

AFLAC's Employer Assisted Housing Columbus, GA

Part I: Overview

Program Location: Columbus, Georgia – home of AFLAC headquarters.

Program Model: AFLAC provides down payment and closing cost assistance to its employees through a grant program for first-time homebuyers, administered by the Columbus Housing Initiative (CHI). Grants are tiered according to geography. CHI provides pre- and post-purchase counseling and brokers the mortgages out to local banks.

Program in Operation: Two years.

Program Scale: The program currently has the ability to make up to 25 loans per year depending on where employees choose to live. When the available funds have been exhausted, the program anticipates being to obtain additional funding. It is estimated that between 2,000 and 2,500 employees meet the requirements of the program and are interested in purchasing homes.

Key Partners:

- AFLAC
- Columbus Housing Initiative

Key Lessons:

- Workshops conducted by CHI at the workplace have been a strong referral source for the homeownership program.
- AFLAC's overall philosophy and attitude toward providing employees with a great place to work impacted the structure of the assistance. The company's messaging to employees by not requiring a pre- or post-grant employment period, and by structuring the assistance as a grant is one of faith and trust.
- Making more money available for a targeted neighborhood does not necessarily incentivize more people to look for and buy homes in that area.
- Funding the program through the corporate foundation may be a more palatable way for employers to rationalize the economic cost-benefit analysis. Through this funding structure, the program is paid for out of net income (the portion that goes to the foundation) instead of operating expenses. In this way the net benefit to the employer is the same, but the effect on the bottom line is only positive.

Part II: Background and History

Key Partners, Roles and Responsibilities

- AFLAC, the sponsoring employer, is a leading writer of voluntary insurance coverage marketed at the worksite in the United States, offering policies to employees at more than 300,000 payroll accounts. Started in 1955, it is a Fortune 500 company insuring over 40 million people worldwide. It has consistently been rated in the top 100 companies to work for in the US, as well as one of the top US companies for minorities, working mothers, and Hispanics. The company has about 4,000 employees, most of which are based in Columbus. Most employees earn an average annual compensation of \$25,000 and 70% of this workforce is female. The company's employee benefits list is impressive and includes the largest on-site child-care facility in the state of Georgia. AFLAC has been an enthusiastic supporter of employer assisted housing, noting that it is one of the best programs brought to the company.
- The Columbus Housing Initiative (CHI) is a NeighborWorks¹ organization that works in distressed communities through infill housing and homeownership programs. It has an intensive financial counseling and education component, a housing construction unit, a mortgage lending program, and a community organizing department. CHI is a four-year old institution with 21 staff members and an annual budget of approximately \$2.7 million. Its financial counseling and education department has 3 full-time employees. Some classroom teaching is contracted out. CHI provides pre- and post-purchase counseling for AFLAC's first time homebuyers and administers the grants. CHI also has an Individual Development Account (IDA) program, which it folds into the pre-purchase counseling period as appropriate.

How the Program Developed

When the Columbus Housing Initiative was started, one of its first directors was a representative of Fannie Mae, who mentioned the idea of employer-assisted housing programs. At the time, CHI Executive Director Cathy Williams served on the Columbus Housing Authority board with Sharon Douglas, AFLAC's Vice President of Human Resources, and the two began talking about being the first to implement the program in the area.

CHI typically works in neighborhoods that the city identifies as problem areas. East Wynnton is one of those neighborhoods, which happens to lie in the shadow of AFLAC's corporate headquarters. As a result, the two companies decided that East Wynnton would be the target neighborhood for AFLAC's homeownership assistance program, and that extra incentives would be in place for employees buying homes in that neighborhood. AFLAC also contributed \$5,000 to the marketing of the East Wynnton neighborhood.

Ms. Douglas took a proposal to AFLAC's corporate foundation and donations committee (both go to the same decision-making group) and received overwhelming support. This made the most sense because the assistance is structured as a grant/donation to CHI. The program kicked off in 2002 with \$20,000 available for down payment assistance, and grew to \$25,000 in the second year.

¹ NeighborWorks is a national network of community development and affordable housing organizations, supported by Neighborhood Reinvestment Corporation and Neighborhood Housing Services of America.

Part III: The Home Ownership Program Model

How the Program Works

To be eligible for the program, AFLAC employees must be first time homebuyers. While there are no income restrictions, restricting the program to first-time homebuyers has proven to be a good screen – 100% of program applicants are at or below 80% of area median income. There is no mandatory pre- or post-purchase employment period.

AFLAC has decided to structure its down payment and closing cost assistance as a no-strings-attached grant. The company felt that granting the money rather than structuring it as forgivable loan was a show of faith to its employees. Employees buying homes in East Wynnnton receive a \$5,000 grant, while those buying homes in other areas have access to \$1,000.

While CHI is a first mortgage lender, all loans to date have been brokered out to mainstream financial institutions, such as Sun Trust Bank, and Wachovia. CHI also provides other layers of subsidy where necessary. Some longer-term program participants participate in CHI's Individual Development Account (IDA) matched-savings program, which further helps a potential homebuyer build up savings toward a down payment or closing costs.

Because the program is restricted to first time homebuyers, financial education is required. When employees first enter the program, CHI verifies their employment, pulls a credit report and conducts a basic assessment. Participants are then categorized as “near ready,” “short term,” or “long term.” So far, very few AFLAC employees have come in at the “near ready” stage.

Depending on the individual's readiness, a person can spend anywhere from 14 hours to a current record of 32 months in financial education and counseling. At a minimum, AFLAC employees are required to complete eight hours of classroom education, and 6 hours of individualized counseling.

For longer-term clients, CHI has a particularly aggressive technical assistance program. In addition to a traditional financial education program, clients attend additional programs, such as peer learning/support sessions, seminars, and one-on-one counseling. The program is so intensive that some clients are seen as often as once a week.

Program Management and Marketing

The AFLAC employer-assisted housing program is managed by CHI. AFLAC's corporate foundation grants CHI an annual lump sum amount, restricted for use with its qualified employees. CHI then does the intake, counseling, grant administration, and mortgage brokering for those employees.

AFLAC is largely responsible for marketing the program, which it does through its corporate newsletter, intranet, or other means. AFLAC also sponsors Lunch and Learn sessions for its employees, which are hour-long educational workshops held weekly during the workday. AFLAC structured the sessions to be during the workday to accommodate the lifestyle demands of many of its employees. Session topics range from parenting to buying a car to losing weight. CHI hosts the Lunch and Learn sessions 3-4 times a year on topics related to financial responsibility. Sourcing for the homeownership program typically comes from the Lunch and Learn sessions, and from word of mouth. Some AFLAC employees even appear on television commercials for CHI.