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# Money

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## More firms help workers find home sweet home

By Stephanie Armour, USA TODAY

Soaring housing costs mean more workers are unable to afford homes in the areas where they work, a problem that has major repercussions for employers trying to recruit and retain workers in hot housing markets. So more employers are offering housing benefits such as grants and loans — in some cases, even building homes their employees can afford.

For Megan Banach, a housing benefit offered by her employer meant she could stop living with her parents and get a place of her own.

About three months ago, the registered nurse bought a two-bedroom condo a block from her employer, Northwest Community Hospital in Arlington Heights, Ill. She bought it through a program the hospital runs. It allows full-time employees who earn less than \$70,000 a year to get \$5,000 toward a down payment on a first home.

Employees must stay at the hospital five years or they have to repay all or part of the money. Homes must be within 10 miles of work.

### Most expensive markets Median home prices in the second quarter for the nation's most expensive markets:

Orange County, Calif.	\$655,300
San Francisco	\$647,300
San Diego	\$559,700
Honolulu	\$451,000
Los Angeles	\$438,400
Nassau/Suffolk, N.Y.	\$414,800
Bergen/Passaic, N.J.	\$393,300
New York	\$392,200
Newark, N.J.	\$370,600
Boston	\$366,500

Source: National Association of Realtors

"It's nice to know they're helping me out," says Banach, 23. "I can walk to work when I'm on call."

The perk is catching on as low interest rates push housing prices to new highs. In 2003, prices of existing homes appreciated at a rate of 7.5%, the largest increase in more than a decade, according to the National Association of Realtors.

That means workers are putting up with longer commutes, quitting jobs to work closer to communities they can afford and refusing to relocate to cities where homeownership may be out of reach.

Some occupations that are especially hard hit: teachers, police officers, firefighters, janitors, retail salespeople and nurses.

"Teachers live with parents, roommates," says Jason Blum, 38, an elementary school teacher in San Francisco who has been trying to buy a home. "At my school, the longest commute is an hour away."

Entire communities feel the pinch. The dearth of affordable housing inhibits economic growth, because access to labor is a top factor in business development. Areas also suffer when employees vital to a community, such as firefighters, police and teachers, can't afford to live there.

"The term 'affordable housing' had traditionally been associated with low-income housing," says Cassandra Matthews, an associate legislative director for the National Association of Counties,

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which represents county governments. "But we're seeing that it's a middle-class problem."

### Employers help on housing

Some employers have responded by relaxing rules that require workers to live close by. In Lake Forest, Ill., for example, police once had to live within 10 miles of work. As housing costs climbed, that requirement changed: Today, it's 25 miles.

Other employers spend cash to offer a mix of housing benefits, a growing perk even amid the tepid job market and cost-cutting business climate.

Twenty percent of employers helped workers with mortgages or down payments in 2004, up from 9% in 2000. And 19% offered rental assistance, up from 5% in 2002, according to the Society for Human Resource Management.

Down-payment assistance can vary widely, with employers providing \$1,000 to more than \$10,000 per employee. Experts say mortgage assistance can include credit counseling, help finding real estate agents, financial help and partnerships with non-profits that help employees navigate the home-buying process.

A host of companies, including Hewlett-Packard, Cisco Systems, Intel and Mayo Clinic in Rochester, Minn., are getting involved.

Before 2000, Fannie Mae provided 10 to 15 employers a year of free guidance to set up housing assistance. In 2000, they set a goal to help 1,000 employers in 10 years. From 2000 to today, the mortgage investor has assisted almost 500. The number of employers helped in 2004 has outpaced any other year.

### 'A bottom-line issue'

Though such benefits aren't cheap for employers, the cost of turnover without such a program can be more painful.

"Once upon a time, health care and child care weren't an employer issue, either," says Robin Snyderman of the Metropolitan Planning Council in Illinois, which has helped lead a homeownership program with local employers. "This is a bottom-line issue, and that's what's attracting employers to the table."

Some employers are buying homes and renovating them for workers or creating their own housing, a throwback to turn-of-the-century company towns. For example:

- In San Diego, a school board proposal would develop affordable housing for teachers and other residents. (One idea involves converting land that houses a defunct elementary school into apartments.) The proposal could become reality: A non-profit foundation has been set up to study the concept.

In San Diego, the median home price in 2003 was \$407,000, according to the Center for Housing Policy, the research affiliate of the National Housing Conference. The median annual salary needed to qualify for a mortgage that size was \$126,851; the median salary for an elementary teacher in the city was \$48,840.

- In Cincinnati, Jancoa Janitorial Services launched an independent organization to help employees reach dreams such as homeownership. They've purchased a home for \$34,000 and are renovating it before reselling it to a worker.

Additional help comes in the form of guidance and pre-purchase counseling. A program walks employees through the process. An adviser works with buyers through closing day, even sitting beside them as final papers are signed. Employees celebrate with cake and balloons at work.

Soraya Ardon, 27, of Cincinnati bought a home two years ago through the program. The mother of two is human resources manager for Jancoa; the guidance was key, she says, to understanding the process and moving out of her mother's house to her own.

"The happiest moment of my life was the closing," Ardon says. "They take you through the whole process. I wouldn't have any idea what to do otherwise."

In Cincinnati, the median home price in 2003 was \$140,000. The annual income needed to qualify for that size mortgage is \$43,634; the median salary of janitors in Cincinnati was \$20,020, according to the Center for Housing Policy.

- Mayo Clinic pledged \$4 million in 1998 for housing and an additional \$1 million a year in grants to match money raised by the community. The partnership has paid off, with plans to build 600 single-family units and 275 multifamily units. About 533 units have been built. Housing is open to all residents in and around Rochester who qualify, based on income and credit rating; a third of

the region's workforce is employed by Mayo.

"We can't treat patients if we don't have employees come in to work here," says Karel Weigel, administrator for community relations at Mayo.

In Rochester's county, the median home price was \$134,900 for 2001-02, according to HousingMinnesota, an organization focused on affordable housing in the state.

Other employers are doling out forgivable loans, grants, credit counseling and other services.

Some companies provide housing benefits for their workers only, while others provide funding that helps the community. Some companies are joining with other businesses to alleviate the housing crunch.

#### **Avoiding the real issue?**

Some say the programs help only a few or miss the real issue.

"We need to put more money into salaries," says Barbara Kerr, president of the California Teachers Association. "It's a serious problem."

New research shows that the housing crunch is escalating. Income growth lags dramatically behind housing costs nationwide, while elementary teachers, police officers, licensed practical nurses, retail salespeople and janitors in Southern metropolitan areas have been particularly affected, according to a study by the Center for Housing Policy.

"The housing problem is very, very disturbing," says Bob Reid, president of the center in Washington, D.C. "The cost of homes is going up faster than incomes. This affects millions of people who can't afford to live where they work, and we don't see the problem getting any better."

That's why some employees say programs are critical to homeownership.

Nearly three years ago, insurance provider Aflac partnered with a non-profit to help employees buy homes. The Columbus Housing Initiative, a non-profit housing development organization in Georgia, provides pre-purchase counseling. Aflac donated to CHI for the program; employees who participate get up to \$5,000 toward a down payment.

Dawn Brown, 40, bought a house through the program more than a year ago. The program taught her to save, budget and understand financing, and she got \$1,000 toward a down payment.

"I told my daughter, when we get a house, she can pick the color. She painted it pink with purple trim," says Brown, a claims adjuster at Aflac. Her daughter, Tori, is 10. "It's amazing that a company would do this."

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