

“Welcome to My House”
The Win-Win-Win Scenario of Employee Homeownership

By Kristina Knittel, Bend Chamber

Companies employ many different tactics to attract and hold on to quality employees. Supplying them with the newest technology, paying for their higher education, health benefits and Employee Assistance Programs are all aimed at improving the employees' skills, raising job satisfaction and loyalty, and increasing productivity. One more thing is increasingly appearing on companies' lists of employee benefits: Employee Home Ownership Assistance.

Why? Many top companies and organizations have discovered that employee homeownership is the ultimate win-win-win scenario, benefiting in real, tangible terms employees, employers, and customers alike in the local market in which the company operates. Many factors come together to make this so.

First and foremost, homeownership means that employees are more likely to stay with their employer. A recent Fannie Mae survey found four out of five people would rather own their own home than take a better job in a city where they could only afford to rent. Another Fannie Mae study in 2002 found that 75% of survey respondents felt purchasing a home was the single greatest thing they could do to increase their wealth and build their assets. Owning a home increases satisfaction and stability.

Those who do own homes tend to report higher levels of self-satisfaction, an increased sense of well-being, a more positive outlook on their future, and believe more strongly in their own capabilities than their renting counterparts, according to the Joint Center for Housing Studies (JCHS), at Harvard University.

Home-owning employees' stability has a big impact on businesses' bottom lines by reducing turnover. A 2006 survey by Spherion calculated the cost of turnover of an hourly employee to be \$7,000. The cost of losing and hiring a new mid-level employee is about \$30,000, and for a senior employee, it can be an estimated \$80,000. Hanging onto employees means hanging onto tens of thousands of dollars.

Homeowners also save their employers time and money by being healthier, more satisfied, financially stable and more able to work effectively from home. Homeownership seems to actually reduce absenteeism; according to numerous studies compiled by the JCHS, homeowners score higher on key health indicators than renters, and score lower on indicators for mental illnesses such as depression.

Home-owning employees also statistically spend less time tending to personal financial matters at work. They tend to be better networkers, by being more active in volunteering, political organizations, and other civic/social community activities than renters. They are also better able to create a positive workspace or home office in their house, and therefore can be more productive even when not in the office.

Additionally, homeownership can have a huge positive impact the health of the local economy and community where a company is located. Homeowners are more likely to take pride in their property than do renters, and spend more to improve their homes. Many are able to reduce their commute times (and subsequent energy consumption and pollution) by purchasing homes closer to work. They are more likely to be involved in their schools, neighborhood associations, political activities and volunteering. They are more financially stable and, according to research by Daniel Aronson, they invest more money in their communities. All of this activity creates a better social, civic and economic environment in which a company's customers and employees live, work – and shop.

Clearly, employee homeownership can be seen as a multi-tiered benefit to any company, its employees and the community. Home ownership acts as a powerful local economic stimulus, encouraging consumer spending, reducing turnover, increasing productivity and efficiency, and creating more financially stable citizens.

Across the United States, employers are starting to act on this information. Successful employee home ownership assistance programs have sprouted up all over the place, and take many different forms. In some of these programs, employers offer to match employee investments in a home purchase up to a certain amount. An example would be 5:1 matching, where if an employee saved \$500, the employer would provide \$2,500, up to \$10,000. Some companies pair this with incentive to live closer to work, such as 5:1 matching for home purchased within certain zip codes, and 2:1 matching for homes purchased anywhere else.

Other companies offer forgivable loan programs for home down-payments. For example, the Consumer Electronics Association (CEA)'s has a new program announced in February 2008 in which the association will provide a \$25,000 forgivable loan to assist with a down payment on a home closing costs. Aside from all of the above-mentioned benefits of employee homeownership, the CEA cited reducing commute times and benefiting the environment as other major benefits of their program.

This was also the goal of University of Wisconsin at Milwaukee's "Walk to Work" employee home ownership assistance programs, which provided more non-financial education and assistance such as financial and credit counseling, educational services, and referrals to reliable real estate agents, home inspectors, and insurance companies. The program also provided home purchase subsidies and low-cost financing for first-time home buyers.

Local governments, nonprofit organizations and businesses have realized the benefit of joining forces to creatively accomplish their shared goal of increased homeownership. In Door County, Wisconsin, for example, Hatco Corporation partnered with Door County Economic Development Corporation and Wisconsin Housing and Economic Development Authority to provide 0% interest, forgivable loans, and 30-year-mortgages at favorable rates, as well as \$10,000 lines of credit for home improvements.

Creativity, mutually beneficial partnerships and clear understanding of the “win-win-win” presented to people, communities and business by homeownership are now helping to make homeownership a reality for more and more employees every day.

As President George W. Bush recently remarked to the National Association of Home Builders, “For millions of our citizens, the American Dream starts with owning a home. Home ownership gives people a sense of pride and independence and confidence for the future. ...We're creating a [home ownership] society in this country, where more Americans than ever will be able to open up their door where they live and say, *welcome to my house....*”