employees and neighbors to your business identify good rentals in the area. Create an inventory to share and keep up to date. Get leads on when someone moves to backfill a good rental. Form relationships with landlords, and make the case that your employees are responsible and have steady incomes.
- **Down payment assistance or rental assistance benefit:** This employee fringe benefit is one of the most common housing benefits, because it's fairly easy to administer and can be tailored to each business' specific situation or needs. The benefit can be structured as a grant or loan. It can be available only to certain employees or for certain properties. For example, the grant/loan could be only for employees under a certain salary/position and could be designated for a specific neighborhood. Another example is to make the grant/loan available only to employees that have been with you more than a certain time period, and the amount of grant/loan can also be tiered based on years of service. For rental housing, the benefit is most commonly for first/last month's rent and security deposit, or any amount of assistance. Repayment of loans could be through payroll (after tax) and full repayment of grant or loan can be required if the employee leaves before a specified time period.
- **Second loan fringe benefit:** This benefit – essentially a second mortgage that can reduce a homebuyer's monthly mortgage costs – can be structured in a variety of ways. It's similar to the down payment assistance incentive; employees can repay the loan with or without interest. The loan can be forgivable after certain time period.<sup>6</sup>
- **Employee savings accounts.** Employers can match employee savings for home purchase, closing costs, rehab, or first month's rent or security deposit on rental. Funds can accrue on the books with an obligation to pay in the future, or can be deposited into employees' accounts.
- **Provide a closing cost benefit.** Closing on a property can cost thousands of dollars in mortgage loan fees, title agency fees, and realtor commissions. This benefit lets your employees get through the home purchase saving and financing on their own, but provides a grant or loan for the closing costs, which are often overlooked, especially by first-time buyers.
- **Capitalize your own fund.** For maximum flexibility, create your own fund that employees can apply to for a variety of housing needs that could include the expenses listed in



examples above as well as things like moving expenses to be closer to work, or funds to rehabilitate a property that would otherwise be desirable. You can decide whether the benefits are grants or loans, repayable under certain circumstances or not.

- **Provide a loan as an equity investor.** In this example, the employer shares the reward or risk of appreciation or depreciation in the property. This option might be especially attractive for long-term employees who want to rehabilitate a property near work, and the employer can assist with rehab costs. The benefit of appreciation might not be realized for many years, but employer's divestment could come at refinancing, or be specified if the employee leaves the job (for example, employee pays for appraisal and gives payout to employer).
- **Become a landlord.** In this model, an employer purchases housing or rental units and offers them to employees for rent, land contract, or lease-to-purchase. Housing that employers are able to purchase may not normally be affordable to employees, but employees could provide "sweat equity" by helping to rehab or maintain property and therefore lower rental payments. A loss in rental income could also potentially offset the employer's taxes.<sup>7</sup>
- **Support homebuyer education, credit counseling, and homebuying process.** Give employees the day off to attend homebuyer education classes/counseling, to close on a loan, or to move closer to work. Employees may be pleasantly surprised at what they can actually afford after credit repair.
- **Talk with employees about other solutions:** While establishing a new employee benefit, take the opportunity to talk to your employees about carpooling or establishing onsite childcare, which are other barriers to attendance and retention.

<sup>6</sup> For example, Legacy Health System in Portland offered loans of up to \$5,000 and forgave 20% of the original loan principal balance each year for employees in good standing, so that after five years, the loan was completely forgiven. In the meantime, employees paid interest on the outstanding loan balance through payroll deductions.

<sup>7</sup> The authors are not tax professionals. Please consult with an accountant.

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### Tools and Examples:

#### **Create a List of Vetted Rentals:**

##### **U.S. Coast Guard Air Station, located in Traverse City**

Team members of the U.S. Coast Guard rotate locations about every four years. Members receive a housing allowance which is based on a national survey of housing costs, but prices in Traverse City are much higher than other locations. Due to the four-year rotation and cost, most members do not buy housing and instead are looking for rentals, and many require multi-bedroom apartments or houses for families. That is a very tough find, especially in a market where many larger rental houses switch to expensive weekly rentals in the summer. The Air Station in Traverse City maintains an internal website that lists the locations and basic details for “vetted” apartments and houses that are located near the Air Station. The Air Station keeps tabs on these properties and departures, so that hopefully when a member leaves, an in-coming member can move in the next day. It’s a good, stable situation for landlords, and helps the Coast Guard families feel welcome in the community. If you have a rental that you’d like to be available to Coast Guard members, please contact the Air Station’s Housing Officer. In addition, the US Department of Defense has started a website called Homes.mil to list single family dwellings. Nothing is listed in Traverse City yet, but this is another example of a “vetted” property listing that will be handy in the future.

##### **Become a Landlord: Tom Ray of GIC, located in Charlevoix**

In Tom’s experience, businesses are all fighting for the same employees. Ideally, an employer would go through hundreds of applications before finding an employee who is the “right fit.” With the labor shortage, local businesses are lucky to get a handful of candidates, and oftentimes, they live an hour or more away from the business. When the trailer park across the street from Tom’s plant became available, Tom saw it as opportunity to increase affordable housing availability for the area’s workforce. The park is located on Lake Charlevoix, and Tom had to compete against mega-home interests to purchase the property. This prevented several families from losing their homes, and opened up new units for his current and future employees. He is rehabbing the trailers and has already sold several to current employees. He plans to rehab additional trailers and use them as temporary housing for new employees, especially those who are moving to the area to work at his and other industrial park employers’ facilities. It’s a low risk option for the employer to “try out” an employee, and is equally low risk for the employee, who doesn’t have to enter a long-term lease or purchase a home right away. Tom sees this opportunity as a way to increase affordable housing in the community and to develop a “community people want to live in, and not have to live in.” Without affordable housing

options for workers, employers will continue to compete for the same workers, or rely on workers with long, costly commutes. Tom’s view is that businesses working together to increase the pool of candidates, and affordable housing for them, is the right thing to do and is to the benefit of the community, local schools, and the businesses.

#### **Offer Employee Fringe Benefits for Housing: Aurora Health Care in Milwaukee**

One of the most studied employer-assisted housing benefit programs is that of Aurora Health Care in Milwaukee. The single employer’s program spurred a wave of employer-assisted housing that evolved into a City-wide program, with City support of an ordinance that ties wage increases to residency. For this example, the focus is only on Aurora Health Care’s initial employee fringe benefit for housing in Milwaukee (and not the giant partnership that it spurred; see sections below for these types of examples).

Aurora Health Care began a Homeownership Program in 1993. Originally, it was a “walk to work” program that focused on neighborhoods surrounding one of their hospitals with approximately 10,000 employees, and then it expanded to be available to all employees of the health system. To be eligible, the employee must be full- or part-time for at least a year, and in good standing. The purchase can be for new or existing properties, of any type (single family, condo, duplex, mixed use), anywhere in the City, and it does not have to be a first-time home purchase. Aurora’s benefit is a five-year, no interest, forgivable loan of up to \$3,000 per eligible employee. The loan is forgiven after five years if the employee maintains employment with Aurora, continuously occupies the home, and does not sell or transfer interest in the property.

A cost-benefit analysis was performed on the program for the years 2000-2007, when 208 employees purchased homes through the program.<sup>8</sup> Of employees overall, about 70% stay with Aurora for less than ten years, and the rate of turnover ranges from 11% - 14%. Of employees that participated in the Homeownership Program, the average length of service is 14.7 years. The average length of service when the benefit was accessed was 6.4 years. Nearly half of program participants were aged 25-34. Aurora has three job classifications – staff, professional, and leadership – and the proportion of program participants in each classification very closely matched that of the overall organization. Seventy-four percent of the participants were still with Aurora at the time the study was conducted, and 80% of the loans had been forgiven. The rate of turnover among program participants ranged from 3.9% - 7.2%. The total program outlay was about \$500,000 and the result was reducing turnover by more than half for the 208 program participants.

<sup>8</sup> Ross, Lynn M. (May 2008). *Quantifying the Value Proposition of Employer-Assisted Housing: A Case Study of Aurora Health Care*. Center for Housing Policy.

## Partnering with Landlords, Housing Developers, and Community-Based Organizations

For a single employer that is looking to stretch every dollar, partnerships with landlords, developers, and community organizations can result in a wider set of outcomes than if the employer acted alone.

### Consider Employer Partnerships If...

- You have immediate needs for employee housing, but don't want to become a landlord;
- You don't want to be involved in government subsidies, but know that developers can access those types of funds;
- You have employees that need credit counseling and homeowner education before you're willing to provide a housing benefit;
- You have employees who might be eligible for housing supports and down-payment assistance;
- You may like the public relations and positive business reputation that come with partnerships.

### Opportunities for Action

- Enter long-term lease or rehab agreements with landlord
- Partner with developer to build housing<sup>9</sup>
- Partner with nonprofits to educate and counsel employees
- Partner with nonprofits to help eligible employees access public assistance

### Actions:

- **Partner with landlords.** Enter long-term lease agreement with landlords to maintain availability for your employees and constant occupancy (or at least rent paid) for the landlord; enter agreement to rehab rentals for reduced rent or to keep rental available to future employees (in times of vacancy); create preferred landlord referral system in exchange for reduced rates or upgrades.
- **Rehab housing/rental units to create more housing opportunities.** Renovating or rehabilitating housing can be an option when housing stock in the area is unsafe or deteriorating. Employers can offer/provide grants, loans, or other financial benefits as an employee fringe benefit to help employees rehab newly-purchased homes that need work; or they can partner with landlords to rehab rentals that might be made available to employees.

- **Partner with a developer.** Employers can work together with builders or developers to build affordable or mixed income units by purchasing land, investing in a project, or committing other capital. For these partnerships, it's important to work with an experienced developer who knows how to access public programs.
- **Partner with a non-profit agency.** Some community organizations provide education and counseling on issues like homeownership, personal credit, and other personal finance issues. In addition, some agencies offer grant or loan programs like Individual Development Accounts, home repair loans, and mortgage programs designed for low- or moderate-income homebuyers or first-time homebuyers. Partnering with these agencies or these programs can help employees access matching funds, down-payment assistance, or low/no-interest options to eligible participants.
- **Partner with realtor association.** Realtors can help educate employees about the home buying process and the local market; employers can help connect employees to realtors and related information.

### Tools and Examples:

#### Example of Employer and Non-profit Partnership: Long Island Housing Partnership

Besides providing direct counseling on home buying and credit repair to your employees, non-profits are often experts on weaving together a variety of funding sources to reach a goal. The Long Island Housing Partnership's Employer Assisted Housing program leverages a variety of funding sources to match employer contributions. Visit: [lihp.org/employer.html](http://lihp.org/employer.html) to learn how the program layers subsidies to turn an employer grant of \$3,000 into \$64,000 for down payment assistance and home rehabilitation.



<sup>9</sup>When partnering with landlords and developers, please be aware of Fair Housing Laws. These laws apply to all housing, with or without public subsidy. You may want to gain legal advice if you plan to negotiate housing for your employees (at the exclusion of others) in exchange for something.

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## Partnering with Other Employers

This list of actions is for a group of employers to consider. The employers may be located in the same geographic area, or may be spread geographically, but be in the same industry sector and therefore have similar talent requirements.

### Consider Employer Partnerships If...

- You know that others in your area or in your sector are facing the same problem;
- Working together creates an economy of scale for purchases and negotiations;
- Collaborating with similar businesses on housing allows you to address other common issues facing your sector (like marketing, employee recruitment, and training);
- A united approach with other businesses allows you to impact common issues facing your community (like redevelopment of a particular neighborhood);
- A larger effort creates visibility for the issue, which could lead to public support (see next section).

### Opportunities for Action

- Employers jointly purchase, develop, or rehab housing
- Employers jointly purchase land or raise capital to partner with developer
- Multiple employers “endorse” a specific lender in exchange for discounts

## Actions:

- **Joint purchase, lease, or rehab.** In this model, employers can together buy, rent, or pay for the rehab of housing/rental units and divide the new housing units among employees of both businesses. Together, employers may be better able to raise enough capital to make a real difference, like purchase or development of multi-family housing.
- **Developer partnerships.** Employers can pool resources to buy land or raise capital to partner with a developer. With multiple parties at the table, projects can be larger, which creates more housing stock. Experienced developers can bring additional partners and public sector support.
- **Lending partnerships.** When multiple employers “endorse” a particular mortgage lender, they may be able to negotiate reduced closing costs and/or interest-rates “buy downs” (chambers or other business organizations can also provide this service, while chamber foundations could add guarantees to loans).

## Tools and Examples:

### Hometown Home Loan Program, originating in Seattle, Washington

In the 1990’s, the City of Seattle began an “affinity program” with a local lender to help its employees, especially emergency responders, afford to live in the city for which they worked. Through a competitive procurement, they selected a single mortgage lender for their employees in exchange for reduced closing costs. The successful program has spread geographically and in terms of service partners, and is now offered by several local employers and in Washington, Oregon and Hawaii by similar employers. The program typically provides up to a \$1,700 cost savings for purchase or refinancing, plus whatever other benefits each employer has negotiated or offered. Visit: [homestreet.com/personal/home-loans/hometown-home-loan-program](http://homestreet.com/personal/home-loans/hometown-home-loan-program) for more information.

### Employer-negotiated Lender Agreement in Santa Barbara, California

The Coastal Housing Partnership of Santa Barbara is a consortium of 15 employers. They used the potential of their employees’ collective mortgage-buying power to negotiate an agreement with a local lender for reduced interest rates. What started with one lender is now a large network of service partners. Visit: [coastalhousing.org](http://coastalhousing.org) for more information.

### Employer-raised Capital in Napa Valley, California

In a very tight housing market with prices through the roof and limited renters’ rights, housing for farm workers all but disappeared. Realizing that it was a sector-wide problem in the County, the Napa vintners decided to capitalize their own Housing Trust Fund. What started with voluntary donations evolved into self-imposed assessments, supported by legislation. Beginning in 2002, an annual assessment of up to \$10/acre was collected to build housing for farm workers. The vineyards complied with fair housing laws because they were footing the bill, and the housing was considered “replacement housing” since the previous farm worker housing had either been converted to “higher use” or had deteriorated. Visit: [napavintners.com/community/farmworkers.asp](http://napavintners.com/community/farmworkers.asp) for more information.





## Partnering with the Public Sector

At the highest level of engagement, an employer or group of employers becomes community champions for the issue of affordable housing. Because the quality and type of housing choices are directly linked to local government plans and ordinances, public sector partnerships or participation can create long-term impacts. Zoning ordinances define where, what type, and how much housing is built, and local policies can also affect quality through measures like blight ordinances or rental codes and inspections. Furthermore, local policies can enable incentives for developers to build affordable housing. Working with the public sector on these policies can result in the structural change needed to address local housing issues.

### Consider Community Partnerships If...

- You want to maximize your effectiveness;
- You want to leverage/create incentives;
- You want to create lasting change that improves our communities;
- You want to be a community business leader.

### Opportunities for Action

- Be a spokesperson and advocate
- Provide leadership to public bodies to influence zoning and incentive tools
- Contribute financially to a trust fund
- Work with local government to issue bonds for below-rate mortgage/second mortgage guarantees
- Explore creative public-private partnerships through land banks

## Actions:

- **Spokesperson:** Education and awareness is necessary to facilitate movement on affordable housing. There are many negative stereotypes associated with the meaning of “affordable.” Talk openly and often to neighbors, public officials, and governing boards about the type of community you envision and about your employees’ roles in that community. Talk about the personal challenges of living in a community without adequate, affordable housing options. Use a combination of data and personal anecdotes to tell your story. Access A Framework for Housing Choices and other online “marketing” tools to help frame the issue.

- **Provide civic leadership:** Serve on public bodies that make decisions about the size and type of housing, and whether or not there are incentives or public tools in use to support affordable housing. Planning and zoning commissions are often looking for members, and business people bring an important perspective to these bodies. These are the bodies that influence the character of our communities. For example, some communities require large lots or very large setbacks from the street, resulting in neighborhoods characterized by large single-family homes spread out on lots of several acres or more – a style of development that is more expensive to afford and maintain, and is often located far from community centers, jobs, and schools. By participating in a public body, you can advocate for regulations that are friendly toward affordable housing and that promote housing options near employment and transportation centers. You can also enable tools that can help finance affordable housing, such as trust funds, land banks, bonds, and other creative laws that yield a certain percentage of affordable units with every new development.

- **Housing Trust Funds:** These are usually publicly-held trusts, but are comprised of donations from private and public sources. They are flexible funds, in that each community decides how to use the funds to create more affordable housing options. The options are nearly endless, as the local government (or governments for a regional fund) writes the bylaws that govern the use of funds. Advocate for a trust fund and commit financially to it. The trust fund can act as a revolving loan fund to continue its perpetuity.

- Explore creative ways to use public tools for affordable housing.
  - Land Bank Authorities<sup>10</sup> are county entities that can postpone tax foreclosure for homeowners facing hardship, take ownership of tax-foreclosed property, buy land and buildings, and accept donations. Land Banks Authorities can hold land tax-free until it’s ready for sale or development. They can also clear “dirty” titles, qualify for brownfield status, and partner with private or public entities for redevelopment.
  - Another tool available to units of local government is “inclusionary incentive zoning.”<sup>11</sup> This type of ordinance provides an incentive to a developer (higher density, flexibility in parking, setbacks, etc.) in exchange for the development to include a minimum number of affordable units. Sometimes, the regulation allows the developer to build affordable units on another site, or to pay a fee in lieu, which is used by the local government to finance affordable housing.

<sup>10</sup> Land Bank Authorities currently exist in Charlevoix, Emmet, and Grand Traverse Counties.

<sup>11</sup> Inclusionary incentive zoning currently exists in Leelanau Township (Leelanau County) and City of Traverse City (Grand Traverse County).

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- Once affordable units are established, there are tools that local governments can use to keep the cost of real estate taxes low. The property value can be lowered, taxes can be waived, or the local government can establish a Payment in Lieu of Tax (PILOT) program to negotiate a payment with the owner that is lower than real estate taxes but that still compensates the government for services.

### Tools and Examples:

#### Local Champions: The Housing Squad in Northport

The “Housing Squad” is a group of business owners and community members who are working together to find solutions to the need for what they’ve coined “aspirational” housing, mainly targeting young people who are at the start of their careers and are aspiring to be prosperous community members. The group is an out-growth of the Leelanau Township Community Foundation’s “Future by Design” project ([leelanaufoundation.org/specialProjects.html](http://leelanaufoundation.org/specialProjects.html)). The community has solved many of the infrastructure-related problems that other villages have to developing housing: Northport has, for example, water, sewer, internet, natural gas, and a marina. They can support multi-family housing with infrastructure, but land is expensive. And, many properties that would otherwise be available have been purchased and flipped into seasonal rentals. This is a common issue across the region. The Housing Squad is comprised of community champions who are taking initiative to explore solutions to affordable housing development.

**Michigan Citizen Planner** (training for local planning officials): [http://msue.anr.msu.edu/program/info/michigan\\_citizen\\_planner](http://msue.anr.msu.edu/program/info/michigan_citizen_planner)

**Center for Community Change, Housing Trust Fund Project:** <http://housingtrustfundproject.org/>

#### Public-Private Partnership: Philadelphia “Home Buy Now”

This City-matched employer assisted housing program provides employees up to \$4,000 toward a participating employer’s grant or forgivable loan. Education and administration are provided by a private nonprofit. A recent study of the program found that 30% of the grant recipients would not have become homeowners without the program support. Ninety-one percent of participants still own their homes. The City instantly regains its investment through realty transfer taxes (for a \$3,765 investment the City receives an average of \$6,044 in transfer tax revenue). The program is customizable for each employer. As of September 2014, 350 employees and 44 employers have participated. The program has a great marketing tagline, too: “If your employees

lived here, they’d be Home Buy Now.” <http://www.uac.org/philadelphiahomebuynow>

## Want to Learn More?

This Guidebook presents a variety of actions for employers to consider in their endeavors to create adequate workforce housing choices. Affordable housing is a complex topic, and while there are some options for employers to “do it alone”, there is much more than can be accomplished by working together. Even if you want to do it alone, you are not alone in considering this issue. Please reach out to us. We can share and explore with you models and best practices, and connect you with local partners and activities that may be underway.

Networks Northwest’s Community Development Department works with local partners, both in the private and public sector, to ensure that the region’s workforce has access to safe, economical, and desirable housing. Some of our activities include:

- Communication and Outreach
- Technical assistance and resources to assist communities in updating policies that affect affordable housing
- Best practices research and analysis for communities

For more information, please contact Sarah Lucas at Networks Northwest at 231-929-5000, or via email at: [sarahlucas@networksnorthwest.org](mailto:sarahlucas@networksnorthwest.org).

### Resources

- **A Framework for Housing Choices in Northwest Michigan**  
[networksnorthwest.org/rpi](http://networksnorthwest.org/rpi)
- **Northwest Michigan Housing Search**  
[nwmhousingsearch.com](http://nwmhousingsearch.com)



Northwest Michigan

# Growing Business with Workforce Housing:

A Guidebook for Employers



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FRAMEWORK  
FOR OUR FUTURE

A REGIONAL PROSPERITY PLAN  
FOR NORTHWEST LOWER MICHIGAN

[networksnorthwest.org/framework](http://networksnorthwest.org/framework)