

Under a Decent Roof

by Debra Wood, R.N.

Providers join the search for affordable housing for low-income staff.

In many areas, high housing costs make it difficult for working people with modest incomes—such as frontline long-term care staff—to afford decent homes anywhere near their workplaces.

Aging services providers are taking steps to make affordable housing available for employees. Some offer loans and other assistance to staff wanting to buy their own homes, while others offer subsidized rentals of on-campus apartments or homes in surrounding neighborhoods. A regional initiative in Minnesota is using a wide variety of creative financing options to keep workers well-housed and close to work.

Despite a slowing of home sales, inflated housing prices and rent increases are making it increasingly difficult for many working people to find suitable places to live close to work, much less fulfill the American dream of home ownership. A safe and secure shelter allows workers to concentrate on their jobs, while worry about a roof overhead creates logistical challenges for long-term care providers trying to recruit and retain workers.

“All studies show a significant and growing structural gap between incomes and housing costs in virtually all markets,” says Conrad Egan, president and CEO of the National Housing Conference. “Incomes are going up much slower than housing prices, particularly for workers in nursing homes.”

Workers in many states must work multiple jobs to afford an apartment. Home ownership remains out of reach. In addition, conversion of apartments into condominiums in many areas has decreased rental inventories and boosted monthly charges.

Some aging-services providers have noticed the adverse effects of workers commuting from apartments far from their employment, or living in substandard units, and have decided to offer programs to help them meet the basic human need for shelter.

A Comprehensive Program

About five years ago, when Alexian Village of Milwaukee, a continuing care retirement community (CCRC), sought to add an employee benefit that would separate it from other employers in the area, it focused on housing.

“Many of the social needs keeping people from being strong employees had to do with housing—not having enough bedrooms, not living in a safe neighborhood

or living too far from work to travel consistently without having problems with bus service,” says Alexian CEO Gary Mohn. “If we paid more, that wouldn’t change this. And we already offer employee health insurance and an employee crisis fund.”

Alexian decided to provide home ownership and basic home-finance educational classes, offer credit counseling, and develop programs to help employees save toward home purchases. About 50 of the facility’s 330 employees have completed the class and entered a savings program.

A federal grant provides two dollars for every one dollar qualified employees save. Alexian matches with another two dollars. Employees can save up to \$1,000 during a 24-month period and end up with \$5,000 that can bring them closer to buying a house.

Alexian also arranged for \$1 million in Fannie Mae loans, putting down a five percent guarantee in case an employee defaults. The employee receives a competitive rate with low points. Even pulling all that together, fewer employees were taking advantage of the program than Alexian had hoped. Mohn soon realized that employees were having a hard time finding clean, maintained, affordable housing.

The organization began buying units in a nearby, run-down condominium project, and used its staff and contractors to fix them up, installing new heating and air conditioning systems and making the units appear new. It then sold the three- and four-bedroom units to employees for \$30,000 to \$50,000.

About half the employees who have purchased homes since the inception of the housing program have bought in the condo complex. Next up, Alexian plans to buy blocks of 15 condominiums, fix them up and make them available to staff. People will know their neighbors,



since they will work together and live near each other.

The comprehensive program costs Alexian between \$80,000 and \$100,000 annually.

“It’s not as expensive as people think, and we cannot afford not to do this,” Mohn says. “It’s a positive for the neighborhood and for employees. And our residents enjoy this, because they are involved with our employees. We can fix a lot of the social issues by providing [employees] the opportunity to be a home owner close to work,” he continues. “I want everybody at Alexian who wants to own a home to own one.”

Apartment Life

Realizing that having most of its workers traveling 16 to 20 miles across town led to absences, especially in inclement weather, University Village, Tulsa, Okla., opened employee apartments in The Annex, a 36-unit building on its campus and within walking distance of its main building.

“This is appealing to people who don’t want to commute or for whom transportation is difficult,” says Terry Clark, administrator at University Village. “It’s ideal to be on the campus.”

University Village waves the deposit for employees, discounts the first month’s rent and provides help with moving. University Village maintains the building, so the units and surroundings stay clean and in tip-top shape. The workers enjoy living in a nice neighborhood with good day care and a safe place to raise their children.

Presbyterian Homes and Services of Roseville, Minn., also offers employees reduced-cost apartments and homes at three of its larger campuses. At its Arden Hills location, Presbyterian owns three homes and rents them at below-market rates to staff.

“We have a strategy of locating our properties outside of the center city,” says Angie Swetland, regional corporate operations director. “Our employees cannot afford to live in the neighborhoods where we locate our properties. We want to give them an opportunity to live near where they work and live in the communities in which they work.”

Employees at the Lake Minnetonka, Minn., campus typically commute from 19 miles away, from the other side of the lake. In the winter, snow cover on a narrow bridge challenges the most skilled drivers.

A Creative Regional Effort

Rochester, Minn., offers a good example of how a regional initiative, led by forward-thinking local employers, can help working families solve housing problems. The Rochester Area Foundation, founded by the Mayo Clinic (Rochester's largest and best-known employer), along with other area business and not-for-profit leaders, launched its "First Homes" collaboration in 1999. The initiative created 875 housing units for working families and continues to develop new town homes and apartments to be rented at below-market rates. The initiative limits its assistance to families earning below 80 percent of the state's median income. Scores of local businesses and communities have joined in to contribute more than \$13 million to help working families buy or rent homes in Rochester.

Creative financing makes the effort possible. Start-up funding from Mayo and other funders leveraged additional dollars from the Minnesota Housing Finance Agency. Gap financing from the Greater Minnesota Housing Fund has helped workers who did not earn enough to qualify for loans. Tax increment financing has helped reduce the costs of property improvements, and community land trusts, which reduce home purchase prices by \$30,000 or more by allowing home buyers to lease—rather than buy—the land under their homes, have made ownership more affordable for many.

The 2006 AAHSA Annual Meeting & Exposition in San Francisco will feature a continuing education session on employer-assisted housing initiatives, featuring representatives of the Mayo Clinic and several aging-services providers. For course and registration information, visit <http://am2006.expoexchange.com>. 

The organization had been sending vans three times a day to pick up employees and take them home.

When an apartment complex adjacent to the lakefront campus came up for sale, Presbyterian bought it and built three 17-unit waterfront apartment buildings. It offers employees a \$100 monthly discount. Thirty-one employees now rent at the complex.

At its Castle Ridge campus in upscale Eden Prairie, Presbyterian Homes maintains a 212-unit apartment complex attached to its health care center. The CCRC acquired it two years ago and invested \$500,000 in interior improvements. Employees rent about a dozen of the units.

Swetland says, "Minnesota has one of the highest rates of home ownership in the country, and the price of housing is in balance with [median] salaries."

The median home price in the Minneapolis-St. Paul area is \$279,000 and the median income for a family of four \$77,000. But many Presbyterian Homes direct-care staff do not earn that much, putting home ownership out of reach.

"The rental program might become more important as interest rates rise and home ownership becomes less affordable," Swetland says.

Presbyterian recruits nurses from the Philippines and provides temporary

housing at the apartment buildings while the nurses get on their feet. In Iowa, where the organization does not own rental units, it leases apartments for the foreign-born recruits and pays the cost until the nurses begin earning their full salaries. It brings entire families over. Most of the nurses consider the rental housing temporary, but some employees choose to stay for years.

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Incentives Sometimes Slow to Take Off

The Mary Wade Home, New Haven, Conn., began offering home ownership incentives three years ago. The organization, offering assisted living, skilled nursing and adult day services, employs about 150 people and is in an area that had been plagued by crime, fires and rodent problems. As CEO David Hunter became more involved in the community,

he realized Mary Wade could offer an employee benefit and simultaneously upgrade the urban neighborhood.

To create more stable surroundings, Mary Wade began buying houses as they became available through sale, default or bankruptcy. It acquired 15 parcels, two-thirds of a city block, during a three-year period. Employees have rented two of the five homes it renovated.

Hunter soon realized that Mary Wade could not buy all of the nearby properties and sought to involve employees more directly in acquisition of property by giving staff members willing to purchase in a defined area surrounding Mary Wade a \$5,000 no-interest, forgivable loan to be used for a down payment or closing costs. Each year, the employer would forgive \$1,000, which would become taxable income to the employee.

"We also got the banks to work with us," Hunter says. "We needed to get institutional lenders set up ahead of time." Before receiving a loan, employees must attend an informational session for an overall review of the program and the home-buying process. About 30 employees attended the sessions that were offered. To date, however, no one has purchased a home.

Hunter believes the poor condition of homes in the surrounding area discouraged employees from investing there. Now, however, as the neighborhood has pulled

together and combated drug dealing, and as home ownership has increased, property values have escalated 150 to 200 percent, possibly becoming too expensive for employees to afford.

Despite the setbacks, Mary Wade has not given up. The program remains in existence, and as employees overcome personal obstacles, they may look toward buying a home.

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vide an opportunity for employees to live in decent housing at a low cost,” Hunter says. “You cannot expect immediate success, and it requires involvement with the whole urban planning and implementation process.”

All Health Providers Face Problems

Long-term care providers are not alone in facing workforce housing issues. Health systems in areas with high housing costs also are having difficulties with recruitment and retention. As in long-term care, reimbursement rates preclude raising wages enough to compensate for more costly housing.

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In Florida, where the cost of living recently flipped from relatively low to high, hospitals have witnessed an exodus of nurses and are finding it more difficult to entice professional caregivers to move to the Sunshine State. Middle-aged nurses who have watched their homes skyrocket in value have begun selling them, moving to less expensive areas and investing the built-up equity. For example, last year 44 percent of the nurses who resigned from Holy Cross Hospital in Fort Lauderdale, which has a median home price of \$366,000, and 60 percent this year cited cost of living as a reason.

The Nursing Shortage Consortium of South Florida, a group of hospitals, universities and other health-care employers, considers the problem a top priority and is working with local housing organizations and elected officials to ensure nurses and health-care workers are included in workforce housing initiatives.

Some hospitals, such as South Nassau Communities Hospital in Oceanside, N.Y., plan to rent apartment units on their campuses to employees. Yvette Mooney, senior

vice president of patient care services, thinks it will entice nurses to the facility and give them a place to live while they find something more permanent.

Scripps Memorial Hospital in La Jolla, Calif., Washington Medical Center in Seattle, and Lee Memorial Health System in Fort Myers, Fla., have begun targeting their recruitment efforts to areas of the country with similarly high housing costs. Kristen Hoefling, Scripps’ senior recruiter, reports that nurses from the middle of the country, where housing prices are more in line with income, experience sticker shock when they start to look for a home on the coasts.

A couple of Florida health systems have begun offering down-payment incentives,

similar to the ones Mary Wade established. Baptist Health in Jacksonville launched a home ownership program about a year ago. Employees can receive up to \$7,000 in a forgivable loan toward the down payment on a house after the person completes a home ownership educational program. Nurses have taken advantage of the plan, and Camille Cossa, benefits manager at Baptist, considers it a success. This year, Baptist Health South Florida started offering employees forgivable loans of up to \$10,000 to cover down payments on their first homes.

The National Housing Conference supports the Housing America’s Workforce Act of 2005 (S. 1330 and H.R. 3194) pending in Congress that would provide employers offering such incentives tax credits for half of the down-payment or closing-cost assistance up to \$10,000 or six percent of the employee’s home purchase, whichever is less, and up to \$2,000 in rental assistance. The bill would allow not-for-profits to sell the tax credits. The bill also would make the assistance nontaxable income. The third component of the bill

Resources

Alexian Village of Milwaukee, Milwaukee, Wis.
Contact: Gary Mohn, CEO, gmohn@alexianbrothers.net or (414) 355-9300.

University Village, Tulsa, Okla.
Contact: Terry Clark, administrator, tclark@uvrc.org or (918) 299-2661.

Presbyterian Homes and Services, Arden Hills, Minn.
Contact: Angela Swetland, regional corporate operations director, aswetland@preshomes.org or (651) 631-6138.

Mary Wade Home, New Haven, Conn.
Contact: David Hunter, CEO, dhunter@marywade.org or (203) 562-7222.

National Housing Conference, Washington, D.C.
Contact: Conrad Egan, president and CEO, cegan@nhc.org or (202) 466-2121 x224.
Web: www.nhc.org.


National Low Income Housing Coalition, Washington, D.C.
NLIHC offers data and reports on the effect of housing costs on workers and their families. Web: www.nlihc.org.

First Homes Initiative, Rochester Area Foundation
www.firsthomes.org.

would establish a three-year, \$15 million, competitive-grant program for not-for-profit housing organizations providing technical assistance, education or other support to employers offering housing programs.

Egan says most not-for-profit long-term care providers lack the critical mass to establish housing programs, but by pulling together into consortiums, it is possible. The Regional Employer-Assisted Collaboration for Housing, a network of not-for-profit housing experts in Illinois, administers assistance programs for employers, which saves on administrative costs.

Long-term solutions might include increasing density and requiring developers to include workforce-housing units in their projects, rebating impact fees for workforce housing, establishing community land trusts and redeveloping urban areas. One simple answer does not exist.

“This is a national phenomenon,” Egan says. “A combination of things is needed to reduce the cost of the homes or rental apartments and then also to help people to afford them.” 

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