

**Homeownership: Benchmark for a Vital Community
Employer Work Group Report
Debra Olson, DuPage County Board District 4, Chairman
November 29, 2006**

Background

The DuPage Homeownership Center (DHOC), a nonprofit, HUD-certified housing counseling agency, has for over 14 years been helping low-income families become homeowners in high-cost DuPage County through education, counseling and special mortgage financing programs. But in recent years, skyrocketing home prices and the proliferation of teardowns have made it increasingly difficult for our clients to find properties, even with the assistance our programs provide.

In March 2006, DHOC and the DuPage Housing Action Coalition, a network with broad-based grassroots participation that advocates for affordable and fair housing in DuPage County, convened a symposium, *Homeownership: Benchmark for a Vital Community*, bringing together over 160 builders, developers, lenders, governmental officials and other community leaders to identify barriers to increasing and preserving the supply of affordable starter homes here in DuPage. The event, held at Benedictine University, resulted in the creation of four community work groups to address systemic impediments to affordable housing development:

- Land/Zoning – Chaired by Phil Passon, Kingsland Properties, and Paul Colgan, Colgan Public Affairs
- Government Engagement – Chaired by Liz Corry, Wheaton City Council member
- Employer Engagement – Chaired by Debra Olson, DuPage County Board, District 4
- Perceptions of Affordable Housing – Chaired by William Carroll, President, Benedictine University.

Employer Work Group Members

Debra Olson, DuPage County Board – Chairman
Dru Bergman, DuPage Homeownership Center
John Berley, Village of Addison
David Cole, U.S Dept. of Housing and Urban Development
Brenda Grauer, Housing Action Illinois
Mitzi Hands, Mitzi Hands Realty
John Hazard, DuPage United
Joyce Hothan, Bridge Communities
Tam Kutzmark, DuPage Mayors & Managers Conference
Ken Olson, AIM, Inc.
Sara Ruffer, GMAC Mortgage

Elizabeth Snyder, Leaders Bank
 Robin Snyderman, Metropolitan Planning Council
 Erin Vaughan, ARAMARK
 Kathy Wessel, DuPage United

Employer Work Group Methodology

At the Symposium, the attendees concurred that local employers are a critical stakeholder that must play a part in the effort to increase affordable homeownership opportunities, as the issue affects their ability to attract and retain qualified employees. After some initial, wide-ranging discussion of the issues, the Employer Work Group quickly recognized the need to gauge employers’ current awareness of and attitudes toward affordable housing before ever attempting to engage them as advocates.

Through the leadership of work group member Joyce Hothan, we secured, pro bono, the services of Maureen Quinn Olsen of M.Q. Olsen Marketing Research to conduct three focus groups with employers. We had two specific goals:

- To gauge employers’ current awareness of affordable housing issues; specifically, how is the lack of affordable housing affecting their employees and their businesses, and
- To determine the best ways to engage employers as advocates for affordable housing.

The work group members assembled a list of potential focus group attendees based on personal knowledge and group consensus, and made personal contacts to invite the participants. A conscious effort was made to balance the groups geographically. The focus groups were divided into three segments: larger businesses (50+ employees), small businesses and unions/other. Invitations were extended to approximately ten organizations in each category.

The following organizations participated in the focus groups:

| Small Businesses <i>August 1, 2006</i> | Large Businesses <i>August 2, 2006</i> | Unions/Other <i>August 8, 2006</i> |
|--|--|--|
| Alliance Mechanical, Bensenville | College of DuPage, Glen Ellyn | DuPage Workforce Training Center |
| Evangelical Free Children and Family Services, Wheaton | Elmhurst Memorial Healthcare, Elmhurst | IBEW 701 (Electrical Workers) |
| First American Bank, Addison | Harris Bank, Burr Ridge | IEA/NEA (Teachers) |
| The Management Association, Downers Grove | The Pampered Chef, Addison | Wheaton-Warrenville Education Association |

| | | |
|--|----------------------------|------------------------------|
| Oxford Bank & Trust, Addison | Rental Max/LLC, Wheaton | Wheaton Police Department |
| Spillman & Wotyla Insurance, Glen Ellyn | Wal-Mart, Addison | |

Maureen conducted the three focus groups at Metropolitan Family Services in Wheaton in a room with a two-way mirror that allowed work group members to observe the proceedings. She informed the participants that they were being observed and that their comments were being recorded in order to capture the conversation accurately. She began the 90-minute sessions by asking the attendees to introduce themselves and their organizations, and then rate their current awareness of affordable housing issues. Next, she sought reaction from the attendees to six position statements about affordable housing:

Following the group discussion, Maureen asked each attendee to rank six statements about affordable housing from most to least compelling to help the work group identify which messages are most effective in reaching employers. She then divided the attendees into smaller work groups to brainstorm ideas for engaging employers in the issue of affordable housing. Each session concluded with the attendees sharing how their knowledge and perceptions about affordable housing had changed over the course of the morning.

The Employer Work Group compiled the information from the three focus groups and invited the participating employers to a follow-up breakfast on September 28, 2006, at ARAMARK in Downers Grove to share the results. Two of the focus group attendees came to the breakfast, which evolved into an informal conversation as opposed to a report.

In reviewing this report, readers should remember that this qualitative research was designed to be exploratory in nature:

- To understand the key issues related to affordable housing; and
- To generate ideas for engaging business in this effort.

These findings represent the opinions and attitudes of these three groups of business people and should be validated in quantitative research. Nonetheless, the information presented does provide some interesting insights into employer attitudes, knowledge and perceptions of this important topic.

Employer Work Group Findings

Overall, the employers had anecdotal knowledge of the affordable housing issue in DuPage, often through personal experience; however, none had any quantitative information about the impact of the issue on their employees or their company's bottom line. The position statements confirmed a general sense they had about the housing market in DuPage; however, they did not always agree

with every statement. Interestingly, they ranked the messages that dealt with the business costs associated with the lack of affordable housing as the least compelling. They generally felt that they left the sessions better informed than when they entered, but also felt a bit overwhelmed by the enormity and complexity of the problem. They offered several suggestions about how to reach employers, but most came down to basic education on the topic.

Initial Awareness: Looking more specifically at the attendees' responses, some attendees were highly aware of the issue, but most admitted having medium to low awareness regarding affordable housing. Those with a higher awareness often had volunteer experiences with local non-profits in the housing field, such as Bridge Communities or Habitat for Humanity.

Impact on Business Operations: Although they did not have any quantitative data about the impact of affordable housing on their businesses or, in the case of the unions, their members, they did have lots of anecdotal information that it was an issue. The larger employers saw a direct and dramatic impact when attempting to recruit professionals from outside of the area. One noted that she lost an ideal managerial candidate from Minnesota who specifically cited the high housing costs in DuPage as the primary deciding factor. Now when she recruits potential workers, she doesn't even mention DuPage County, instead suggesting Kane County as the first housing option. Others shared their personal experiences of "sticker shock" when they moved from lower-cost areas into DuPage. One employer lamented the adverse impact of housing prices on his ability to attract minority candidates, noting that he felt the high costs in DuPage have hurt the ethnic diversity of our community.

Reactions were mixed when employers were asked about the impact of high housing costs on their ability to attract lower-wage workers. Some noted that they are able to draw from ethnic enclaves in Cook County and other areas and have not really experienced any problems. Employers such as retail stores and banks found that they were losing lower-wage employees who could find comparable jobs closer to home as service businesses continue to open in fast-growing, lower-priced areas to the south and west of DuPage. Some businesses noted that it was becoming more expensive to attract employees, with one small business employer stating, "*Where I used to start someone as a receptionist at \$10 an hour, I'm now starting them at \$14 an hour.*"

Commute Issues: In all three groups, the issue of commute times was a prominent and complicated topic. The attendees all acknowledged that commute times around the Chicago metro region are bad and getting worse. Many noted, again anecdotally, that this affects employees' tardiness and absenteeism; however, not all were convinced of the connection. One employer said that they have problems with absenteeism and tardiness for other reasons, but rarely, if ever, do employees say they're late because they live too far away. None of the attendees reported discussing commute times or affordable housing in exit

interviews with departing employees. Some employers and union representatives reacted to the statements relating to commute times by noting that it's really an issue of work ethic and people just need to get up and get going early enough to get to work on time.

Many attendees reported that longer commutes were problematic in bad weather, with more employees simply deciding it wasn't even worth trying to make it into work. Some also noted that employees with long commutes are more likely to miss an entire day for a simple errand, such as a doctor appointment, that normally could be done on a long lunch hour.

Because the three focus groups were held in August when gas prices were over \$3 per gallon, several attendees noted that commute costs suddenly were becoming an issue. One employer said several of her workers had moved to Elburn or Sugar Grove a few years ago because they could get more land and house for their money. They were not concerned about the commute at that time because gas prices were relatively low; however, as gas prices skyrocketed recently, they were reassessing their situations.

Some of the attendees commented that where people choose to live is a lifestyle decision, and that many people willingly accept the tradeoff between longer commute times and other factors such as bigger yards and lower taxes. Some attendees who recently moved to the area noted that they could have found housing in DuPage, but they would have had to "settle" for a smaller, older home on a tiny lot.

Real Estate Taxes: This issue came up frequently, as many attendees mentioned that DuPage has very high real estate taxes relative to other parts of the metro area, which is an important factor when people are deciding where to purchase a home. However, they also stated that DuPage has a reputation for excellent schools and that people often choose to live here specifically because of the schools (which several acknowledged are funded by real estate taxes).

Quality of Life Issues: Several of the discussions turned to quality of life issues, as attendees mentioned that longer commutes mean less family time. They also noted that it really takes two incomes to afford a home in DuPage and discussed the impact this has on children.

Representatives of public service workers, such as teachers and police officers, noted that their members who moved outside DuPage were not as connected to the communities in which they worked. One noted, *"When they have a two-hour commute, they're not going to stay for a meeting after school."* Another stated, *"All my guys are coaching little league and midget football and everything else everyplace else but here, where I'd like to have them (local children) have the influence of having a cop as a coach."*

Some attendees mentioned the difficulty their own adult children were having finding affordable housing in DuPage County, and several who were long-time residents of DuPage reported they could not afford to purchase their homes if they had to buy them today. Several employers and union representatives reported that their younger, entry-level employees often live with their parents, but when they decide to marry and start families, almost all are moving outside of DuPage.

NIMBYism: Although the topic of perceptions of affordable housing was not on the agenda, it came up during most of the discussions. Attendees noted that, for many people, “affordable housing” conjures images of failed projects in Chicago and that “**Not In My Back Yard**” is a common reaction in DuPage County.

Messages that Resonate: Maureen asked each attendee to rank six statements about affordable housing from most to least compelling. The goal was to identify which messages resonate most with employers. The results were consistent across all three groups and, interestingly, the statements that related to business costs and competitiveness were the lowest ranked. Following are the six statements ranked from most to least compelling:

- Statement Q: Homeownership is slipping out of reach for working families in DuPage County. Approximately one-third of the County’s households do not earn enough annual income to purchase the average single-family house in the County.
- Statement O: Local housing prices are increasing much faster than local wages. While the median income in DuPage increased by about 3.4% between 2000 and 2004, median single-family home values grew 38%.
- Statement F: DuPage County has the highest median home price in the State of Illinois. The median sales price of an existing single-family home in DuPage County in the fourth quarter of 2005 was \$335,000, the highest of any county in the state. DuPage County’s price was 57% above the national median price of \$213,000.
- Statement Y: The jobs-housing mismatch is particularly acute in DuPage County. Analysts estimate that at least 27% of DuPage workers commute in from other counties. Between 1970 and 2000, DuPage has seen a 478% increase in the number of commuters coming into DuPage to work. That is higher than any of the other five counties in the region, including Cook. DuPage now imports more workers (256,617 in 2000) than it exports (191,439).
- Statement X: The jobs-housing mismatch has real costs. A study by the Boston Consulting Group puts the direct costs (such as late arrivals,

absenteeism, and turnover) of the jobs-housing mismatch at \$200-\$300 million per year in the Chicago region.

- Statement M: Affordable homeownership is critical to regional economic competitiveness. Chicago Metropolis 2020 and the Metropolitan Mayors Conference report that affordable workforce housing is essential for any region that wishes to compete in today's world economy. Having a range of housing for workers at all income levels reduces commute times and absenteeism, improves employee morale, and eases traffic congestion.

Ideas to Involve Employers: Maureen divided the attendees into smaller groups to brainstorm ideas for involving employers in the affordable housing issue. She specifically instructed them to “free-wheel,” “think outside the box” and go for quantity, as it is always easier to edit down a list once it's compiled. Gathering more data on employee needs and providing employer and community education (both in terms of the scope of the problem and resources to address it) were the top suggestions. The full lists from each group are in Appendix A.

End-of-Session Reactions: Maureen concluded each group by asking the attendees how their attitudes had changed since the beginning of the session. In all three groups, the attendees noted

- They felt better informed on the topic;
- They knew the affordable housing situation was bad in DuPage, but they didn't realize exactly how bad until they saw the statistics Maureen presented; and
- They felt somewhat overwhelmed by the magnitude of the problem.

Key points from the small business group included the following:

- Employers need more information on the topic;
- Government needs to take leadership in addressing this issue; and
- They do not have a lot of time to devote to the issue.

One attendee said that information from their local government would be more likely to catch their attention than information from an advocacy group. In terms of getting businesses involved, they said that money was a factor, but so was time. *“If it's going to take a great deal more time, I would back off immediately,”* one employer said.

Key points from the larger businesses were:

- Employers need more information on the topic;
- There needs to be more community education; and
- Employers might become involved by providing financial assistance through savings plans or downpayment aid.

Union representatives noted that

- They were glad that community leaders were addressing the issue; however,
- Affordable housing is just one more need that's competing for attention and scarce resources.

One attendee in particular stressed that health care remains an even bigger concern.

The attendee statement that probably best summed up the sessions was, *"It's a huge issue and it doesn't have an easy fix. It's going to take everyone working towards it, but I'm not sure it's on everyone's radar screen."*

Employer Work Group Blueprint to Expand Opportunities

The Employer Work Group Blueprint will focus on plans to educate businesses about the need for affordable housing in order to engage them as advocates for the creation of workforce housing opportunities. We will develop our presentations using the messages created by the Perceptions Work Group and information developed by our group. We also can draw upon the experiences of other regional efforts on this topic facilitated by groups such as the Metropolitan Mayors Caucus and Housing Illinois. We plan to reach employers individually and through professional gatherings such as Chambers of Commerce meetings and networks of human resources professionals.

Each presentation team will consist of an employer who is sympathetic to the topic, who will introduce the talk by explaining why this issue is important to employers. A speaker from our Speakers Bureau will present the information on affordable housing and offer employers an opportunity to become involved as advocates. Based on the information provided in the small business focus group, it would help to include endorsements from government officials who have been involved in the Affordability Task Force.

We learned that the messages that most resonated, at least with these employers, were the basic facts about the lack of affordable housing. This information can help employers "connect the dots" from their anecdotal experiences to the bigger public policy issues. The employers in the focus groups did not completely embrace the arguments linking the lack of affordable housing to increased commute times because some saw that as more of a

lifestyle choice or an issue of work ethic. (We might encourage businesses to ask about commute times and housing issues in employee exit interviews so that they can begin collecting data about the impact of this issue on their workforce.)

When we identify employers who embrace the issue, we will ask them to write letters and make personal contacts to their local officials to support affordable housing projects and initiatives when they come before their local governments. Any efforts that we undertake must be respectful of the limited time employers have to devote to this cause. We must be concise, fast and focused, clear in what we are asking employers to do and organized in providing resources (sample letters, fact sheets, lists of elected officials) to make it easy for them to advocate in their communities.

Once we have engaged employers as advocates, we can look for opportunities to introduce additional ways they can become involved, such as implementing employer-assisted housing programs.

How You Can Help

Please sign up to become involved in bringing the Blueprint to life by

- Bringing the presentation to your company
- Signing up to be trained as a speaker for our Speakers Bureau
- Bringing the presentation to your local Chamber of Commerce or professional networking group
- Signing up for email alerts to advocate for affordable housing when issues come up in your community

For more information, contact the DuPage Homeownership Center at (630) 260-2500 or info@dhoc.org.

A Note from Chairman Debra Olson

Thank you to all of the Employer Work Group members for your efforts over the past six months to bring this report to fruition. Everyone contributed and this product truly is the culmination of a tremendous collaborative effort. Thank you to all of the employers who so generously shared their time and insights with our group. A very huge thank-you to Maureen Quinn Olsen of M.Q. Olsen Marketing Research, a consummate professional who so generously donated her time and expertise to our cause. Thank you to ARAMARK, The Pampered Chef and DuPage County for hosting our work group meetings, and to Metropolitan Family Services in Wheaton for hosting our three focus groups. And finally, thank you to everyone who has been involved or is about to become involved in our Affordability Task Force movement. I firmly believe that this type of positive, broad-based, grassroots civic engagement is the most effective, meaningful way to address public policy issues in our community.

Appendix A: Ideas to Involve Employers

Small Businesses (under 50 employees)

- Provide education: seminars for employers, chamber lunch
- Provide data on the benefits of living in DuPage: cost of commuting, value of time, gas prices, etc.
- Provide facts to employers about the issue on a web site that is interactive
- Provide “forward-looking facts” to help employers make strategic decisions
- Provide information about the cost of types of housing related to salaries
- Tell employers where the affordable housing is located
- Clarify the cost/effect relationship regarding impact on businesses
- Inform employees about available assistance to help first-time buyers: downpayment grants, partnerships with banks, etc.
- Involve each village, town, and city so businesses and residents would be more interested
- Encourage employers to meet in the community

Large Businesses

- Survey the needs of employers in DuPage County
- Provide community education to working families needing housing
- Provide information on mortgage assistance, e.g., educational programs, benefits that employers are offering
- Provide assistance in lending money for mortgages: advances for downpayment, payroll savings plan
- Offer employer match for housing, similar to 401k benefits
- Get individual sponsorships from wealthy residents to help this program
- Get assistance from foundations: McDonald’s, Walgreens, Wal-Mart
- Low interest loans for area in county
- Rebates for downpayments
- Help employees with a realtor to find low-income housing
- Tax breaks for city
- Build houses for employees or apartments/condos
- Focus on public transportation need/increase in DuPage County

Unions/Other

- Create awareness by doing a demographic study of where employees live
- Survey members about needs, ownership status, desire – and publicize the results
- Provide information and statistics on the issue and publicize lending opportunities
- Get employers to take an active role with community-based organizations who assist individuals with housing located near work
- Have employers and institutions invest in the community and encourage community involvement
- Use unused public land to build affordable housing and assist with subsidies

- Be aggressive in acquiring land
- Create workforce housing in industrial parks
- Determine best practices in Fairfax County and other counties on affordable housing
- Explore alternatives to traditional mortgage: shared ownership, co-ops, downpayment assistance
- Offer economic incentives to employees for living in community
- Enforce immigration laws
- Organize low-wage workers
- Determine changes necessary on a state basis to help with issue
- Determine how to shift the tax base from homes to fund schools and public systems