

Homeownership Assets

Affordable Housing

Housing: Lack of safe and affordable housing threatens employee stability.

Low income workers struggle to afford stable, safe housing. Unreliable or unsafe housing reduces an employee's ability to secure and maintain a job. In addition, due to a lack of affordable housing, workers often cannot live close to their place of work, resulting in long commutes or an inability to advance in the workforce. For employers, this trend has led to unstable retention, a loss in productivity and a decreased ability to attract new talent to their businesses.²²

Cost of Housing in Michigan²³

The cost of housing at fair market value exactly meets the earning capacity of two full-time wage earners at the new Michigan minimum wage.

- The Fair Market Rent (FMR) for a two-bedroom apartment is \$724. To afford this level of rent and utilities, without paying more than 30 percent of income on housing, a household must earn \$2,413 monthly or \$28,961 annually. Assuming a 40-hour workweek, 52 weeks per year, this level of income translates into a "Housing Wage" of \$13.92.
- To afford the FMR for a two-bedroom apartment, a minimum wage earner must work 80 hours per week, 52 weeks per year. Or, a household must include two minimum wage earner(s) working 40 hours per week year-round to afford a two-bedroom FMR.

What you can do:

- Encourage employee access to credit counseling, debt reduction or other financial services, which can improve an employee's ability to secure safe and affordable housing.
- Set up an employer assisted housing program (described below).

Affordable Housing Employer Assisted Housing Program

Employer assisted housing is an HR benefit that employers provide to their employees. The Michigan State Housing Development Authority (MSHDA) can provide assistance to employers to set up an EAH program. Essentially, employers provide a financial "match" in the form of a grant or loan to an employee to assist in the purchase of a home as well as access to MSHDA backed home loans.

Benefits to employers offering an EAH program:

- Increases ability to recruit and retain staff who live near the worksite.
- Increases effective recruitment and retention of staff due to proximity of affordable housing.
- Less absenteeism and more productivity for employees living closer to work and commuting less.
- Helps to revitalize neighborhoods and promote a positive community environment.

For more information:

Contact Karen Lawson, MSHDA EAH Specialist, (517) 373-2307 or lawsonk@michigan.gov

Asset Building at Work Housing: CVS

CVS initiated a home buying assistance program called Prescriptions for Home Ownership in the Washington D.C. area in 2005. The strength of the program rests in its many committed partners: employers, faith-based groups, non-profits and state agencies. While a local church provides financial education classes and home buyer workshops, a local lender and Freddie Mac assist CVS employees in purchasing homes through the state housing agency. CVS offers a \$500 forgivable loan and access to loans that are 1.5% below the prime rate to eligible employees.

Contact: Lena Barkley, Detroit Regional Learning Center, CVS; Phone: (248) 888-6341; email: lbarkley@cvs.com

²²National Low-Income Housing Coalition: Advocate's Guide. Washington, D.C.: National Low-Income Housing Coalition www.nlihc.org/detail/article.cfm?article_id=2763&id=46. ²³National Low-Income Housing Coalition. *Out of Reach 2005*. Washington, D.C.: National Low-Income Housing Coalition. www.nlihc.org/oor2005/

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Housing Assistance from the State of Michigan

The Michigan State Housing Development Authority (MSHDA), established in 1966, provides financial and technical assistance through public and private partnerships to create and preserve decent, affordable housing for low- and moderate-income Michigan residents.

Regional Housing Commissions (part of HUD) throughout the state also offer access to housing for low income families or seniors. Housing Commissions provide rental assistance through access to housing stock and federal voucher programs described below. Rents are computed at 30 percent of income after certain deductions. In certain cases, and depending on regulations, an earned income disregard can be applied to the lease.

Renter Assistance: Housing Choice Voucher (HCV) Program

This federal program provides rent subsidies for very low-income people who find their own housing in private homes and apartment buildings. MSHDA administers approximately 21,000 Housing Choice Vouchers. Renters can find more information in the MSHDA "Guidelines for Tenants" brochure. Note: The waiting list for this program is very long and is closed when full. Open application periods are advertised in the newspapers.

Family Self-Sufficiency Program (FSS)

The FSS Program is administered through the Michigan State Housing Development Authority's (MSHDA) Housing Choice Voucher Rental Assistance Program as well as through regional

Housing Commission offices. MSHDA provides housing assistance, an interest-bearing escrow account, and the general coordination of the FSS program. FSS applicants must be current HCV participants. As a family's earned income rises, and therefore their rent payment increases, the amount of money MSHDA pays to the landlord decreases and the difference is put in an escrow account for the family to access upon completion of the program contract.

Visit www.michigan.gov/mshda — renter assistance — housing choice voucher program — family self-sufficiency, for more information. Or contact a MSHDA FSS specialist for more information at (517) 373-9344.

For information on the demonstrated results of this program, visit www.fsspartnerships.org.

"Key to Own Program"

This program provides extensive homebuyer education, credit counseling and other services prior to the home purchasing process. Once a participant has purchased a home that meets the financing requirements of the program, MSHDA's housing subsidy can be used to pay the mortgage instead of rent. Applicants to this program must be participants in both the HCV and FSS programs, along with meeting other eligibility requirements. For more information, visit www.michigan.gov/mshda (click on: renter assistance — housing choice voucher program — homeownership.)

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Housing Assistance from the State of Michigan

Home Purchase Assistance

LINKS to Homeownership Program

The LINKS to Homeownership Program increases homeownership opportunities for low to moderate-income families in Michigan. The LINKS to Homeownership is a home purchase counseling program funded by MSHDA. The program was designed to ensure successful homeownership by screening candidates for purchase potential, providing pre-purchase counseling and down payment assistance, up to \$7,500. It also provides credit repair to qualify for a MSHDA mortgage, home maintenance training, and pre-purchase home inspections. For more information visit www.michigan.gov/mshda — Homebuyers — Homebuyer counseling.

MSHDA Financing: Homeownership Family Home Mortgages

The Michigan State Housing Development Authority offers low-interest rate loans for families and individuals to purchase homes. The loans are available through MSHDA participating lenders across the state who take applications on behalf of MSHDA. For more information visit www.michigan.gov/mshda — Homebuyers — MSHDA Financing or contact a local lender.

For ready-to-use tools:

- Download the “Money Back in Michigan” toolkit for information and tips on the homestead property tax credit from the Michigan League for Human Services at www.milhs.org — budget and tax.

Asset Building at Work **Housing: Sparrow Health**

Sparrow Health, a Lansing-based hospital, initiated their Employer Assisted Housing Program (EAH) program with the Michigan State Housing Development Authority (MSHDA) two years ago. For eligible employees, Sparrow offers a \$2,500 loan that is forgiven after five years of service. Sparrow’s strong partnership with the MSHDA-approved lender ensures that the program runs smoothly for participants. Result: with six employees who have become homeowners, Sparrow considers the program successful.

Contact: Jeff Armstrong, Sparrow Health; Phone: (517) 364-5816. email: jeff.armstrong@sparrow.org

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Energy Use: Workers who under-utilize or lack money for energy use endanger their health and reduce their job productivity.

Employees who are struggling with basic needs such as paying heating bills are less likely to be focused at work. In addition, they may be endangering their own health or their family's health when services are cut off or families conserve money by decreasing their energy use. Such actions can in turn impact employee health care costs. By stabilizing their home energy needs, employees can improve their physical well-being and be more productive at work.

The Low Income Home Energy Assistance Program (LIHEAP) consists of federal money allocated to each state to assist low-income families with energy costs. Your employees may have seen fliers in their utility bills about help with paying bills; these fliers often refer to LIHEAP. In Michigan, the LIHEAP block grant is used for the following programs:

- Home Heating Credit
- State Emergency Relief (SER)
- Weatherization Assistance Program (WAP)

What you can do:

- Provide information about LIHEAP to your employees.
- Post the DHS Energy Hotline phone number in your employee break room.
- Partner with a community action agency to share information about WAP to your employees.

For ready-to-use tools:

- Download the "Money Back in Michigan" toolkit for information and tips on the homestead property tax credit from the Michigan League for Human Services at www.milhs.org — budget and tax.

For more information about LIHEAP, call the toll-free DHS Energy Hotline at 1-800-292-5650 between the hours of 8:00 – 11:45 a.m. and 1:00 – 4:15 p.m. or visit the LIHEAP website at www.michigan.gov/heatingassistance.

Home Heating Credit

Basic maintenance benefits for LIHEAP are issued through the Home Heating Credit to all eligible low-income households. The Michigan Department of Treasury determines eligibility and makes the payments. Applicants do not need to file a state income tax return to receive the Home Heating Credit. Eligibility is based on income, number of exemptions and household heating costs.

State Emergency Relief

The LIHEAP crisis intervention program is coordinated with Michigan's State Emergency Relief (SER) program. Administered by the Department of Human Services (DHS), SER provides a wide range of emergency services. SER provides services such as payment for heating fuel, electricity and home repairs. Eligibility is based on a number of factors.

Weatherization Assistance Program (WAP)

Michigan's Weatherization Assistance Program (WAP) is a federally funded, low-income residential energy conservation program. The program provides free home energy conservation services to low-income Michigan homeowners and renters. These services reduce energy use and lower utility bills, thus creating more self-sufficient households. Services are typically administered by local community action agencies.