

Employer-Offered Benefits Impact on Housing Affordability

Today, a combination of market trends, economic factors, and low supply/high demand forces has transformed the idea of owning a home from “eventually” or “someday” to “not possible” for many individuals.

A view into the current situation:

- [87% of Americans](#) are worried about housing costs.
- The market for [starter homes has become unaffordable](#) for most buyers.
- Only [one in five homes was affordable last year](#) to a median-income U.S. household, compared to two in five in 2021.
- The number of affordable listings fell [53%](#) from 2022.
- The average monthly mortgage (based on average 30-year mortgage rates and home prices) rose [85% in the past 19 months](#), from \$1,212 in January 2022 to \$2,246 in August 2023.
- Mortgage rates are at their highest levels in more than two decades. The average 30-year mortgage rate in the U.S., which was [below 3% less than two years ago, rose to 7.23%](#) as of August 24, 2023.
- [Higher mortgage rates and borrowing costs](#) make it less appealing for existing owners to sell and potential buyers to buy in the current market.

Unfortunately, these conditions have implications for employers recruiting and retaining talent in their organizations. If employees can't afford to live where a business is located, they can be forced to move further away to find suitable housing. And that can create longer commuting times to and from work, more stress on family obligations, extra costs, and retention issues, especially if remote or hybrid work arrangements (and higher wages) are not offered to mitigate the situation.

Currently, the only [four U.S. cities considered affordable](#) for first-time home buyers are Detroit, Tulsa, Memphis, and Oklahoma City.



How can employers help employees afford housing?

Some large employers, like Walmart and Amazon, now offer employer-assisted housing (EAH) programs to help ease the burden of affording a home or rent. They provide qualified employees with funds for costs, such as a security deposit, a downpayment and closing costs, or a loan that can be forgiven over time, as long as an employee remains with his/her employer.

[“Employer-assisted housing is a valuable tool for economic development and community revitalization.”](#)

While EAHs are not (yet) a common benefit provided by many U.S. employers, separate offerings that may help ease the housing crisis for employees are being built into benefits programs, including:

- 1 Access to programs and financial assistance**, such as grants, loans, and other incentives that may be available through federal, state, and local governments.
- 2 Counseling services that provide helpful education and tips** about the home-buying experience, such as how to set a budget, save for a downpayment, prequalify for a mortgage, and choose a real estate agent.
- 3 Forgivable loans up** to a certain amount to help employees afford necessary down payment and closing costs on home purchases. The general idea is that the longer an employee remains with an employer, the greater portion of the loan is forgiven, and in some cases, 100% can be forgiven after a specified time, like five or ten years.
- 4 Discounts from credit unions, banks, and mortgage companies** that employers partner with to offer incentives, like lower rates, better lending terms, and/or credits toward closing costs if employees qualify.
- 5 Legal plans** available through voluntary benefits that can provide a range of cost-effective services and access to lawyers and legal professionals for many different situations, including preparing closing documents, completing necessary filings, and executing real estate transactions as part of buying a home.


- 6 Employer matches or contributions to a down payment** up to a certain amount. Since 2018, for example, some employers have been offering contributions through HomeFundIt, the only FNMA-approved crowdfunding gifting platform that helps employees build the downpayments they need from multiple sources (i.e., family, employers, etc.).
- 7 Investing in affordable housing.** To ease the housing crisis on employees and recruits, a growing number of large employers around the country – Meta, Disney, Tesla, just to name a few – have started to build and invest in their housing developments, offering discounts on purchase prices, closing costs, and mortgage rates to employees that qualify, making it more attractive and affordable to own a home closer to work.
- 8 Homeowners insurance** often available as an employee benefit or through a voluntary benefits program can make it easier to obtain coverage that’s needed at the time of closing.

Housing affordability benefits can be a powerful part of your comprehensive employee benefits package to help attract and retain top talent.

BRP has established resources to assist employers with implementing employee retention strategies. Let us help you determine which housing benefits may complement your overall employee benefits strategy.



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