

## *Fringe Benefits*

### **Employer-Assisted Housing Programs Offer Stable Workforce, Needed Aid for Employees**

**T**he bursting of the housing bubble that led to the Great Recession of 2007-2009 may have temporarily dimmed their luster, but employer-assisted housing programs are making a comeback, an intriguing benefit for employers to offer employees that, if done right, can strengthen the workforce and indirectly pad the bottom line.

On Jan. 22, Stanford University announced that it had agreed to lease an entire 167-unit apartment complex called the Colonnade that is now under construction in Los Altos, Calif., to be rented out to faculty, staff and possibly academic researchers.

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“Throughout its history, Stanford has developed and provided housing to meet the needs of its faculty, staff and students, ideally near the Stanford community,” Jean Snider, managing director of real estate for the university, said in a statement. “This lease is one of a host of ways we can address what has become a real concern, particularly as we compete to recruit the best faculty from other parts of the country, where they experience very different real estate markets.”

Silicon Valley is notorious for astronomical rents and a tight housing market, but so are many other parts of the country, such as Washington, D.C., where the municipal government offers its employees help buying their first home within the district’s borders.

“Employees of District government agencies may be eligible for matching down payment funds up to \$1,500 and a deferred loan of up to \$10,000 to be used towards the purchase of a single family home, condominium or cooperative unit located in the District of Columbia,” a

website on the program says. “The maximum allowable purchase price is \$625,500.”

Another such program is Loyola University Chicago’s, which according to its website offers full-time employees with more than one year on the job behind them and who are in “good standing” help buying a home in specified neighborhoods if they attend counseling sessions, put up at least \$1,000 or 1 percent of the purchase price, and meet other mortgage eligibility requirements.

There’s even a bill before the U.S. House of Representatives, the Housing America’s Workforce Act of 2015 (H.R. 480), introduced by Rep. Nydia Velázquez (D-N.Y.), which would provide tax incentives for employer-assisted housing programs.

**Many Options Possible.** “Employer-assisted housing is a very generic term to describe any number of ways that an employer can support or invest in housing for its local workforce,” Robin Snyderman, principal at BRiCK Partners LLC, a housing and neighborhood group in Evanston, Ill., said in a Feb. 4 interview with Bloomberg BNA.

“Stanford’s program is one end of the spectrum,” she added. “At the other end, employers assist workers in choosing and affording housing near the [work] site that is transit friendly. Affordability and avoiding long commutes are factors.”

Interest in employer-assisted housing programs waxes and wanes, noted Karen K. McCay, president and managing partner of Pahl & McCay, a San Jose, Calif.-based law firm that serves as general counsel to the California Apartment Association, a trade group. At present in California, she added in a Feb. 3 interview with Bloomberg BNA, “it’s an increasingly popular process, especially with dot-coms that want to make [job offers] as attractive as possible. Sometimes it’s a temporary arrangement, as they bring in people from D.C., Boston or India. In California, housing prices are so high that they need [this benefit] to attract people.”

**Employee Benefit and Social Mission.** There are two ways of thinking about employer-assisted housing, Jeffrey Lubell, director of housing and community initiatives at Abt Associates, a global social issues company in Cambridge, Mass., said in a Feb. 3 interview with Bloomberg BNA: “As a benefit that will make employees happier and more likely to stay and participate in the community where the cost of housing is prohibitive and employees have to live far away. For example, if

you're a professor in Boston, where are you going to live?" Employer-assisted housing is "like offering a higher salary, but perhaps at a lower long-term cost to the employer," he said.

"The other way to look at it is as a social mission" for the employer, Lubell added. "It's the same way employers might offer services to provide financial capability and financial literacy. It's a way to promote employees' general welfare."

Along these lines, he said, "some employers offer housing counseling and home ownership education as a way to ensure your employees are making good decisions. And you can offer a modest grant to help with down payment assistance after the employee has stayed with the employer for a period of time. It's at the nexus of something attractive to employees and a social benefit."

Snyderman's view melds the employee benefit and employer social mission standpoints. "It's really about a stable and competitive workforce," she said. "Employers are concerned about the stability of the neighborhood surrounding the workplace, about revitalization. It's inspiring to see how the public sector and civic goals around neighborhood stability and revitalization align with the bottom line in business interests."

It's a win for everyone, she added: "for employees who get assistance from employers, for employers who get a stable workforce and for the surrounding neighborhood, which people just used to commute through."

**Employer/Landlord Arrangement.** Pahl & McCay has experience with arrangements in which an employer leases apartments and then makes them available for employees to use. "Generally speaking, the lease is between the landlord and the employer, and the employer can move people in and out. The employee usually doesn't have a lease at all," McCay said.

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For the employee, she added, "it's kind of like checking in and out of a hotel. 'Here's the keys, here are the house rules.' [The employee] gets the right to use the apartment." Additional amenities such as housekeeping services "are fairly common," she said, and employers try to make the employees' commute to work even easier by leasing apartments for them near hourly bike rentals or public transport.

"The employer-landlord rental agreement looks like a typical rental agreement except that it gives the employer the right to have different employees occupy the apartment," Stephen D. Pahl, founding partner and chairman of the board at Pahl & McCay, said in a joint interview with McCay. That's different from typical apartment leases, which specify the occupants. The employer usually doesn't have any kind of written agreement with the employee-occupants, he said.

As for the landlord, it may not care at all which employees are occupying the place as long as the employer is paying the rent, though the number of occupants may be specified in the lease. On the other hand, the landlord may want to know who the occupants are, "or they may want a full background check on every individual [occupant], or everything in between," McCay said.

Employees may get the right to occupy an employer-leased apartment as long as they are working for the employer. If they refuse to vacate the apartment after being fired, the employer doesn't have to technically "evict" them, since they aren't lessees in the first place. "If you have a rogue employee, that's a breach of the agreement with the employer, not the landlord," McCay said.

**Best Practices.** Although few employers bother, McCay recommends getting a signed agreement from employee occupants of housing the employer is renting for them. It can be a brief, "one-page agreement," simply acknowledging that the employee is living in the employer-leased apartment only as long as the employer wants him or her there, and agreeing to abide by community rules such as "you can't throw cocktail glasses at people at the pool," she said.

Landlords have leverage to collect such agreements from employee-occupants if they are the ones handing out the keys, though this isn't the case if HR is in charge of the keys, she added.

Snyderman urges employers to work with nonprofit community groups to offer housing assistance and education to their employees. "A lot of employers are not ever going to be thinking about buying real estate, but they could work with a nonprofit on helping employees clean up their credit scores," she said. "HR people ultimately see the value of this kind of program but don't want to get into the nitty-gritty of things like employee and spouse credit scores—so having the right partners is key."

Lubell offered the caution that "there is no cookie-cutter approach that would be appropriate everywhere. In some counties, home ownership is not possible at a moderate salary, and in others it's not relevant. You need to think about whether housing options are available in your community at the salaries [you are paying]. Programs were biased toward home ownership traditionally, but you can also offer security deposit assistance and help with moving expenses."

Another possibility, Lubell said, is to establish a revolving loan fund "to help employees weather short-term crises that would threaten them with eviction—

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eviction can't possibly be in the employer's interest'" Furniture allowances and counseling can also be on the menu, he said.

By MARTIN BERMAN-GORVINE

To contact the reporter on this story: Martin Berman-Gorvine in Washington at [mbermangorvine@bna.com](mailto:mbermangorvine@bna.com)

To contact the editor responsible for this story: Simon Nadel at [snadel@bna.com](mailto:snadel@bna.com)

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*Stanford University's announcement is at [\*housing-012215.html, the District of Columbia Employer Assisted Housing Program's website is at <http://dhcd.dc.gov/service/employer-assisted-housing-program-eahp>, Loyola University Chicago's program is at <http://www.luc.edu/hr/uahprogram.shtml>, and the text of H.R. 480, the Housing America's Workforce Act of 2015, is at <http://www.gpo.gov/fdsys/pkg/BILLS-114hr480ih/html/BILLS-114hr480ih.htm>.\*](http://news.stanford.edu/news/2015/january/los-altos-</i></p></div><div data-bbox=)*