



Regional Employer-Assisted Collaboration for Housing (REACH)

2004 Year-End Report

The Metropolitan Planning Council (MPC) and its partners took employer-assisted housing (EAH) in new directions in 2004, continuing programs with the nonprofit Regional Employer-Assisted Collaboration for Housing (REACH) and employers in the six-county Chicago region, building a new partnership with the Statewide Housing Action Coalition (SHAC) to expand EAH statewide, laying the infrastructure for EAH to support the Chicago Housing Authority (CHA) Plan for Transformation, and strengthening the relationship with State of Illinois departments and agencies.

EAH Expands Statewide

In 2004, the Illinois Housing Development Authority (IHDA) approved a new round of funds to match dollar-for-dollar the down payment or closing cost assistance provided by an employer to its employees through an EAH program in conjunction with one of the REACH partners in the six-county region or throughout the state.¹ While the pilot round of matching funds (2001-2003) was available to MPC and the REACH partners only for EAH programs in northeastern Illinois, the new allocation was granted to MPC and SHAC to help leverage employer investments statewide. MPC will continue to work with REACH partners in the six-county Chicago region, assisting with outreach and program design, and with the matching fund program for the employees of participating employers. SHAC will play a parallel role in other parts of the state, working with local housing organizations and their partner employers.

Meeting regularly in 2004, Gov. Rod Blagojevich's Housing Task Force drafted a new housing policy, which the governor released in January 2005. *Building for Success: Illinois' Comprehensive Housing Plan* identifies several underserved populations for whom resources should be prioritized, including low-income workers who cannot afford housing close to their jobs. EAH was highlighted in various sections of the plan as a useful tool to forward these objectives. EAH has proven very successful in using public dollars to leverage private investment in workforce housing. For each dollar invested (via the IHDA matching funds), close to \$5 employer dollars were leveraged in 2004.

EAH is also a proven strategy for municipalities working to address local workforce housing options. The Affordable Housing and Planning Appeals Act (AHPAA), passed in late 2003, identified 49 towns throughout the region that must devise housing plans to increase the local affordable housing stock to at least 10 percent of the total housing available. When the Metropolitan Mayors Caucus hosted trainings for affected municipalities, EAH was among the tools highlighted. EAH works for both home rule and non-home-rule communities, and the MPC EAH model enables towns to track progress per the requirements of the AHPAA.

EAH in Support of Mixed-Income Communities in Chicago

St. Charles, Riverdale, North Chicago, and Evanston are among the towns that have already launched EAH programs for their own employees. The City of Chicago has been working with MPC to tailor its existing Department of Housing (DOH) homeownership programs to support EAH among city-based employers. This model has been effective with the University of Chicago and University of Chicago Hospitals, as well as Advocate Bethany Hospital and several other employers. The city is also partnering with MPC to support the success of new mixed-income communities developed as part of the CHA Plan for Transformation². Located on the sites previously occupied by notorious high rises, the CHA's mixed-income communities are part of a broader neighborhood revitalization strategy and will serve public housing residents, moderate-income households, and mar-

ket-rate owners and renters within the same development. Employer participation is key to attaining the desired mix of incomes to further neighborhood redevelopment and promote integration and community reinvestment. On February 8, 2005, in an event MPC hopes to model with other mayors around the region, Chicago Mayor Richard M. Daley hosted a breakfast meeting with over 120 business leaders – explaining why EAH is good for businesses, the city, and the local workforce.

MPC has engaged four new REACH partners in Chicago to work with developers, local employers, and their employees to provide credit and homeownership education for employees. Selected through a Request for Proposals, the new partners are Rogers Park Community Development Corporation, Spanish Coalition for Housing, Housing Choice Partners, and LEED Council. Genesis Housing Development Corporation, recruited by a leading employer, is another newer city REACH partner. These experienced housing

organizations will benefit from MPC-organized trainings, including in-depth workshops on DOH programs and on working with employers. MPC is partnering with each housing counseling agency to engage employers in connection with CHA mixed-income sites.

“This is a huge perk. When I heard the university was giving out down payments for homes, I couldn’t believe it.”

Edna Williams-Foreman, who participated in the University of Chicago’s employer-assisted housing program

New 2004 EAH Sign-ons and Launches

In 2004, ten new Chicago-area employers committed to offer EAH programs to their employees: Chicago Public Schools, The Walsh Group, Mellish and Murray, Bank One (now a subsidiary of JP Morgan Chase), MB Financial Bank, Charter One Bank, Metropolitan Planning Council, Illinois College of Optometry, De LaSalle Institute, and AIM Inc. With the new EAH statewide model, existing programs in Rock Island, including the City of Rock Island, Nancy’s Pies,

Rock Island-Milan School District #41, and WQAD-TV will participate in the MPC/SHAC model. In addition, SHAC began working with the City of Peoria to launch an EAH initiative.

MB Financial Bank rolled out a program to employees in the first quarter of 2004, offering \$15,000 as a forgivable loan. The assistance is forgiven at 25 percent per year starting the year after the purchase, with the amount fully forgiven after five years, provided the employee remains with the bank.

Charter One Bank began making its EAH initiative available to employees in 2004, providing \$5,000 for any employee’s home purchase and \$8,000 for purchases in targeted neighborhoods, including the new CHA mixed-income communities. In 2005, Charter One plans to partner with MPC and the REACH partners to help employees access homebuyer education and the IHDA matching funds.

AIM, Inc., a small manufacturing company, relocated from Cicero to Addison in the third quarter of 2004. Recognizing the burden of the increased commute, the company connected interested employees with the DuPage Homeownership Center and offered other assistance.

When Bank One was acquired by JP Morgan Chase in 2004, Bank One’s EAH program was discontinued. Chase offers all employees a reduced interest mortgage for their home purchases. More recently, the new bank has expressed interest in continuing to make assistance available to employees in the Chicago region and working with the REACH partners to help employees take advantage of the IHDA matching funds.

The Metropolitan Planning Council announced it would offer assistance to employees choosing to rent or purchase homes in one of the new mixed-income CHA communities. Following the model of the National Interfaith Committee for Worker Justice, MPC will offer assistance as a salary advance, which can leverage the IHDA matching funds.

TABLE 1: EAH Buyers

Employer	Northwest Community Hospital	Sequist Perfect and Madela*	Bank One	University of Chicago	System Sensor	City of St. Charles	MB Financial Bank	Allstate	First Midwest Bank	All**
REACH Partner	North West Housing Partnership	Corp. for Affordable Homes of McHenry Co.	Various	NHS of Chicago	Joseph Corp	Joseph Corp	Under discussion	Affordable Housing Corp. of Lake Co.	Various	
Total Number of Buyers	3	2	8	35	15	2	15	6	30	141
Median Salary (of the employee)	\$37,985	\$30,532	N/A	N/A	N/A	N/A	\$42,000	N/A	N/A	\$36,513
Median Household Income	\$37,985	\$46,018	\$36,746	\$54,000	\$45,622	\$48,071	N/A	\$36,013	\$41,000	\$43,250
Median No. Adults in Household	2	2	1	1	3	0	N/A	1	N/A	1
Median No. Children in Household	1	3	1	1	0	0	N/A	1	N/A	1
Median Household Size	4	5	2	2	3	1	N/A	2	2	2
HH Income as % of AMI (considering family size)	80%	65%	70%	100%	80%	100%	N/A	80%	100%	80%
Median Purchase Price	\$151,500	\$123,000	\$129,700	\$165,000	\$175,750	\$163,000	\$198,750	\$99,000	N/A	\$166,950
Employer Assistance	\$5,000	\$2,500	\$2,500	\$7,500	\$5,000	\$5,000	\$15,000	\$5,000	\$2,500	\$5,000
Total Number of First-time Buyers	3	2	8	31	N/A	N/A	N/A	6	8	70

* Aggregated to protect confidentiality.

**Numbers may not add up as all data is not available for each buyer.

The City of Peoria approved a budget of \$50,000 for an EAH initiative. SHAC will work with the city to refine its model and roll out a program in 2005.

SHAC also has begun working with Rock Island GROWTH Corp., a nonprofit housing organization which operates homebuyer assistance programs in the City of Rock Island. Participating employers include the City of Rock Island, Rock Island-Milan School District #41, a television station, and more than 65 others. With the IHDA matching funds now available statewide through SHAC, it is anticipated that workers referred by these employers will begin taking advantage of the additional assistance in 2005.

The DuPage Homeownership Center launched an EAH program for employees of Wheaton Franciscan Services at their Wheaton campus. Approximately 20 employees attended informational meetings held in September and enrolled in counseling and homebuyer education courses. Eligible employees will receive \$5,000 in down payment assistance when they are ready to close.

In 2004, several Chicago employers signed on to offer EAH to their employees in conjunction with the Plan for Transformation. Recognizing the opportunity not only to reward valued employees and reduce turnover but also to help ensure successful community redevelopment on Chicago's South Side, the Illinois Institute of Technology (IIT) has committed \$7,500 forgivable loans to help employees buy homes in the new Park Boulevard (formerly Stateway Gardens). In addition, IIT recruited other local employers: the Illinois College of Optometry and DeLaSalle Institute have both signed on to offer their employees \$2,500 in down payment assistance. IIT will help up to 50 employees, the Illinois College of Optometry will help 20, and DeLaSalle will assist 20. The developer of Park Boulevard, Stateway Associates, has agreed to cover the cost of program administration and homeownership counseling for the employees of these institutions. In exchange, these nonprofit employers will transfer the Illinois Affordable Housing Tax Credits they receive through their investments (valued at 50 percent of their total outlay) to the developer.

The Park Boulevard sales trailer opened to the public in early 2005. In the fall of 2004, employees of the three partici-

pating employers were invited to a special advance opening to learn about the new housing opportunities. Employees have begun to work with housing counselors.

Several other employers and industry groups, such as Chicago Public Schools, Walsh Group, Mellish and Murray, and LEED Council are also refining EAH programs in support of the Plan for Transformation.

Current EAH Partnerships

Table 1 summarizes the employers that have committed to launch EAH initiatives using the MPC-REACH model, including information about the total number of employees who have benefited from the program. In 2004, 141 employ-

ees bought homes through their employer's EAH initiative, more than the total number of employees who benefited from EAH from 2000 to 2003 combined.

Approximately 160 more employees took advantage of the credit counseling and homebuyer

education provided by the REACH partners. These services helped them get on the path to homeownership, as well as helped to stabilize their families through budget and credit work. Employers continue to recognize the benefits of having stable employees, not only those who have become homeowners, but also those utilizing the homeownership education.

Participating Home Buyers

Table 2 provides more detail about the employees who have bought homes through EAH initiatives. Data are summarized by employer to protect the privacy of individual homeowners. Of the 141 new homeowners in 2004, employee median salary was \$36,000, and household median income was \$43,000 (based on available data)³. The median

household size was two people. Overall, the median household income of participating buyers was approximately 80 percent of the Chicago region's median income. Based on family size and income, 10 buyer households were low-income (under 50 percent of Area Median Income or AMI), 32 were between 50 and 80 percent of median, 20 were moderate-income (between 80 and 100 percent of AMI), and 18 had incomes greater than the median. There were more than 70 first-time home buyers. The program served a diverse clientele, helping 30 white, 10 African-American, five Latino, and 10 Asian-American employees buy homes. Home purchase prices ranged from \$79,000 to \$400,000, with a median sale price of \$167,000. Twenty-two buyers accessed the state matching funds, in addition to the assistance provided by their employers.

The REACH partners helped many buyers take advantage of other assistance programs, including the City of Chicago's TaxSmart and New Homes for Chicago programs, Federal Home Loan Bank "Down Payment Plus" assistance, Steans Family Foundation first-time homebuyer assistance, programs offered by private lenders, and Neighborhood Housing Services' (NHS) Neighborhood Lending Program. There were also buyers who benefited from the REACH partners' counseling services through EAH programs but, in the end, bought homes without an employer's assistance, choosing to purchase outside the parameters of their EAH program.

University of Chicago Participants

Representing one of the most significant local commitments to EAH, the University of Chicago and University of Chicago Hospitals (U of C) helped 61 employees buy homes since the program launched in May 2003. Another 20 employees have benefited from counseling and expert advice from NHS and bought homes outside the program parameters. By the end of January 2005, 268 employees had enrolled in the program, beginning their work with NHS counselors and attending homeownership education classes. The median household income of all U of C applicants was \$50,000, and their median household size was two people.

"You are giving employees a benefit they probably can't get anywhere else."
Lilly Eng, Allstate's director of diversity for work life

TABLE 2: Participating Employers

EMPLOYER	LOCATION	Employees enrolled in 2000	New home-owners in 2000	Employees enrolled in 2001	New home-owners in 2001	Employees enrolled in 2002	New home-owners in 2002	Employees enrolled in 2003	New home-owners in 2003	Employees enrolled in 2004	New home-owners in 2004	Total employees enrolled 2000-2004	Total home-owners 2000-2004
		50	16	24	18	0	1	26	10	15	15	115	60
System Sensor	ST. CHARLES					14	12	8	10	8	8	30	30
Bank One	REGIONWIDE					31	4	35	9	10	3	76	16
Northwest Community Healthcare	ARLINGTON HEIGHTS					3	0	7	3		1	10	4
Advocate Bethany Hospital	CHICAGO					2	0	5	2	1	0	8	2
Village of Riverdale	RIVERDALE							3	2	2	2	5	4
City of St. Charles	ST. CHARLES							162	38	106	43	268	81
University of Chicago and University of Chicago Hospitals	CHICAGO HOSPITALS							7	2		1	7	3
Seaquist Perfect	CARY							7	1		1	7	2
Medela Corporation	MCHENRY							3	0		0	3	0
National Interfaith Committee for Worker Justice	CHICAGO JUSTICE							9	0		0	9	0
City of Evanston	EVANSTON							0	8	39	30	39	38
First Midwest Bank	STATEWIDE							0	0		0	0	0
Sinai Health Systems	CHICAGO							0	0		0	0	0
Illinois Institute of Technology	CHICAGO							0	0	50	0	50	0
Illinois College of Optometry	CHICAGO									15	0	15	0
DeLaSalle Institute	CHICAGO									15	0	15	0
Chroma Corporation	MCHENRY							0	0		0	0	0
Allstate Corporation	VERNON HILLS							22	0		6	22	6
City of North Chicago	NORTH CHICAGO							5	1		1	5	2
Robinson Engineering	SOUTH HOLLAND							6	2	2	1	8	3
Rosenthal Brothers	DEERFIELD							2	1		1	2	2
St. James Hospital	CHICAGO HEIGHTS, OLYMPIA FIELDS							0	0		0	0	0
Draper and Kramer	REGIONWIDE							0	0		0	0	0
Wheaton Franciscan Services	WHEATON									10	0	10	0
Chicago Public Schools	CHICAGO										0	0	0
The Walsh Group	CHICAGO										0	0	0
Mellish and Murray	CHICAGO									1		1	0
City of Peoria	PEORIA											0	0
MB Financial Bank	REGIONWIDE									15	15	15	15
Charter One Bank	STATEWIDE									13	13	13	13
Metropolitan Planning Council	CHICAGO											0	0
City of Rock Island	ROCK ISLAND											0	0
Rock Island School District AIM Inc.	ROCK ISLAND											0	0
Total	DUPAGE COUNTY	50	16	24	18	50	17	307	89	302	141	733	281

These applicants were diverse, with 128 African-American applicants, 95 white, 33 Asian, and 10 Latino.

Lessons learned from the U of C program include the need for ongoing marketing to regularly remind employees about the program and build interest among employees who might not consider themselves mortgage-ready, and that many more employees need be referred to counseling to

achieve successful buyers – a ratio of between three to one and four to one has resulted in the 81 successful buyers through the end of 2004. Two hundred others have benefited from credit counseling and homebuyer education NHS has provided.

"We think the program has saved us about \$100,000 in reduced turnover among our employees."

Dick Braun, director of human resources at System Sensor

ENDNOTES

(1) To be eligible for the state matching funds, the employee's household income must be less than 80% of the region's Area Median Income (equal to \$58,000 for a family of four in northeastern Illinois). Buyers whose household incomes are less than 50% of the region's AMI (which is \$37,700 for a family of four in northeastern Illinois) are eligible for up to \$5,000 in matching assistance. Buyers with household incomes between 50% and 80% of AMI can receive up to \$3,000.

(2) Launched in 1999, the Chicago Housing Authority has engaged in a "Plan for Transformation," aiming to undo the historic segregation and isolation of Chicago's public housing high rises and replace those developments with new mixed-income communities.

(3) Numbers do not add up to 141 total homebuyers because data was not available for all buyers.

MPC is grateful to the following whose funding made this work possible:

The Partnership for New Communities
Fannie Mae Foundation
City of Chicago Department of Housing
Polk Bros. Foundation
Sara Lee Foundation
University of Chicago
University of Chicago Hospitals and Health System

Thanks also to the John D. and Catherine T. MacArthur Foundation and the McCormick Tribune Foundation for their funding of MPC's Regional Action Agenda, of which this program is a component.

Founded in 1934, the Metropolitan Planning Council (MPC) is a nonprofit, nonpartisan group of business and civic leaders committed to serving the public interest through the promotion and implementation of sensible planning and development policies necessary for a world class Chicago region. MPC conducts policy analysis, outreach and advocacy in partnership with public officials and community leaders to improve equity of opportunity and quality of life throughout metropolitan Chicago.



Metropolitan Planning Council
25 E. Washington St., Suite 1600
Chicago, IL 60602
312.922.5616
312.922.5619 (fax)
www.metroplanning.org