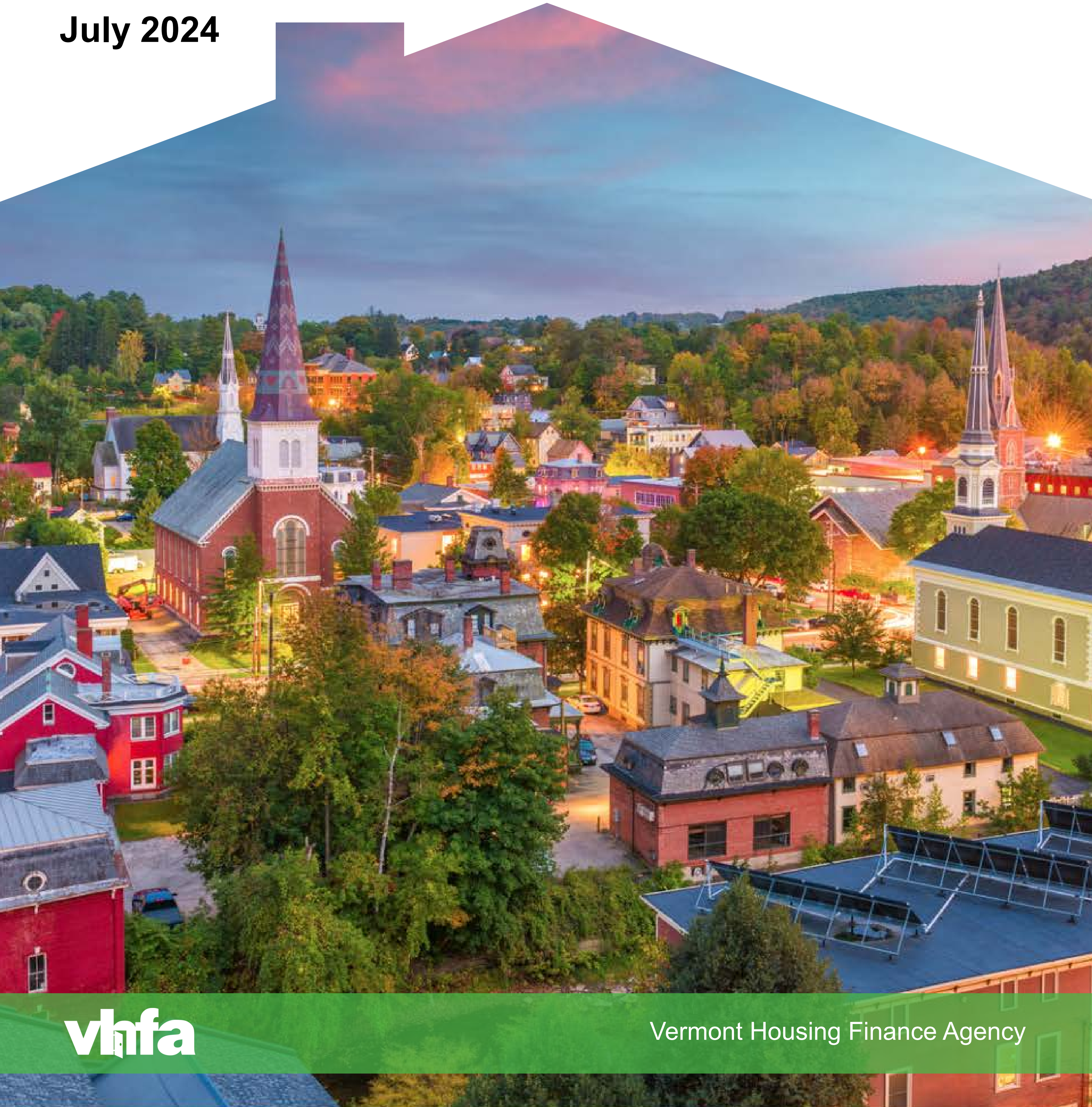
Employer-Assisted Housing in Vermont

Resource Guide

July 2024



vhfa

Vermont Housing Finance Agency

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This guide was completed in July 2024 and updated in October 2024.

What is Employer-Assisted Housing?

Employer-Assisted Housing (EAH) is any housing that an employer, or group of employers, assists through financing or development. Employer-Assisted Housing can be renter or homeowner focused and can include programs for both. Employers may provide direct financial assistance to employees, or they may engage with affordable housing organizations, developers, and municipalities to increase affordable housing supply.

The history of EAH in Vermont and throughout the United States is complicated.[1] In the late 19th and early 20th centuries, company-owned residential buildings and entire towns sprung up in emerging industrial centers. A survey of this history indicates a key theme: closely associating or tying employment and housing together can create an unhealthy dynamic and imbalanced power relationship that is harmful to employees. Best practices in EAH have evolved since the Pullman Palace Car Company constructed America's preeminent company town in 1880.[2] Employers today can benefit from the history of EAH and seek ways to maintain a healthy separation between an individual's employment status and their access to housing. Today's employers have an opportunity to use EAH in ways that balance (1) meeting an employer's needs, (2) supporting the surrounding community, and (3) ensuring individual households retain agency. While an employer may have immediate and emergent needs, the greatest successes of EAH occur when an employer is working collaboratively to generally increase housing opportunities, without needing to be a direct beneficiary of newly added units to a market. The employer and the local economy will improve with the addition of housing opportunities in a given market.

Communities face increasing pressure to provide more housing for local employees. Employers can work in partnership with their communities to help address the affordable housing shortage. The result is a stable local workforce and a healthy local economy. Enabling workers to live near their jobs also reduces absenteeism and stress and increases morale and productivity as commuting time decreases.

By providing access to affordable housing options for employees close to where they work, employers can improve their ability to attract needed talent and retain existing employees thus boosting their bottom line. There are a variety of approaches to EAH and numerous potential partnership and collaboration strategies.

Pullman worker homes south of Chicago, ca 1890. Library of Congress.

BEST PRACTICE: TAKE AN ARM'S LENGTH APPROACH

Employers today can benefit from the history of EAH and seek ways to maintain a healthy separation between an individual's employment status and their access to housing.

An Arm's Length Approach provides direct or indirect assistance towards an employee's housing, or, creates generally available housing in a given region, that is not contingent on the employment status of the beneficiary.

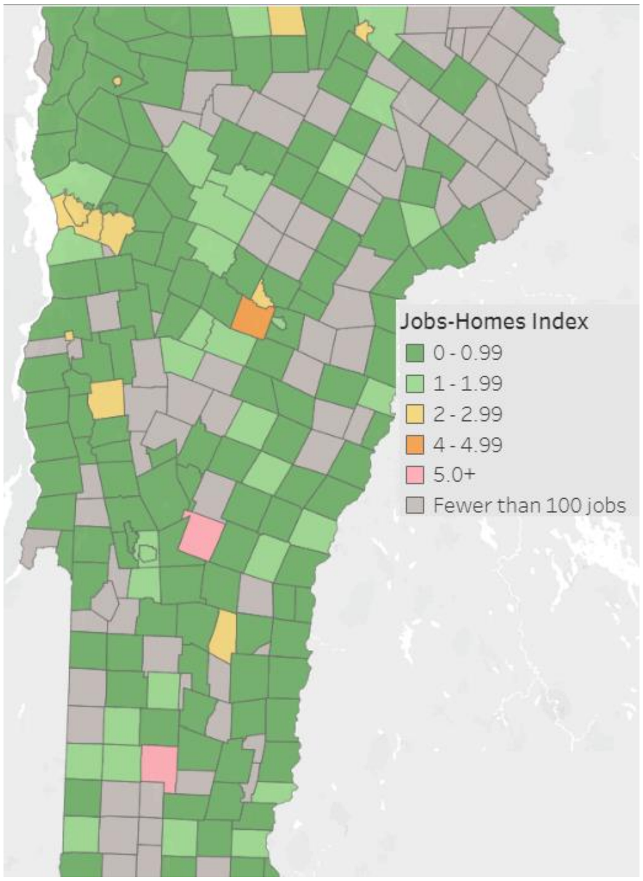
[1] https://www.jchs.harvard.edu/sites/default/files/mpill_w00-8.pdf

[2] https://www.nps.gov/pull/learn/historyculture/the-town-of-pullman.htm

Why Employer-Assisted Housing?

The ability to attract and retain employees has become a critical issue for employers in Vermont. The state population is rapidly aging out of the workforce. U.S. Census data indicates that Vermont's population is one of the oldest in the nation whether looked at by median age or percent of the population over 65 years old. More than 20% of Vermont residents are over 65 years of age. The cohort over 54 years old represents 35% of the total population. Overall, Vermont's share of the total population in prime working years is the lowest in the nation. Unemployment rates in Vermont are consistently extremely low, hovering just under 2% according to 2023 data from the U.S. Bureau of Labor Statistics.

These workforce challenges are exacerbated by the acute statewide shortage of affordable housing, especially near employment centers. Statewide, Vermont consistently has among the lowest housing vacancy rates in the nation, according to annual U.S. Census Bureau estimates. Estimates peg Vermont's rental vacancy rate at 3.5% and its owner rate at 0.7% for 2022. These rates are well below nationally accepted indicators of a healthy market. When the demand for housing outpaces the supply, both renter and homeowner costs increase. The cost of housing in Vermont is higher than many households can afford. A third of all households in Vermont are housing cost-burdened, paying 30% or more of their annual incomes for housing costs. In addition, the Vermont Housing Data website's Jobs-to-Homes Index demonstrates that in some areas of the state there are far more jobs available than homes for potential employees. These factors all contribute to the increasing difficulty employers are facing in attracting and retaining necessary employees to maintain and grow their businesses.



Vermont Housing Finance Agency (VHFA) estimates that 24,000-36,000 additional year-round homes will be needed in Vermont in 2025-2029. While pro-active state and local initiatives are underway to encourage the development of additional housing, housing production continues to fall short of the pace necessary to meet the state's housing needs. Many employers urgently need housing solutions to address pressing workforce shortages and employee turnover due to unsustainable housing costs. Research indicates that turnover costs 35% to 50% of an employee's annual salary, more in the case of employees with technical expertise and C-suite positions. However, the benefits to the company go beyond simply improving attraction and retention of the workforce. EAH programs that give employees the opportunity to live near their workplace also improve employee morale and lead to increases in productivity. In addition, employer contributions to affordable housing can be beneficial to public relations for the organization and can generate community good-will. When structured appropriately through partnerships with developers, EAH contributions can offer a return on an employer's investment and can leverage funds from the Vermont Housing Investment Fund and other public and private funders that support employer-assisted housing. Employer-Assisted Housing is a way for employers to directly support housing solutions for their employees while simultaneously improving their own bottom line.

Types of Employer-Assisted Housing

The roles played by employers in affordable housing efforts vary based on community need and employer resources and capacity.

Employer-assisted housing generally uses one of two approaches: **demand-side** assistance or **supply-side** approaches:

Getting Started

Step 1: Identify potential community partners
Step 2: Determine what is needed
Step 3: Identify resources already available to meet that need

DEMAND-SIDE (EMPLOYEE ASSISTANCE)	SUPPLY-SIDE (HOUSING PRODUCTION)
What is it? *Directly assisting employees in accessing affordable housing by subsidizing the costs of housing.*	***What is it?*** *Leveraging employer funds or property for the development and construction of more affordable housing. (Employers frequently collaborate with outside partners such as municipalities, regional planning commissions, local developers, other area employers and non-profit affordable housing organizations that bring additional resources and subject matter expertise to the EAH project or program.)*
Examples	
Downpayment / Closing Cost Assistance	Charitable / Corporate Contributions
Payroll Savings Matches	Investment in Affordable Housing Fund
Secondary (Gap) Financing	Equity Contribution
Rental Assistance	Land Donation or Land Banking
Homebuyer Education	Construction Financing
Moving Cost Assistance	State and Federal Affordable Housing Tax Credit Investment
Renovation Cost Assistance	Housing Developed and Owned by Employer
Retirement Contributions	Local Housing Committee Participation
Benefits	
Less complex	Bigger impact on health of community
Quicker to implement	Effect of investment lasts generations
Clear financial (although often taxable) benefit to employees	Helps employees and, potentially, others who make the employee's town stronger and more vibrant
	Not a taxable benefit to employees
This works best when….	
There **is** a sufficient number of homes that match the quality, size, and affordability of what employees need	There is **not** a sufficient number of homes that match the quality, size, and affordability of what employees need

Demand-Side Solutions: Increasing the Affordability of Housing in the Community for Employees

Demand-side solutions are attractive to employers because they tend to be less complex and quicker to implement than supply-side approaches. While demand-side EAH programs provide a clear financial benefit to employees, their success depends on the availability of sufficient housing stock in the target geographic location. Homebuyer or renter financial assistance will not provide the intended benefit if there are too few homes on the market or apartments for rent. In addition, the housing available must be aligned with the range of needs of the target employee population, offering the amenities that employees are seeking in various sizes, configurations, types, and price points. Understanding local housing market conditions and housing needs of employees is a necessary first step for any employer considering starting a demand-side EAH program.

Downpayment and Closing Cost Assistance

Downpayment assistance is a common demand-side EAH program. The upfront cost of downpayments and closing costs are frequently a barrier to homeownership, especially for first-time home buyers. By providing grants or loans to help employees overcome this initial obstacle to homeownership, employers can help their workers establish long-term ties to the community. Downpayment and closing cost assistance can be structured as grants, forgivable loans, or deferred loans, although there are tax implications to each of these for the employee which should be considered. When provided as loans, the interest rate should be low, and repayment should preferably be deferred until the employee sells the home, repays the mortgage, or leaves employment (whichever comes first). Loans may also be structured as forgivable upon completion of a set number of years of service to the employer. If an employee with an outstanding EAH loan is terminated, the employer will be faced with the challenges of continuing to service the loan.

Several downpayment assistance programs are currently offered in Vermont. Ideally an EAH program would be designed to complement existing downpayment assistance programs to allow employees to combine various assistance available.[3]


The New York Times
Real Estate
Need a Home Loan? The Boss May Help
Employer Programs Getting a Big Boost From Fannie Mae
POSTINGS
The Co-op/Condo Troubles
Filling In A Big Hole On 5th Ave.
Wider Mortgage Eligibility

New York Times, June 2, 1991, "Need a Home Loan? The Boss May Help", highlighting Fannie Mae's first EAH downpayment assistance program.

Employers that offer defined contribution plans such as 401(k) plans can help employees understand their options for accessing downpayment funds through their plan. Retirement savings platforms can be set up to allow employees to access funds for purchasing a home, without tax penalties. Employers can provide regular access to retirement plan administrators to explain and answer questions about how their long-term savings could help with purchasing a home.

Payroll Savings Matches

Payroll savings matches are commonly offered by employers for a variety of employee costs. Employers can utilize payroll savings matches to provide an incentive and financial assistance to employees saving for homeownership. Many workers have difficulty establishing a saving plan. A payroll savings match program directs a predetermined portion of the employee's paycheck into a special account which helps build "automatic" savings for the employee. As an incentive to employees to sign up for the savings program, an employer can promise to match the employee's savings for home purchase. Employers may choose to work with the employee to set a goal amount for the employee savings and provide the match once the amount is saved in the account. Although a taxable benefit to the employee, this can help accumulate more savings.

[3] Vermont Housing Finance Agency offers down payment assistance to qualified home buyers through its First Generation and ASSIST programs.

Secondary (Gap) Financing

Employers may wish to provide secondary gap financing to employees who need additional support beyond downpayment assistance to afford a home. Generally, this would be structured as zero or low-interest loans that are repayable upon sale or refinance of the property or sooner if an employee leaves employment. Employers should be aware that payments made directly to employees will be considered income and are subject to taxation. This can be avoided if the funds are contributed to a pool for all employees as a charitable donation prior to being allocated to specific employees. Employers should consult with their accounting staff and a tax attorney to determine the appropriate approach.

Rental Assistance

In many Vermont communities, monthly rent for available rental homes is higher than a local employee can afford. Half of renter households in Vermont are cost-burdened, paying more than 30% of their income for rent. Rental subsidies through an employer can make the housing more affordable. Rental subsidies can be provided directly to employees or can be offered as operating funds directly to the owner of the property, thereby reducing the rent charged to the employees. Rental assistance may also take the form of employer payment of the security deposit and/or guarantee of the employee’s rent, which increases the likelihood of a landlord renting to a family with no local rental history or a young worker without a rental history. This, too, would likely be a taxable benefit to employees

Homebuyer Education and Counseling

A homebuyer education and counseling program is a low-cost approach to employer-assisted housing. Credit counseling and budgeting advice can help first-time homebuyers navigate the complexities of purchasing and owning a home. Partnering with local agencies and non-profits that provide education and counseling services, such as Vermont’s Neighborworks Homeownership Centers, can assist employers with both financial support for the program and subject-matter expertise. These partners will often involve a local mortgage lender that can explain the mortgage application process. Many employers arrange for partner-led classes at the workplace and offer other forms of housing assistance with these services to ensure success and stability for the employee.

Moving Assistance and Renovation Assistance

Moving cost assistance is a well-recognized form of EAH, frequently offered to employees who relocate to accept a job offer. Renovation cost assistance in the form of loans or grants can encourage employees to purchase homes that may need to be improved and adapted to fully meet their needs.

Retirement Contributions

Purchasing a home provides families with a long-term financial asset. In many cases, equity in homeownership comprises a large portion of an employee’s retirement savings. Markets that have constrained housing supply limit homeownership opportunities, excluding many employees from the long-term financial stability provided by homeownership. In these markets, providing adequate retirement benefits is especially important if many employees remain renters until retirement and lack the home equity of retiring homeowners. Sufficient retirement contributions may also serve to de-commodify housing and reduce homeowner reliance on home value appreciation for post-retirement financial stability. De-coupling an individual homeowner employee’s retirement stability from the value of their home values could reduce their fear of change and potential objections to neighborhood development proposals with broad community-wide benefits.

Employers can also set up retirement savings platforms to provide employee access to funds for purchasing a home, without tax penalties. Employers can provide regular access to retirement plan administrators to explain and answer questions about how their long-term savings could help with purchasing a home.

Supply-Side Solutions: Increasing the Community's Supply of Housing Affordable to Employees

Supply-side approaches to employee-assisted housing focus on creating housing, through residential construction or rehabilitation of existing buildings. In housing markets with very low vacancy rates or a discrepancy between available housing and what employees need, employer interventions to increase or improve the supply of housing may be necessary. Access to an ample supply of affordable housing options is essential to sustaining a stable low- to moderate-income workforce. This does not mean that employers must become housing developers, although some may wish to do so. Some very effective supply-side interventions require little more than a well-researched financial contribution. In some cases, the interventions may provide modest financial returns or tax benefits to the employer.

Ideally supply-side EAH approaches do not create housing that is explicitly limited to employees of the employer. Instead, through careful structuring of activities such as marketing, wait list prioritization, and right-of-first refusal of available housing, an employer can maximize the housing benefits for current and future employees. Employers interested in owning and operating housing that is contingent on continued employment with the company should closely review Vermont statutory requirements as well as local rules for operating rental housing.

Although supply-side solutions are usually more complex, they represent an investment in the future of the community. When approached strategically these approaches can limit risk to the employer and leverage significant additional funds through various private, state, and federal funding programs.

Charitable or Corporate Contribution

Many companies have a charitable donation program. By making a charitable or corporate contribution to an affordable housing fund or non-profit affordable housing organization, an employer fulfills its philanthropic commitment to the community while also improving employee attraction and retention by boosting housing options. Charitable donations may be eligible for tax deduction, but housing resulting from charitable donations is prohibited by the IRS from being restricted to company employees. Contributions made as corporate expenses allow the employer to negotiate priority consideration for their employees in the resulting housing, such as right of first refusal, terms of affordability, or marketing targeted to employees of the company. These considerations must comply with federal fair housing laws and requirements of other funding sources involved in the project.

Affordable Housing Fund

A group of interested employers, non-profit organizations and philanthropic donors in a region can join forces through a loan fund, usually with a qualified third party acting as a fund manager. Loan funds can help reduce the investment required from any one employer, decreasing risk and potentially increasing employer/investor tolerance for concessionary loan terms. For example, a workforce housing project may have a funding gap of $1 million. There may not be an individual business in the region that can loan the project $1 million in long-term, low-interest subordinate financing. However, there may be 10 organizations and businesses in the region that would like to see the project move forward, each one willing to invest $100,000. The Vermont Housing Investment Fund is the best-known example of this kind of initiative in Vermont. This approach can help non-traditional funders of housing like employers, municipalities, and philanthropic organizations band together to magnify their impact. Many state, federal, and philanthropic organizations are prioritizing match-investing funds that demonstrate employer participation, potentially magnifying the impact.

Equity Contribution

Employers may choose to directly invest equity in a specific housing development project through a limited partnership with the developer. The limited partnership structure minimizes liability and management responsibility of the employer and creates a tax benefit for the company. In some cases, equity contributions can generate financial returns for the employer as well. An equity contribution provides funds to an affordable housing project, which may result in the developer granting priority consideration or special leasing or home buying terms for employees of the company through the partnership agreement. The following are helpful characteristics of employer investments that can most benefit housing development:

Elements of a pro-housing employer investment

Favorable Rates	If seeking returns, charge an interest rate well below market rate among local lenders and local investors. VHFA could help you identify market rates and returns in your area.
Subordinate position	An employer willing to be subordinate to a bank and/or primary funders can positively impact a project's ability to access commercial and conventional resources.
Long terms	The longer a project can access low-cost and patient funding, the greater the impact to the project. Investments that extend to 7+ years before requiring repayment are especially high-impact.

Land Donation or Land Banking

Some employers may own vacant or under-utilized land. Land donations can significantly decrease the cost of development, allowing for housing developed on the property to be more affordable. By donating the property to housing developers or to employees who wish to build homes, companies can support affordable housing without using cash on hand. Land donations can also qualify as a tax deduction, and if an appreciated property has been held for longer than a year the capital gains tax may be avoided. This option can benefit the company as well as the housing developer. In exchange for the land, employers can require that their employees have priority for occupancy or receive lower pricing. The employer can also ensure the property remains available to employees over the long term by retaining a right of first refusal to buy the property back if the property is for sale.

This approach can be especially effective in areas where land is purchased quickly, and at speculative prices. Employers can act as a land banking entity for housing development. Development of affordable and middle-income housing can often require prolonged purchase option periods as the developer puts together a capital stack to fund the development. An employer who can purchase a property and be patient with a mission-driven developer allows time for the developer to assemble resources that could make the units more affordable in the long-run.

Construction Financing

Employers with capital or access to lower interest rates can reduce the cost of construction financing by providing low-interest construction loans to developers. Another option would be to guarantee the construction financing. Construction periods for housing development typically run 12-18 months, making this option desirable for employers seeking shorter term investments. Affordable housing developers may have difficulty securing the necessary construction financing at rates that allow for the housing to be affordable. A guarantee of the loan can reduce the interest rate on the loan for the developer. The financial liability is temporary unless there is a default. It is essential that employers provide these types of financial assistance only with reputable, trusted developers and after a thorough evaluation of their financial health.

State and Federal Affordable Housing Tax Credit Investment

Employers can provide affordable housing financing by purchasing State Affordable Housing Tax Credits, State Historic Credits, State Downtown Credits, or federal Housing Tax Credits. An employer can elect whether their investment impacts rental or homeownership development, and may be able to select a specific housing development project to benefit from the investment. Investors receive credit against state or federal tax liability over five-to-ten years in return for providing an equity investment to specific affordable rental housing projects. Developers or the Vermont Housing Finance Agency "sell" the credits to investors to raise equity for the construction. Investors can receive a credit on their annual state or federal tax liability by investing up front. All parties benefit because the developer receives cash to build the project, the investors receive a credit on their tax liability for the next five-to-ten years, and low-income households obtain needed affordable housing.

Housing Developed and Owned by Employer

In some cases, employers undertake building housing for employees on their own. This approach to increasing the housing supply requires that employers have access to land and significant capital. Employer-developed housing can be appealing to an employer who seeks to make an investment in housing that is strictly dedicated to the company's employees. The employer can tailor the project to the specific housing types and affordability level necessary to attract the most needed segments of the workforce. An employer developing housing themselves will likely need to hire an experienced team of developers and contractors to oversee the project. The employer should also carefully consider and follow state and local laws related to owning and operating rental housing.

Some housing developed and owned by employers has provided important lessons regarding the complexities of linking tenants' employment to their housing. While the employer-owned housing paradigm may work in certain circumstances, it can also result in difficult situations when an employee is terminated or resigns. Critics of employer-owned housing frequently cite the overwhelming imbalance of power between the employee and the employer when an employee's income and housing stability are dependent upon continued employment with the company.

Risk mitigation strategies for employers who develop and own housing

Lease Terms	Provide standard Vermont leases that can be renewed by tenants regardless of employment status with the employer.
Transition Periods	Provide substantial transition periods for tenants that lose employment, so there is ample time to find new employment and housing.
Mixed Tenancy	Structure projects with a mix of employee-focused housing and units available to the general public. This allows for households no longer employed by the employer to remain housed in the general occupancy homes.

Local Housing Committee Participation

Housing committees can play an important role in community-based approaches to local housing needs. These groups, whether they are formal municipal committees, informal citizen discussion groups, or anything in between, can document existing housing stock, assess housing gaps, and influence local policy. Housing committees can benefit communities of any size, as evidenced by the many committees working around the state -- and their many successes, ranging from local zoning changes to the creation of Housing Trust Funds. Employer representation on housing committees can ensure that community housing approaches meet the needs of current and future employees.

Vermont Employer-Assisted Housing Case Studies

Stonecrop Meadows, Middlebury

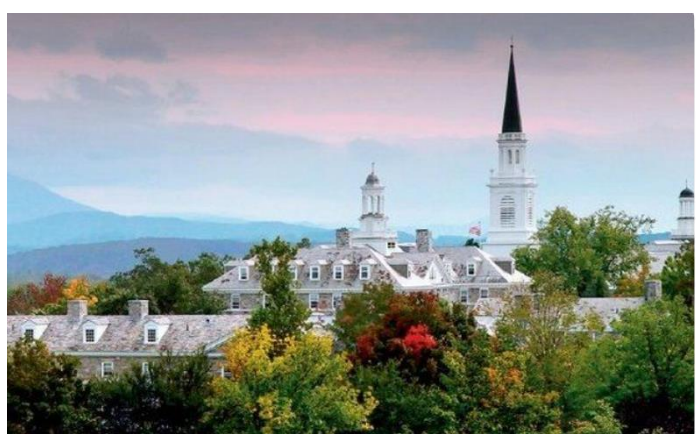
Employer	Middlebury College
Employer Investment	$1.5 million
Partners	Summit Properties, Middlebury College, Porter Hospital, National Bank of Middlebury
Total Project Cost	$125 million
Type of EAH	Land Donation / Land Banking and Equity Investment

Stonecrop Meadows is an EAH project currently under development in Middlebury, Vermont. The project originated through a partnership between Middlebury College and Summit Properties, a private development company with a portfolio of both affordable and market-rate homes throughout Vermont. Stonecrop Meadows is a multi-phase project that will produce over 200 new homes offering both rental and homeownership options in a range of types including duplexes, triplexes, townhomes, rental “flats”, and senior housing.

The initiative began when Middlebury College purchased a 35-acre parcel of land roughly one mile from campus to address a lack of available and affordable housing for college faculty and staff. The $1.5 million parcel is located within walking distance of the college and downtown and is served by public transit. The new homes will be available to the community at large, not specifically dedicated to Middlebury College employees. In addition to serving employees of the college, Stonecrop Meadows will provide more housing options for employees of Porter Medical Center and other local businesses. The College’s investment in the parcel will be repaid by Summit Properties over the next five to six years.

The project has received $25 million in funding assistance thus far from multiple sources. The Vermont Housing Finance Agency (VHFA) has allocated about $8 million in grant funding to help subsidize the cost of construction and facilitate the affordability of the new homes for average income households and awarded Low Income Housing Tax Credits that will generate about $9 million in equity. The Middle-Income Homeownership Development Program funding will help to support construction of 35 homes for sale with prices affordable to buyers with incomes at or below 150% of the area median. In addition, a $1.25 million Community Development Block Grant has been secured for infrastructure costs in the new neighborhood, further minimizing the construction costs. The development team is continuing to actively pursue available grants for future phases of the project.

Segment of site plan for Stonecrop Meadows



Middlebury College, Porter Hospital, and National Bank of Middlebury recognized the need for more affordable housing for employees and community residents.

303 Market Street Apartments and 112 Garden Street, South Burlington

Employer	University of Vermont Health Network
Employer Investment	$9 million for projects (303 Market St: $2.8 million and 112 Garden St: $6.2)
Partners	Snyder-Braverman (development), Redstone (property management)
Type of EAH	Housing Developed and Owned by Employer

Facing growing difficulties with attracting and retaining necessary staff, the University of Vermont (UVM) Health Network has invested in development of housing for employees about a mile from the network's largest location and main campus, the UVM Medical Center. The first phase of development, 303 Market Street Apartments in South Burlington, was completed in 2023. The 61-apartment building offers studio to three-bedroom homes with priority given to UVM Health Network staff for the building's first 10 years. The housing will be subsidized to be affordable based on tenant income.

The UVM Health Network is currently working on development of a second building at 112 Garden Street in South Burlington. The Health Network reports that prospective hires regularly decline job offers when they find they are unable to find housing and/or childcare in the area. In some cases, new employees have resigned within months after being hired because they are unable to find long-term housing. As a result, the Health Network has been reliant on temporary workers who come at a higher cost. Recognizing that housing and childcare are key obstacles to recruiting and retaining the health care professionals necessary to their operations, the UVM Health Network is simultaneously addressing both issues with this project. 112 Garden Street will not only offer 120 apartments for new, existing, and transitional employees, but will also house a childcare facility with up to 75 spots focused on infants to pre-K which will be made available to UVM Health Network employees first.

The UVM Health Network catalyzed the housing development by offering project financing to experienced development and property management partners to construct and manage the project. The Health Network will own 49% of both apartment buildings and holds a 10-year master lease of the apartments and childcare center, with the option to renew. Employees including nurses, licensed nursing assistants, technical workers, environmental services, nutrition services, patient support and facilities team members currently occupy apartments at 303 Market Street. The overall project will help the Health Network reduce the expenses of using high-cost temporary travelling staff while maintaining the services needed to meet health care needs of patients.

303 Market Street Apartments in South Burlington's City Center, photo courtesy of Redstone Commercial Group.

Upper Valley Loan Fund, Upper Connecticut River Valley, VT and NH

Employers	Bar Harbor Bank, Citizens Bank, Dartmouth College, Dartmouth Health, Hanover Co-op Food Stores, Hypertherm, King Arthur Baking and Mascoma Bank
Fund Amount	$8.95 million
Partner	Evernorth
Type of EAH	Affordable Housing Fund

The Upper Valley Loan Fund is an $8.95 million loan fund capitalized with investments from eight major Upper Valley employers. The Upper Valley Loan Fund is the result of years of cooperative efforts to address housing needs in the region. Vital Communities, a nonprofit organization helping a 69-town region create equitable solutions to its challenges, established a Corporate Council comprised of principal employers of the region to address key issues in the region in 2006. The membership is made up of business leadership able to make high level decisions for the companies that they represent. In recent years the Corporate Council has focused its efforts on addressing the increasingly constrained housing market, which has limited employers' ability to attract and retain the necessary workforce. The Corporate Council formed a Regional Workforce Housing Initiative to collaborate in identifying solutions. The collaborative effort between Vital Communities, the Corporate Council, three regional planning commissions, and numerous funding partners led to the development of Keys to the Valley, a data-driven housing study of the region and an action plan for addressing regional housing needs. The Upper Valley Loan Fund is the result of local business leaders' cooperative efforts and contributions, highlighting the importance of ongoing inclusion of area employers in this joint effort to coordinate regional housing strategy.

The fund will be managed by Evernorth, a non-profit affordable housing organization that serves low- and moderate-income people throughout northern New England. Evernorth will make loans to housing developers for apartments that will be affordable to renters with moderate incomes. The fund will be deployed to developers as flexible, low-cost financing for affordable housing projects over the next two to three years. The employers' initial capital investment will leverage substantial additional public and private financing. Evernorth estimates the loan program will leverage roughly $67 million in other funding and will catalyze production of more affordable rental units in the Upper Valley. The non-profit predicts that the Upper Valley Loan Fund will help to produce approximately 260 new rental homes affordable to people earning between $13 and $25 per hour which is under 80% of the area median income.

The Upper Valley region will need to triple the current annual rate of housing production to meet the estimated 10,000 new homes needed to meet demand by 2030, according to the Keys To the Valley Housing Needs Forecast. The Upper Valley Loan fund will help to accelerate and sustain housing creation, expanding the available supply. The additional homes produced by this fund will supplement the existing homes that are affordable to households earning below 80% area median.

Riverwalk Apartments which opened in June 2024 is the first development funded by the Upper Valley Loan Fund. Photo courtesy of Evernorth.

Delta Campus, Brattleboro

Employers	Omega Optical and Green Mountain Creamery
Partner Investment	$400,000
Partner	Delta Epsilon
Type of EAH	Land Donation / Land Banking and Equity Investment

Delta Epsilon, an organization led by local entrepreneur Bob Johnson who also founded Omega Optical and Delta Vermont, is seeking to construct 5 new rental homes on a site within the 130-acre Delta Campus in Brattleboro. The Delta Campus is currently home to Omega Optical and Green Mountain Creamery, with a combined 200 employees on site daily. The Delta Campus includes access to a network of recreational trails, and abuts the 180-acre Winston Prouty Center site, which is also considering opportunities to develop housing. The original comprehensive plan for the Delta Campus proposed up to 100 residential units, and the Act 250 Master Plans for the campus were updated in 2018 to include 5 units proposed to be supported by a Vermont Local Investment Advisory Committee (LIAC) loan. These LIAC-supported units are a potential catalyst and model for further development on the site in future phases.

Delta Epsilon will fund the construction of the first unit (31% of total development costs), and LIAC will be used to finance the remaining 4 units. There will be 2 one-bedroom units, 2 two-bedroom units, and 1 three-bedroom unit. Delta is engaged with BentPack in Vermont's Northeast Kingdom to construct the units. BentPack is a newly formed organization based in St. Johnsbury led by architect Josh Oakley. The units will utilize mass timber in a cross laminated form that is cut using an advanced computer modeled cutting system. The resulting product is a building "kit", that is projected to reduce construction/assembly time and costs. Among projects in VHFA's Middle-Income Homeownership Development program in 2023, development costs averaged $323 per square foot for modest single-family homes. For homes at Delta Campus, Delta Epsilon is projecting costs at $233 per square foot (or $260,000 per unit). In addition to utilizing mass timber, the homes will be highly energy efficient. Unit rents are expected to be set at the price affordable for a household at 90% of area median income.

The design and cost innovation aspect of the project is a key strength, as mass timber kits would be a new housing typology for rental housing in Vermont. Fairbanks Museum is currently using mass timber in the construction of an addition to the museum, which will serve as a demonstration project for the state. The Delta Campus project team expects to move forward with additional mass timber designs for a mix of homeownership and rental units moving up the spine of the campus. Having a budget that includes only owner equity and debt will allow the initial pilot project to move forward quickly.

An example of BentPack construction, photo courtesy of Mass Kingdom.

Vermont Housing Investment Fund, Multiple VT Locations

Employer	New England Federal Credit Union (NEFCU)
Employer Investment	$3 million
Fund Amount	$9.5 million
Partners	Vermont Community Foundation, Vermont Housing Finance Agency, Federal Home Loan Bank of Boston
Type of EAH	Affordable Housing Fund

Vermont Housing Finance Agency (VHFA) established the Vermont Housing Investment Fund (VHIF) in 2020 in recognition of a growing need for more flexible financing opportunities for affordable housing development. The fund has raised over $9.5 million in public and private capital but began with initial investments from the Vermont Community Foundation and New England Federal Credit Union (NEFCU).

VHIF investments are intended to fill gaps in project budgets, allowing worthwhile housing projects to move forward despite complex and changing development conditions. Fund investments are carefully selected, often through competitive resource allocation processes, to support projects across the state that have significant need to come to fruition and will have a significant community impact. Inserting VHIF funds into a larger funding package allows the fund's investments to consistently achieve a leverage factor above 25:1. No other housing investment opportunity in the state can achieve this level of impact through leveraging. VHFA is the single largest housing funder in Vermont and is relied upon for strong project underwriting and strategic funding decisions. The fund leverages investor resources alongside the bond-funded loans and housing tax credits that VHFA awards. As of the end of 2023, the VHIF program has supported the creation of 834 homes in 15 communities.

As of 2023, NEFCU is the largest single Vermont investor in the fund to date. The Lake and Maple building in St. Albans is an example of the projects supported through VHIF. This 72-apartment building continues the city's ambitious community revitalization efforts. Lake and Maple will fill a currently empty downtown lot, remediating a brownfield site. It is within walking distance to schools, public transportation and amenities and is near several major employers. All apartments will serve low-income households at or below 60% of area median income. Eleven on-site apartments will serve formerly homeless households, paired with supportive services. The apartments are a mix of studios and 1, 2, and 3-bedroom apartments to serve a range of household sizes. The building includes a ground floor common area and a co-working space for tenants. The project meets the Efficiency Vermont High Performance standards, which aims for energy efficiency exceeding standard building codes from the building design through the equipment and systems, substantially reducing future energy costs. Four apartments will be fully ADA accessible while all other units will be visitable/adaptable.

Rendering of Lake and Maple building. Courtesy of Grant Butterfield/Jutras Architecture

Vermont Farmworker Housing Repair Program

Employer	Vermont farms with on-farm worker housing
Employer Investment	Varied (includes existing residential buildings)
Partners	Champlain Housing Trust, Rural Edge, University of Vermont Extension Service, Vermont Housing and Conservation Board
Type of EAH	Housing developed and owned by employer

Agriculture is unique as an industry where an expectation to provide employer housing exists. According to a 2021 report on farmworker housing commissioned by Vermont Housing & Conservation Board, about 2,000 hired farm workers live as resident farm workers in a home or dwelling unit on the farm where they work.[4] For most resident farm workers, this housing is considered part of their compensation, though some additionally pay rent.

There are an estimated 560 farm-owned, farm-adjacent dwellings in Vermont. The 2021 report found that 175 to 250 of these homes required significant improvements of over $5,000 to meet the state's standards of safe living. In response the Champlain Housing Trust launched the Farmworker Housing Repair Loan program (as well as a parallel Farmworker Replacement Housing Loan program) in early 2022 with funding from the Vermont Legislature through Vermont Housing & Conservation Board (VHCB). The goal of this program is to preserve this important affordable housing resource and to help improve the health and welfare of the farm workforce.[5]

The Vermont farmworker housing program has already completed improvements for 30 resident farmworkers and has allocated funding to support an additional 80 more. The program provides forgivable loans of up to $30,000 to make necessary improvements to farmworker housing. The loans are 0% interest, and forgiven over 10 years, as long as the improved housing continues to be maintained and used for farmworker housing.

Dairy farmer Chelsea Sprague received a loan to repair the farmhouse where 4 workers live on Sprague Ranch in Brookfield. Photo courtesy of Vermont Housing and Conservation Board.

Typical health and safety related repairs/improvements include wastewater systems, air sealing and insulation, noise mitigation measures, overcrowding relief, food prep and storage improvements, mold remediation, electrical and plumbing upgrades, and roof replacements.

[4] https://vhcb.org/sites/default/files/pdfs/pubs/Vermont-Farmworker-Housing-Needs-Assessment-Study-4-2021.pdf

[5] https://www.getahome.org/vermont-farmworker-housing-repair-loan-program/

FAQs

What are the benefits of EAH?

Employer-assisted housing benefits the employer, employees, and the local community. Employers usually initiate an EAH program for the clear benefits of improving employee attraction and retention. The cost of the program can be partially off-set by cost-savings on both recruitment efforts and the expense of employee turnover. However, the benefits to the company go beyond simply improving attraction and retention of the workforce. EAH programs that give employees the opportunity to live near their workplace also improve employee morale and lead to increases in productivity. In addition, employer contributions to affordable housing can be beneficial to public relations for the organization and generate community good-will. All these benefits ultimately improve an employer's bottom-line.

The employees benefit from lower housing costs and transportation burdens. EAH programs that enable workers to live near the workplace can reduce both costs, while also reducing time spent commuting thus significantly improving work/life balance. Providing homebuyer education and financial assistance such as downpayment or closing cost assistance allows more workers with lower incomes to buy their first home which sets a path for building assets and wealth.

When employers invest in employer-assisted housing, the local community also benefits. In addition to increasing the supply of affordable housing, EAH can ensure the availability of the skilled workforce required for necessary services like hospitals and schools. Less housing cost-burden means that households have more discretionary income available to support local businesses. Less time spent commuting means employees have more time to commit to participating in local events, frequenting area businesses, and volunteering for the community. The impact to the community is an improved economy and overall quality of life.

What are the most common forms of employer assistance?

Employers frequently opt for demand-side assistance such as grants or forgivable loans for downpayment and closing cost assistance, homebuyer education programs, or downpayment savings matching. The most common supply-side EAH approaches are donations of land for affordable housing and cash contributions to non-profits committed to affordable housing or to specific affordable housing developments.

How do I determine my community's housing needs?

Employers that are developing an EAH program should evaluate both the needs of their workforce and the community overall. Housing affordability or availability gaps at specific income levels are frequently reflected in difficulties recruiting or retaining employees in that pay scale. Employers may choose to survey their employees regarding their housing needs. In addition, local government officials often have a good understanding of local housing conditions and needs. Communities may have recent housing studies or housing needs assessments available. Housing needs assessments are an informative resource and are available for every county in Vermont.

For projects in municipalities without a local housing needs assessment, non-profit affordable housing organizations can be a good resource. Affordable housing organizations compile housing information and can offer informative data regarding housing conditions for their service areas. VHFA maintains a housing data website that is searchable by town and provides community housing profiles at the municipal and county levels state-wide.

Ways to learn about community housing needs

- Employee survey
- Housing needs assessment
- Local government
- Local affordable housing nonprofits
- Community Profiles on housingdata.org

Which employers are most likely to participate?

Locally-owned employers with strong roots in the community are some of the most likely companies to financially participate in supply-side housing initiatives They have local decision-making authority, generally have more accessible leadership and are invested in the local economy. Local employers that need a large workforce like hospitals, universities and manufacturers have been struggling with employee attraction in recent years and are increasingly actively engaged in seeking creative solutions. Universities are particularly dependent on local quality of life issues, not just in terms of attracting faculty and staff, but as a factor in student enrollment as well.

Large corporations can sometimes more easily afford demand-side assistance as a part of a corporate benefit package.

Are other employers doing this?

There are employers across the country that have implemented EAH programs. Some Vermont examples are included in this publication, but there are many precedents throughout the nation.

Is farmworker housing EAH?

Farm workers, especially those who live in Vermont only during certain seasons, have unique housing needs that may rely on the ability to live in on-farm or farm-adjacent dwellings owned by their employers. For most resident farm workers, this housing is considered part of their compensation, though some additionally pay rent. Many farm worker housing units in Vermont are estimated to need housing quality improvements.

How can municipal governments support EAH?

In addition to offering their own EAH programs for public-sector employees, municipalities can provide incentives to encourage private-sector employers to initiate their own programs. For example, localities can provide a dollar-for-dollar match for employer contributions to EAH programs. Localities (either directly or by funding a nonprofit) can also offer administrative assistance to employers interested in adopting an EAH program; this can range from help designing the program all the way to managing it on behalf of the company.[6]

What are the tax consequences of EAH?

Tax implications vary based on the type of program and how the employer contribution is structured. For downpayment assistance programs provided in the form of grants, the funds are generally considered as income and are taxable for both the employer and the employee. When structured as forgivable loans, only the portion that is forgiven each year is considered taxable income. Charitable contributions to 501(c)(3) non-profits for housing projects or programs can be taken as a charitable deduction if the resulting housing does not benefit the company more than other businesses in the housing demonstrates an equally clear direct impact. However, EAH contributions to more widely accessible housing development can be structured to provide employees direct marketing of new homes, priority consideration for new units, or reduced rents or security deposits. Specific terms can be negotiated with developers, and agreements should be made in consultation with attorneys to ensure compliance with fair housing laws. Arguably, an increased supply of affordable housing near the workplace will benefit employees regardless of whether there are special terms for the company's workers.

[6] Local Housing Solutions, NYU Furman Center and Abt Associates

Can I structure assistance to keep my employees at my company?

Providing loans that are forgiven over time can create a substantial incentive for employees to stay with the employer. The annual rate of forgiveness can be structured to incrementally increase with each year of service, thus offering greater financial rewards for longer service to the company. Alternatively, loan forgiveness can be tied to the successful completion of a set period of service.

If I structure downpayment assistance as a forgivable loan, am I obligated to keep the employee for the term of the loan?

You are not obligated to keep an employee because they have received a company loan. The loan documentation can include language requiring the repayment of the loan if either party terminates employment. Employers should work with an attorney to develop the appropriate loan documentation.

How can I maximize the leverage on my contribution or investment?

Building strong collaborations with knowledgeable partners is key to fully leveraging available public and private funds with the initial company investment. Housing affordability and supply are critical issues in Vermont, and numerous grant and loan resources have been established to support accelerated production of housing. These include funds awarded through state agencies (like VHFA, Vermont Housing & Conservation Board and VT Department of Housing and Community Development) and some municipalities. Experienced affordable housing developers working in Vermont will be familiar with the available funding sources and will prove invaluable partners in ensuring that all available resources are leveraged.

Employers initiating an EAH development project can also use their state networks to widely promote the project and build state agency support. Discussing projects with state officials, potential funders, and regional planning and economic development agencies can establish a pipeline for information about funding for which the project is eligible. Communication with other major employers and local businesses can open the door to collaborations that enhance access to private funding sources.

How can I get more information?

If, after reviewing the guide, you have further questions, the Vermont Housing Finance Agency (VHFA) stands ready to help and offer technical advice and assistance. Contact us at home@vhfa.org.