

SELECTED REFERENCES

INDUSTRIAL RELATIONS SECTION

PRINCETON UNIVERSITY

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EMPLOYER- AND UNION-ASSISTED HOUSING**

Chen, Chris. "TRW's housing plan." *Personnel Journal* (Box 2440, Costa Mesa, CA 92628), March, 1991. pp. 83-86. \$8.50.

TRW Space & Defense Sector, a government contractor, has developed an alternative to costly, traditional housing assistance. The company uses the volume buying power of its 16,500 Los Angeles area employees to arrange total discount benefits with local institutions equal to 50 percent of closing costs. A moderate size mortgage broker, with access to a wide variety of lending institutions and mortgage products, gives TRW employees a one-half point discount on the front-end point charges. A real estate broker offers a fee credit equal to 1/2 percent of the home's purchase price. An escrow company offers a 33 percent discount on its services. A sister division, TRW Real Estate Information Services, discounts credit reports and appraisal services. The company's program also employs salaried professionals (paid for by the real estate and loan brokers) to prequalify the employees for loans, counsel them on their options, and give periodic educational seminars about first-time buying, equity sharing, partnerships, etc.

"Coming of age: employer-assisted housing." A special issue of *Shelterforce* (National Housing Institute, 439 Main St., Orange, NJ 07050), January/February, 1990. 27pp. \$3.00.

Articles include: "Employer-assisted housing: new motivations, new methods and new partnerships"; "A blueprint for employer-assisted housing"; "Labor and housing benefits"; "Why businesses are helping house their workers"; "Worker attitudes toward employer-assisted housing"; and "Fannie Mae supports employer-assisted demonstration project."

Dreier, Peter, David C. Schwartz, and Ann Greiner. "What every business can do about housing." *Harvard Business Review* (Harvard Business School Publishing, Operations Department, Boston, MA 02163), September-October, 1988. pp. 52-61. Information on request.

This article details three approaches businesses have taken to help expand the availability of housing for their employees. These include: 1) relocation programs, including compensating employees for the difference in mortgage interest rates between their old and new homes, buying the employee's old home, making down payment loans or shared equity down payments, offering mortgage buy downs or discount mortgage loans, and reimbursing employees for selling expenses; 2) affordability programs, including mortgage-guarantee and insurance plans, group mortgage origination and buy-down programs, and down payment loans and grants; and 3) construction programs, primarily through partnership with local government and other

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businesses. Businesses have also joined with housing advocates in community housing partnerships, providing mortgage write-downs for first-time buyers, mortgage subsidies for private apartment construction, rent subsidies for low-income tenants, and state-sponsored public housing projects. Businesses should lobby Congress for tax incentives for firms that sponsor employee housing assistance.

Duke, Annette and Jean Kluver. "Putting housing on the table." *Dollars & Sense* (Economic Affairs Bureau, 1 Summer St., Somerville, MA 02143). April, 1989. pp. 9-11. \$3.00.

The Hotel and Restaurant Workers Union Local 26 was the first union in the country to win housing benefits during its 1988 contract negotiations. Under the contract, the thirteen unionized hotels in the Boston area contribute 5 cents per hour per worker to a trust fund for housing assistance that can be used now that the Taft-Hartley Act has been amended. The fund gives loans and grants to assist with down payments and security deposits and may subsidize interest payments on mortgage loans.

Ferlauto, Richard C. "Employers and thrifts: partners for housing." *Office of Thrift Supervision Journal* (Office of Thrift Supervision, Information Services Division, 1700 G St., N.W., Washington, DC 20552), September, 1990. pp. 12-17. On request.

Employer-assisted housing programs can be attractive to thrifts and other mortgage lenders, since they reduce the risk in these transactions while allowing the lenders to fulfill new community investment standards mandated by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The programs include: group mortgages, which are volume discount programs through which lenders reduce mortgage interest rates, closing points, and mortgage application fees in return for a guarantee of a certain level of mortgage-lending activity; down payment assistance, including forgivable down payment loans, below-market rate down payment loans, and group mortgage insurance; mortgage guarantees by employers, which reduce lender risk allowing lenders to reduce or eliminate down payment requirements; and bond or whole mortgage purchases by employers, who in turn make mortgage loans available to employees at or slightly above cost.

Ferlauto, Richard C., Daniel N. Hoffman, and David C. Schwartz. "Housing benefits: new resources for managers." *Public Management* (International City Management Association, 777 North Capitol St., N.E., Suite 500, Washington, DC 20002-4201), January, 1991. pp. 13-16. \$4.00.

By helping finance housing for employees, local governments: encourage local residency, particularly for emergency personnel, without statutory residency requirements; can use revenue bonds and pension fund investments, not tax revenues, to fund a valuable employee benefit program; revitalize deteriorating urban neighborhoods; facilitate the development of local housing partnerships; and improve the competitive position of regions with high housing costs in attracting and retaining businesses. In the fall of 1991, a book by these authors, all members of the American Affordable Housing Institute, entitled *Employer-Assisted Housing: Benefit for the 1990s*, will be published by BNA Books.

"LIUNA's housing assistance program: building hope all over the U.S. & Canada." *The Laborer* (Laborers' International Union of North America, 905 16th St., N.W., Washington, DC 20006), November-December, 1989. pp. 16-17. On request.

The article describes several housing projects sponsored by the Laborers' International Union of North America (LIUNA).

Parente, Frank. AFL-CIO survey of union-sponsored housing. Washington, DC 20006. AFL-CIO (Economic Research Department, 815 16th St., N.W.). 1991. 33 pp. \$1.00.

From the 315 responses to this national housing survey it was learned that labor unions have been directly involved in 139 housing projects or activities, with 27,177 units. These projects target low- and middle-income families, the elderly and handicapped. The survey did not cover pension fund activities, such as the extensive housing production of the AFL-CIO Housing Investment Trust (HIT), which for twenty-five years has financed over \$750 million of multi-family housing, single-family homes, retirement centers and health care facilities.

Schwartz, David C. and Daniel Hoffman. "Employer-assisted housing: a benefit for the '90s." *Employment Relations Today* (Executive Enterprises Publications Co., 22 W. 21st St., New York, NY 10010-6904), Spring, 1990. pp. 21-29. \$38.00.

Eleven types of assistance programs are listed in a table and described in this article. Also discussed are the results of a national survey of 1200 young and middle-aged workers which revealed, among other things, that workers would voluntarily trade off some wage growth, job mobility and payroll/banking flexibility for housing benefits, especially help with down payments.

Snow, Jane Moss. "Housing help: the new employee benefit." *Mortgage Banking* (Mortgage Bankers Association of America, 1125 15th St., N.W., Washington, DC 20005), May, 1990. pp. 55-60. \$3.74.

This article describes several creative methods developed by companies and institutions to assist their employees in financing home purchases. For instance, Colgate-Palmolive pays the origination fee for home loans up to \$187,600 and the fee over 1 percent on loans more than \$187,600. Dwight & Church's relocation program involves a mixed development of townhouses and condominiums in Princeton, New Jersey. The corporation pays half of the down payment and 10 percent of the closing costs. If employees remain with the company for five years, they may buy the houses from the company at a 15 percent reduced purchase price. The University of Pennsylvania guarantees 100 percent of a no down payment mortgage on property in a defined area surrounding its Philadelphia campus. The University of California-Irvine in Orange County created a nonprofit housing authority to develop land the university set aside for residential units. The units are sold to staff at 20 to 40 percent below market prices. A unique consortium, consisting of the Connecticut Mutual Life Insurance Company, several hospitals, and a university, formed to address the housing needs of teachers, firefighters and other essential personnel in Hartford, Connecticut, does not use public money. The land for 200 townhouses and apartments is leased to a nonprofit partnership that builds the homes and sells the mortgages to Fannie Mae.

Stelling, Brigitte. "The housing shortage: a management headache . . . or an opportunity?" *S.A.M. Advanced Management Journal* (Society for Advancement of Management, 126 Lee Ave., Vinton, VA 24179), Winter, 1984. pp. 10-17. Available only through UMI.

Among the several reasons lack of affordable housing is an expensive problem for corporations are: difficulty recruiting or transferring personnel; demand for higher salaries to cover high housing costs; increased turnover;

and higher training costs. This article focuses on ways corporations can help influence local government planning by: providing decision-makers with pertinent economic analysis and alternative long-range community housing and redevelopment plans; encouraging employees to support local pro-housing policies and political candidates; and lobbying against community growth restriction, through litigation if necessary. Business participation in the development and financing of housing can take many forms: buying down mortgage interest rates and providing down payment assistance; establishing employee housing information programs; participating in equity-sharing and shared-appreciation mortgage programs; leasing new housing to be subleased to employees; creating a guaranteed home-purchase program; sponsoring the development of employee housing; supporting profit and nonprofit housing-development corporations; acting as a secondary market for rehabilitation loans originated through nonprofit programs; encouraging the use of corporate pension funds for housing; developing private-sector housing-finance corporations; facilitating long-term leases and sale of corporate land to builders; and selling excess commercial structures with potential for residential conversion.

Stulmaker, Mark L. "New law on housing assistance for employees." *Journal of Compensation and Benefits* (Warren, Gorham and Lamont, Account Sales Department, Human Resources, 210 South St., Boston, MA 02111), September-October, 1990. pp. 16-21. On request.

This article reviews the provisions and tax implications of the 1990 law (P.L. 101-273) that amends Section 302 of the Labor Management Relations Act of 1947. The law sanctions the fund established in the collective bargaining agreement between thirteen Boston area hotels and Hotel and Restaurant Employees Local 26 and adds financial assistance for housing to the categories of permissible employer assistance. These funds must be administered jointly by a board of trustees with equal representation from employer and employee groups. Allowable housing assistance includes down payments, closing costs, bank fees, mortgage interest buy-downs, mortgage collateral, and initial rental costs.

Wikstrom, Walter S. *Corporate response to employees' housing needs*. New York, NY 10022. The Conference Board (845 Third Ave.). 1975. 55pp. o.p.

In the 1970s, corporate involvement in employee housing was almost exclusively the result of employee transfers. This study confirmed that large employers did not see housing as a significant problem. Only twelve of 482 companies stated that lack of affordable housing interfered with recruiting. While three-quarters of large corporations provided some housing assistance to employees, these services were fairly minimal, consisting primarily of information provided about the new communities and lists of real estate brokers. However, a significant percentage of the companies also helped employees purchase new and/or dispose of old housing. Another focus of the study was the effect of lack of affordable housing on affirmative action. Only twenty-eight firms (six percent) responded that housing was a factor in fulfilling equal employment goals. Nonetheless, the study predicted that the issue of housing for minority workers would increase in importance as businesses moved their facilities from the center cities to the suburbs.