

STRENGTHENING OUR WORKFORCE AND OUR COMMUNITIES THROUGH HOUSING SOLUTIONS

A REPORT ON
MAKING THE CONNECTION... HOUSING AND WORKFORCE DEVELOPMENT: A NATIONAL LEADERSHIP FORUM
SPONSORED BY THE ROCKEFELLER FOUNDATION



JOINT CENTER FOR HOUSING STUDIES
HARVARD UNIVERSITY



CENTER FOR WORKFORCE PREPARATION
U.S. CHAMBER OF COMMERCE



The Joint Center for Housing Studies of Harvard University

The Joint Center for Housing Studies (JCHS) is Harvard University's center for information and research on housing in the United States. The Joint Center analyzes the dynamic relationships between housing markets and economic, demographic, and social trends, providing leaders in government, business, and the nonprofit sector with the knowledge needed to develop effective policies and strategies.

Established in 1959, the Joint Center is a collaborative unit affiliated with the Graduate School of Design and the Kennedy School of Government. Through its rich array of research, education, and public outreach programs, the Joint Center serves as a convener for informed discussion on a broad range of issues in the housing sector of the nation's economy. In doing so, it educates business leaders, government officials, policy makers, and the public on critical and emerging factors affecting housing and our communities.



The Center for Workforce Preparation of the U.S. Chamber of Commerce

The U.S. Chamber of Commerce created the Center for Workforce Preparation (CWP) in 1990 to help build leadership in local chambers for workforce development and help them recognize the value and importance of this leadership role. CWP does this by providing tools, knowledge, and strategic relationships to help chambers succeed.

CWP has been instrumental in demonstrating the influential and beneficial role of local chambers in workforce development and education. Together, CWP and local chambers excel at reaching small and medium-sized businesses where the majority of job growth occurs.

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Steven Hornburg

Principal, Emerging Community Markets

Shekar Narasimhan

Managing Partner, Beekman Advisors, LLC (www.beekmancompanies.com)

Forum Steering Committee

Pamela Baldwin, Eric S. Belsky, Beth B. Buehlmann, Todd Cohen, Rachel Drew, Conrad Egan, Shekar Narasimhan, Nicolas P. Retsinas, Bruce Silver, Laurel Traves and Inola Walston. Special thanks to Jennifer Lavorel for coordinating the preparation of this report and to Steven Hornburg for coordinating the Forum deliberations.

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Joint Center for Housing Studies
Harvard University
1033 Massachusetts Avenue, Fifth Floor
Cambridge, MA 02138
617.495.7908
617.496.9957 F
jchs.harvard.edu

Center for Workforce Preparation
U.S. Chamber of Commerce
1615 H Street NW
Washington, DC 20062
202.463.5525
202.463.5308 F
uschamber.com/cwp

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EXECUTIVE SUMMARY

Chambers of commerce can play an important role in addressing workforce housing needs. Indeed, many of them are doing so — particularly in communities in which high housing costs add to the cost of doing business. The initiatives undertaken by such chambers could benefit from the involvement of housing professionals. For their part, housing professionals could usefully solicit the involvement of the local business community, broadening the base of support for workforce housing initiatives.

In September 2004, the Joint Center for Housing Studies (JCHS) of Harvard University and the Center for Workforce Preparation (CWP) of the U.S. Chamber of Commerce convened a national leadership forum of business, chamber, and housing executives. This groundbreaking forum, sponsored by the Rockefeller Foundation and the National Housing Endowment, provided an opportunity for these groups to consider the obstacles to collaboration between members of the housing and business communities, discuss what has worked at the local level to overcome such obstacles, and share ideas regarding how collaboration could be promoted going forward. Throughout the discussion, one theme that resounded strongly was that chambers can play a critical role in helping to get local efforts off the ground and supporting such efforts.

What are the obstacles to housing/business collaboration? Participants described many that can be sorted into five groups: structural differences between the business and housing communities, a lack of information and data, mutual mistrust, communication issues, and a paucity of shared forums. These obstacles have been overcome, attendees noted, when local chambers of commerce have served as “conveners,” when there has been a sense of “crisis,” and when an opportunity to act has presented itself — for example, when city leaders target an area for mixed-use development.

Forum participants agreed that waiting for opportunities to act will not suffice because solutions to the workforce housing challenge require a broad-based, proactive approach. By the time a workforce housing affordability problem begins to affect the bottom line, the forces that contribute to high housing costs have long been in place and are difficult to reverse. For the housing and business communities to forestall such an outcome, they must establish a working relationship characterized by respect, trust, and an awareness of each other’s interests. They must have access to information about the causes of the affordability problem and data that demonstrate its effects. Representatives from the business community stated in particular that they need tools to help measure the effect of high housing costs on the bottom line.

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National leadership forum participants agreed that the CWP can play an important role in efforts to promote greater collaboration between local chambers of commerce and the housing community. It can do so by spreading the word regarding the workforce housing efforts of its chambers in places such as Chapel Hill-Carrboro, San Diego, San Francisco, and Sarasota. It can provide opportunities for communication among chamber members nationwide, and it can convene forums that bring the housing and business communities together. CWP can also solicit funding and research partnerships to secure the tools, information, and resources that are needed to support collaborative initiatives that will emerge as a result of such efforts. In addition, the CWP can work through the U.S. Chamber of Commerce over time to help to build the momentum for national, state, and local policies that will promote workforce housing affordability.

Forum participants also made clear that the housing community must rethink its relationship with the broader business community. While it has always had ties with lenders, builders, and realtors, the housing community has generally not reached out to the business community at large. Forum participants identified at least two reasons why the housing community should in fact do so. First, in communities where businesses have already identified high housing costs as an issue, housing professionals have a perfect opportunity to identify shared interests and build the momentum for change. Second, in communities where it is not yet clear that high housing costs are harming businesses, the housing community has an opportunity to bring a new partner to the table in the interest of broadening the base of support for its traditional area of concern. This potential new partner, participants noted, can help to reframe the issue of affordable workforce housing, encouraging the public at large – and its elected representatives – to consider the effects of high housing costs on communities and not just the effects on individuals.

In the end, the two groups' shared concern for community was perhaps the most notable outcome of the discussion. Housing professionals tend to view business leaders as self-interested profit-seekers, while the business community typically views "housers" as single-minded proponents of public spending and market regulation. In reality, both groups understand clearly that for individual communities to thrive, the businesses within those communities must be competitive, and the people employed by the businesses must earn enough at the very least to afford life's basic necessities. Both groups understand that when workers find themselves with no choice but to move further and further away from their place of employment in order to afford housing or live in stable neighborhoods with good

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schools, quality of life measures come into play. Both groups understand that when individuals face such tradeoffs, communities ultimately pay the price. The national leadership forum served to underscore that both business and housing groups want to assure that workers have better options so that communities can enjoy the type of economic stability that is conducive to business.

“Workforce housing is a challenge that transcends any of our abilities to solve alone,” commented Richard Syron, Chairman and CEO of Freddie Mac, in his keynote address to conference participants. His observation emphasizes how critically important it is for members of the housing and business communities to recognize their shared interests and work together. With the support of intermediary organizations, such as the Center for Workforce Preparation, and through local outreach efforts, the two groups can do much to address the harmful effects of high housing costs upon individuals, businesses, and this nation’s communities.

OVERVIEW

In some of the costliest areas in the nation, employers are beginning to identify a link between high housing costs; employee recruitment, productivity, and retention; and their own bottom line. What about businesses elsewhere? As workforce housing initiatives spring up in communities across the nation, and as a small but growing number of employers offer housing benefits to their employees, the question arises: Are high housing costs undermining the type of competitive business environment that is essential to strong, vibrant communities? Should the increasing cost of housing therefore be added to the list of traditional business concerns?

In September 2004, the Joint Center for Housing Studies of Harvard University and the Center for Workforce Preparation of the U.S. Chamber of Commerce convened a national forum of housing, chamber, and business leaders to consider these issues. With support from the Rockefeller Foundation, the event provided a groundbreaking opportunity for selected leaders from the business community and the housing industry to share their perspectives on the role of affordable workforce housing in promoting and protecting community vitality. The housing and business communities tend not to see eye-to-eye on such issues and have rarely collaborated to address them. This event presented an opportunity for them to do so.

A survey distributed to all delegates in advance of the meeting asked them to comment on workforce housing issues. Local chambers were asked to describe how housing affects their members and what they have done about it. The results showed that whether communities are facing an influx of jobs and people (“suffering from success” communities) or an exodus of jobs and people (“stemming the tide” communities), housing problems contribute to the overall challenge of sustaining a vibrant business climate. For their part, housing leaders emphasized the importance of involving the business community in efforts to address workforce housing need.

Survey results provided a context for delegates’ views on the issues, helping to set the stage for productive discussion. The forum agenda was structured to facilitate such discussion. The first two panels were comprised of business and then housing leaders, respectively. The forum concluded with delegates breaking into four working groups. Each group was charged with identifying barriers to housing/business collaboration and strategies that have worked to overcome such barriers. Group members were also asked to suggest activities that the two communities could undertake jointly, going forward, in order to advance the cause of affordable workforce housing.

OVERVIEW

Between the opening and closing sessions, delegates heard from speakers who shared their own unique perspectives on the workforce housing challenge. **Eric S. Belsky**, Executive Director of the Joint Center for Housing Studies of Harvard University, provided a data-rich analysis of the housing affordability problem and its broad consequences. **Haya El Nasser**, a reporter with *USA Today*, shared insights into the particular elements of the housing affordability issue that attract reader interest and therefore gain media coverage. **The Honorable Dennis C. Shea**, Assistant Secretary for Policy Development and Research at the U.S. Department of Housing and Urban Development (HUD), described HUD's regulatory barriers initiative, as well as its efforts to promote homeownership. Keynote speakers **Richard Syron**, Chairman and CEO of Freddie Mac; **Carl Guardino**, President and CEO of the Silicon Valley Leadership Group; and **Ken Kimbro**, Senior Vice President of Human Resources at Tyson Foods, Inc., discussed their organizations' efforts to address employee housing costs — what they did, and why they did it.

With direction and conceptual framing provided by **Nicolas P. Retsinas**, Director of the Joint Center for Housing Studies of Harvard University, and **Beth B. Buehlmann**, Vice President and Executive Director of the Center for Workforce Preparation of the U.S. Chamber of Commerce, delegates discussed local models of business involvement in housing and the important roles played by chambers in facilitating such involvement. They had an opportunity to evaluate these models and to exchange ideas about how they could be implemented elsewhere. In the end, they put forth a number of suggestions for how the housing and business communities could overcome barriers to collaboration, working together — in communities across the nation — to address the need for affordable workforce housing. Those suggestions are presented in this paper. Excerpts from the discussion are included, as well.

HOUSING AS A BUSINESS CONCERN

When business leaders talk about workforce housing costs, they touch on issues ranging from bottom-line concerns to broader social outcomes. “The average cost and overhead to fill a vacant position is about \$2,500, which may be low, but if we turn over 15 percent of our workforce with two or more years of service, we incur about \$26 million in associated costs,” says Ken Kimbro, Senior Vice President of Human Resources at Tyson Foods, Inc. Richard Syron, Chairman and CEO of Freddie Mac, says “the workforce housing issue...affects our companies, our transportation systems, our environment, our zoning, and, of course, the family lives of our people. And, ultimately, it forces us to ask what kind of society we want to be, and what kind of communities we want to have.”

IF WE TURN OVER 15 PERCENT OF OUR WORKFORCE WITH TWO OR MORE YEARS OF SERVICE, WE INCUR ABOUT \$26 MILLION IN ASSOCIATED COSTS.

*KEN KIMBRO
SENIOR VICE PRESIDENT FOR HUMAN RESOURCES
TYSON FOODS, INC.*

offer financial assistance to income-eligible employees who wish to become homeowners. Employees will receive help with downpayment or closing costs, and they will have access to homeownership counseling and low-downpayment mortgage products.

In addition to supporting such initiatives, Freddie Mac helps to promote homeownership among its own employees through its Home Benefit Program. This program, launched in October 2004, offers income-eligible employees an interest-free loan of up to \$12,000 that may be used to cover a downpayment, closing costs, loan origination fees, or discount points on a first-time home purchase. Twenty percent of the benefit is forgiven each year over a period of five years, a measure that is intended to promote employee retention.

Why are some employers talking about the cost of housing as a workforce retention issue? The short answer is that a jobs/housing mismatch has evolved over the past several years. Driven by rapidly increasing housing costs in some markets, workers have had to live further and further away from their places of employment to find housing that they can afford. In some markets, the mismatch results from employers moving out of urban areas and into suburban areas, putting more distance between relatively low-wage jobs and workers who remain in cities because they cannot afford suburban home prices. From the business perspective, the mismatch — whatever its cause — places a burden on employees that can affect retention and productivity.

In February 2004, Tyson Foods announced that it was launching a \$50 million homeownership initiative for its employees. Through a partnership with Freddie Mac, the company will

When I moved my business into Brooklyn 20 years ago, 20 percent of my workers were from the neighborhood. Now less than 2 percent are, and it's because of the cost of housing. We have had to shorten our working hours due to commuting times. The situation hurts us.

Norman Brodsky
President
Citistorage, Inc.

Some firms have found that housing costs influence recruitment, as well. Steve Queior, President of the Greater Sarasota Chamber of Commerce, points out that employers in Sarasota have trouble recruiting “almost anyone from roughly two-thirds of the country.” People fly in for an interview, Queior says, and then “they spend the afternoon with a realtor and walk away with a case of ‘sticker shock’.”

The increased interest in employer-assisted housing programs perhaps reflects the fact that the housing cost problem has worsened in recent years. Fannie Mae launched a housing benefit for its own employees in

1991. Shortly thereafter, it began to assist other employers wishing to launch similar programs. Up until the year 2000, Fannie Mae assisted 10 to 15 employers per year, on average. From 2000 until late August 2004, however, the firm had assisted nearly 500 additional employers.

Large and small employers alike have initiated programs. At the large end of the spectrum, employers such as Cisco Systems, Hewlett-Packard, Intel, and the Mayo Clinic offer a housing benefit to employees. To assist small businesses in its area, one nonprofit organization in northwestern Illinois, the Rock Island Economic Growth Corporation (RIEGC), administers employer-assisted housing programs for a fee. In addition to administering the programs, RIEGC provides employees with first-time homebuyer classes, credit counseling, and other services.

Recognizing the broader effects of high housing costs, some businesses have become involved in community-wide initiatives focused on planning and resource issues. Queior’s organization, for example, has been participating in an effort to launch an affordable housing trust fund in Sarasota County, Florida.

The business community’s focus on workforce housing costs perhaps reflects the fact that, in recent years, housing costs have begun increasingly to affect moderate- and middle-income households. An online database at the Web site of the Center for Housing Policy (<http://www.centerforhousingpolicy.org/p2p/index.php>) allows users to compare median home prices and rents in 136 metropolitan areas — and the median salaries required to afford such homes — with the median salaries of 64 occupations. In Houston, Texas, for example, the

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median price of a for-sale home in 2003 was \$137,000, beyond the reach of elementary school teachers, nurses, retail salespersons, and janitors. For police officers, 2003 median annual salaries were insufficient to afford a median priced home in Atlanta, Chicago, and Los Angeles.

In August 2004, *USA Today* examined the issue of employer involvement in housing, reporting data on earnings and home prices in various markets around the nation.ⁱ In San Diego, for example, where the median home price in 2003 was \$407,000 and a salary of \$126,851 was needed to afford the home, the median salary for elementary school teachers was only \$48,840.

One of the trends that is driving the jobs/housing mismatch seems insurmountable, at least for the time being. Specifically, job growth is occurring primarily in the lower-wage occupations and is likely to continue to do so in coming years. Other trends, however, could be addressed through better policymaking and increased attention to the importance of affordable workforce housing. If business leaders join housing advocates in calling for policies that support the production, preservation, and accessibility of workforce housing, the issue may gain greater visibility among elected officials, civic leaders, and the general public. For better policies to prevail, all of these groups must realize that their broad interests are at stake.

In fact, some employers have come to such a realization, looking beyond recruitment, retention, and productivity — traditional “bottom-line” issues — and turning their attention to the broader effects on communities of the jobs/housing mismatch. This mismatch affects different communities in different ways.

Many communities are “suffering from their own success.” They have succeeded in attracting employers and jobs, but regulatory barriers, public opposition to high-density and multifamily housing, and land-use policies have prevented developers from adding enough supply to keep up with the growing demand for housing. Median housing costs in such communities have been rising for several years — in many cases faster than median incomes. The employees of businesses located in such communities face a choice between paying dearly to live close to work and paying less to live further away — and spend more time

For businesses, getting involved in housing doesn't have to be about "civic mindedness." Chambers can play a leadership role helping businesses to understand how involvement in the issue serves their self interests.

Aaron Nelson
Executive Director
Chapel Hill-Carrboro Chamber of Commerce

HOUSING AS A BUSINESS CONCERN

commuting. Lower-wage employees typically face harsher options, choosing between housing located in relatively stable areas and substandard housing or housing located in marginal neighborhoods where schools are poor and safety is a concern.

Other communities have not been as successful at attracting employers and jobs. In fact, they have experienced a loss of jobs and residents. In “stemming the tide” communities such as Detroit, the effects of regulatory barriers and land-use policies on housing costs are perhaps secondary to their effects on businesses. For example, the challenges associated with assembling adequate land dissuade many employers from locating in Detroit. Though housing is relatively plentiful in the city, and housing costs are therefore affordable, most of the job growth in the Detroit metropolitan region is taking place in suburban communities where housing costs are unaffordable to low-wage workers. Businesses that choose to locate in such areas find that they have trouble attracting lower-wage workers from the city due to the lack of a regional transit system and the fact that a good percentage of city residents lacks a car.

Some “suffering from success” communities follow land-use practices deliberately intended to accommodate more employers than housing units, because the cost of providing services to residents — such as public education — is greater than the tax revenues received from them.



Steve Queior, Greater Sarasota Chamber of Commerce, Margaret Singleton, District of Columbia Chamber of Commerce, and Kenneth D. Wade, Neighborhood Reinvestment Corporation

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Such policies contribute to the jobs/housing mismatch and are therefore likely to continue to create problems for workforce recruitment and retention.

The Silicon Valley Leadership Group (SVLG), under the leadership of its President and CEO, Carl Guardino, offers an outstanding example of a group of employers who recognize that affordable workforce housing is one of many quality-of-life issues that affect a community's overall economic vitality. The public policy trade group represents 180 private-sector employers; its members provide one in four jobs in Silicon Valley.

SVLG is working precisely and deliberately to promote housing and land-use policies that will “preserve and increase the quality of life and economic vibrancy of Silicon Valley by increasing opportunities for workers and residents to secure affordable homes proximate to their work.”ⁱⁱ It was among the first business groups of its kind, and it is widely recognized for its advocacy of housing-friendly policies and its efforts to educate elected officials, civic leaders, and the broader public about the importance of affordable workforce housing and its link to broader quality-of-life measures (see full-page text box on page 27). Around the nation, similar but smaller-scale efforts have emerged, many of them initiated by local chambers of commerce that have come to appreciate the negative effects of high housing costs on communities and whose members believe such costs to be affecting their bottom line.

Some chambers have undertaken studies to gain a greater understanding of how housing costs affect businesses' bottom-line and community vitality more broadly. Others have been made aware of the challenge through the course of evaluating other areas of concern. For example, the Brooklyn Chamber of Commerce commissioned a review of the local labor market that was published in May 2004.ⁱⁱⁱ An excerpt from the paper's Executive Summary is telling:

While Brooklyn businesses enjoy being located in the Borough, they cite a number of obstacles to growth, including real estate costs, insurance premiums, and government bureaucracy. In addition, they are concerned that Manhattan attracts a significant portion of the better-qualified Brooklyn workforce. One unexpected area of concern that emerged was the growing lack of affordable housing for workers in the Borough. As this affects the availability of an entry-level and semi-skilled workforce, employers have begun to notice the negative impact on their businesses.

In the section of the report that summarizes primary research findings, the author notes that the lack of affordable housing came up in focus group discussions regarding business concerns. One employer representing a medium-sized business is quoted as saying “when my secretary announces she’s leaving and moving to the suburbs because her apartment down the street just got too expensive, I know there’s a problem.”

Chamber leaders also recognize the “quality-of-life” value of having employees live in the same communities in which they work, and they are therefore concerned about the broader negative effects of high housing costs. Aaron Nelson, Executive Director of the Chapel Hill-Carrboro Chamber of Commerce, views his job as “helping to make the community a good place to live, work, play, and learn.” Nelson says this is the best way he can serve his membership. When the local

economic development commission reported that 40 percent of the local workforce drives in from elsewhere due to high housing costs, Nelson knew that there were underlying costs

**INSTEAD OF THE PEOPLE FOLLOWING
THE JOBS, THE JOBS ARE FOLLOWING
THE PEOPLE.**

***JAIME ROSSI
PUBLIC POLICY CONSULTANT
SAN FRANCISCO CHAMBER OF COMMERCE***

to employers and to the community as a whole. “We lose out on volunteerism and retail dollars, we deal with traffic-related environmental damage, and we see wage inflation, because employers have to pay more to compensate people for their long commutes,” he says.

Chambers in other areas of the nation are concerned that high housing costs are not only making it more difficult for employers to compete for employees; they are making it difficult for some cities to compete for businesses. In San Francisco, for example, Jaime Rossi, a public policy consultant for the San Francisco Chamber of Commerce, cites the example of Chevron, which relocated its headquarters to San Ramon, just over 30 miles from San Francisco. “Instead of the people following the jobs, the jobs are following the people,” Rossi observes.

In Brooklyn, some businesses have actually been forced out as an indirect consequence of high housing costs. Randolph Peers, Vice President for Economic Development with the Brooklyn Chamber of Commerce, points out that the city has been converting industrial areas to residential use, which pushes real estate costs upward. “We’ve lost businesses in some of these areas,” Peers says, “because their rents have become too costly.”

In San Diego, one prominent member of the chamber attended a CEO Roundtable meeting at which housing arose as a side discussion. According to Michael Nagy, Policy Coordinator for Health Care, Housing & Small Business Advocacy with the San Diego Chamber of Commerce, the discussion that “went on to consume three hours,” as meeting participants related the troubles they face seeking to attract and retain qualified workers. Several CEOs suggested that they were considering pulling their businesses out of the area.



Aaron Nelson, Chapel Hill-Carrboro Chamber of Commerce

Dale Vollrath, President of TRC Staffing Services in Sarasota, Florida, believes that “if something isn’t done about high housing costs, the economic engine will be affected.” The economic engine in Sarasota depends largely on tourism. “The people who make the beds in the hotels, clean the rooms, and cook the meals earn about \$6 to \$7 per hour.” Meanwhile,

IF SOMETHING ISN'T DONE ABOUT HIGH HOUSING COSTS, THE "ECONOMIC ENGINE" WILL BE AFFECTED.

**DALE VOLLRATH
PRESIDENT
TRC STAFFING SERVICES (SARASOTA, FLORIDA)**

Vollrath says, housing prices in the last year have gone up 33 percent, while wages have remained flat. “The median income in the area is \$32,000

— which is more than many of our employees earn — and the median income required to purchase the median-priced home has risen to \$90,000.”

Vollrath, who until recently served as chair of the Suncoast Workforce Board, points out that low-wage workers have to commute greater and greater distances, with fuel costs going up. “There is virtually no public transportation for people in the workforce,” he adds, “and many low-wage workers have unreliable transportation.” The result is that many companies are having to transport people in to work, a practice that will only increase, Vollrath predicts. Many of the lower-wage workers who commute to Sarasota now live in either Palmetto — an area characterized by a rundown, aging housing stock — or in South Sarasota County, an area that is “booming” in terms of relatively lower-cost housing but has very few jobs to offer beyond retail.

HOUSING AS A BUSINESS CONCERN

If something isn't done about the housing/jobs mismatch, Sarasota could one day find itself competing for employers — and jobs — with areas such as South Sarasota County. “People need to understand that the price of doing nothing is much greater than the price of doing something,” Vollrath says.

The link between workforce housing costs, businesses' bottom line, and the overall competitive capacity of communities might be best described not as tenuous, but as poorly understood. As housing costs continue to create challenges both for individual businesses seeking to attract and retain workers and for individual communities seeking to attract and retain businesses, the number of chambers engaged in workforce housing issues will almost certainly become greater. Business leaders and chamber executives at the national leadership forum were quite clear that they understand the workforce housing problem to be an emerging business concern.

Collaboration between the housing and the business communities is essential to addressing the workforce housing challenge. Obstacles to collaboration and steps that can be taken to overcome them are addressed in the next section of this paper.

**EXCERPTS FROM REMARKS BY
RICHARD F. SYRON, CHAIRMAN AND CEO, FREDDIE MAC**

Homeownership affects so much that is important: the quality of our schools, the safety of our neighborhoods, the condition of our cities, the cohesion of our communities, the health of our economy. And it is the most widespread means for American families to build lasting wealth.

Do we want communities in which families of different incomes and backgrounds can live and interact with one another? Or do we want to be separated and distanced from one another as our communities become ever more rigidly divided by class? At the end of the day, we're going to have to grapple with these big, tough questions.

Just since the year 2000, U.S. house prices have increased more than twice as fast as the growth in personal income.

We see families... relying more and more on two incomes — and more young married couples moving back with their parents.



Many occupations that directly serve our communities cannot afford to live in [them]. For instance, teachers, nurses, and police officers cannot afford a median-priced home in most cities.

**EXCERPTS FROM REMARKS BY
KEN KIMBRO, SENIOR VICE PRESIDENT, HUMAN RESOURCES, TYSON FOODS, INC.**

Workforce stabilization is a priority for our company. The benefits of a stable, productive workforce are essential to our long-term success.

In order for an organization like ours to excel [we must] distinguish our overall employee benefit offering from other employers in order to attract and retain a productive workforce.

Our belief is that we can improve the quality of life for not only our team members and their families but the community at large by providing an essential benefit (the opportunity to own a home). On a larger scale this improves a community's tax base and its attendant infrastructure and school systems.



Demographics and socioeconomic issues are key elements in managing any workforce. Minimizing disruptive influences that accompany these issues does play a role in workforce stabilization, and obviously one of the central components is affordable housing.

Understanding the barriers that our workforce faces enables us to more effectively manage our business.

Our world is full of very competent people who honestly intended to do things tomorrow... Their accomplishments... seldom match those of the less talented who are blessed with a sense of the importance of getting started now.

OBSTACLES TO BUSINESS/HOUSING COLLABORATION

Forum participants placed structural factors, a lack of information and data, mutual mistrust, communication issues, and a paucity of shared forums at the top of the list of barriers to collaboration between the housing and business communities.

Structural factors. Many local chambers of commerce represent businesses with fewer than 50 employees. Such businesses have limited capacity for involvement in issues beyond their day-to-day business operations. This does not necessarily mean that they are unaware of workforce housing issues, or that they are unsympathetic to their own employees' struggles to afford housing. It may mean that they don't think they can do much about it or lack the resources to investigate what others may be doing.

Chambers that represent primarily small businesses are likewise pressed to veer too far beyond the areas of traditional business concern, such as worker education and training. To build a critical mass of members interested in housing, such chambers need to engage in education and outreach, two time-consuming and costly activities. In fact, one critical function of the Center for Workforce Preparation (CWP) at the U.S. Chamber of Commerce is to help local chambers identify and use existing workforce supports, such as child care, health care, and transportation. For chambers whose members are primarily small businesses, CWP plays an especially important role.

Another structural problem identified by forum participants has to do with the fact that businesses have a broad array of interests, whereas the housing community has a single-issue focus. So, while housing is the agenda for the one community, it may not even be an agenda item for the other. One participant at the national leadership forum pointed out that housing professionals in fact represent a broad spectrum of interests. Of the 14 housing organizations surveyed in advance of the forum, for example, 11 have worked with state or local chambers of commerce. Of the 12 chamber representatives surveyed prior to the national leadership forum, four ranked the workforce housing challenge as a top priority, six gave it lower priority, and two did not have housing on their priority list.

Chambers have mixed constituencies. If I have enough members talking about housing costs, it becomes an issue. But I may still have just as many members who oppose chamber involvement.

Randy Peers
Vice President
Brooklyn Chamber of Commerce

OBSTACLES TO BUSINESS/HOUSING COLLABORATION

Participants noted that these structural problems combine to result in the lack of a clear, practical agenda comprised of “action items,” an outcome that presents an effective obstacle to collaboration. When combined with the education issues described below, the difficulties of organizing such a diverse group could understandably give way to the compulsion to continue with “business as usual.” As Tyson Foods’ Ken Kimbro noted, however, “if you don’t have a sense of urgency, now is the time to start developing it.”

Lack of information and data. One important obstacle to collaboration, according to business and chamber executives at the national forum, is the lack of information and data about the extent and nature of the housing problem. Even in cases where a link between turnover rates and high housing costs could be established, it would be difficult for many businesses to quantify the effects to their bottom line, because there is no set methodology for assessing the costs associated with turnover and recruitment.

Not all developers are the same. Some will push for inclusionary zoning for business purposes.

Bart Harvey
Chair and CEO
Enterprise Foundation

Furthermore, many businesses are uncertain where to find data on local housing costs, or how to interpret the data. This makes it difficult for them to know if, when, and how to intervene. It also makes

it difficult for them to appreciate the connection between high housing costs, broader quality-of-life measures in the communities in which they are located, and their overall competitive capacity. Several forum participants called for some way of measuring the direct effect of high housing costs on businesses’ bottom lines, and they expressed a desire to have a better understanding of the indirect costs.

Sherrie Gilchrist, President of the Chattanooga African American Chamber of Commerce said the biggest challenge she faces is finding a way to make business leaders aware of trends. “We’re facing enormous growth,” Gilchrist says, “and we have lots of elderly residents who may soon be unable to afford their property taxes. We’d like to involve our members in preventing that from happening, but we aren’t sure what to do.”

Finally, forum participants agreed that greater education is required regarding the nature of the problem and whether it can be solved. Specifically, business leaders want to understand for whom housing costs are a problem and the extent to which their direct intervention would be

justified. One forum participant noted that business leaders have a “belief in the marketplace” and its ability to solve problems. Housing advocates thus have some work to do in demonstrating how structural problems, budget constraints, and land-use practices combine to leave certain segments of the labor market unserved by the housing market.

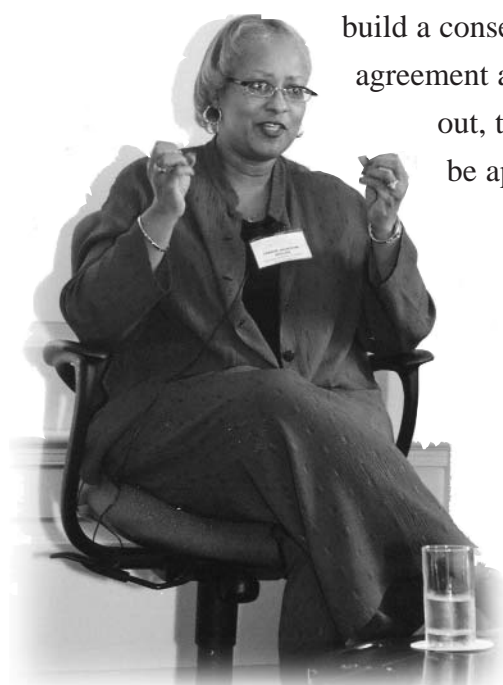
Affordable housing can't be built without public intervention. That's tough for the business community to accept.

Shekar Narasimhan
Managing Partner
Beekman Advisors, LLC

Mutual mistrust. The need for education points to a related barrier to collaboration identified by forum participants, and that has to do with misperceptions, assumptions, and a lack of trust between members of the business community and traditional housing advocates. Each group, participants agreed, has a tendency to generalize about the other. Businesses hear the term “affordable housing,” and they think of crime-ridden slums funded by Soviet-style government programs. Housing advocates, on the other hand, perceive businesspeople to be motivated exclusively by bottom-line considerations — caricatures of the “greedy developer.” In fact, some participants noted, past battles over development policies have fueled such misperceptions, with housing advocates coming down in favor of “quality standards and financing measures,” and businesses standing in opposition to “increased regulation and taxation.” Forum participants agreed that such generalizations often preclude collaboration that might otherwise serve the two groups’ shared interests.

In his keynote address to forum participants, Carl Guardino discussed how the Silicon Valley Manufacturing Group deals with the fact that the views of its many members are colored by differing backgrounds, experiences, and ideologies. The group follows what Guardino calls “the 95/5 principle,” meaning that they recognize that they will agree 95 percent of the time and disagree 5 percent of the time. Rather than spending time distracted by the “5 percent issues,” the group sets them aside, opting to expend energy on areas of agreement.

Communication issues. Forum participants also discussed semantics and language, identifying communication as an obstacle to collaboration. Business and housing leaders alike often seem to deal in impenetrable jargon, confounding acronyms, and — on the housing side, particularly — reference to little-known government programs. To understand one another and build a common agenda, the two groups must either find a common language or each must learn the language of the other. Only by doing so will business and housing leaders be able to



*Terrie Jackson-Miller,
Greater Omaha Chamber of Commerce*

build a consensus that reflects their clear understanding about areas of agreement and disagreement. As several forum participants pointed out, this sort of clarity is necessary if the 95/5 principle is to be applied successfully.

Paucity of shared forums. Several forum participants noted that housing leaders are not well networked with the business community. While they have reached out to businesses that share common areas of interest — the mortgage lenders and others mentioned earlier — they have not reached much beyond this group. Forum participants from the housing community noted that the same is true of business leaders.

Thomas Bledsoe, President of the Housing Partnership Network (HPN), pointed out that many of his members — nonprofits in the affordable housing industry — were started by local businesses, many of them banks. With the pace of mergers and acquisitions in the banking industry in recent years, this trend has subsided. Nonetheless, many HPN members retain strong business ties, though they may not be members of their local chambers of commerce.

Given the two communities' misperceptions of one another and the need to find a "common language," forums that allow for regular interaction between the two groups are an essential precursor to collaborative action. Many participants suggested that the national leadership forum should be repeated with some regularity, and that opportunities to convene local leaders should be explored.

Having identified a number of obstacles to housing/business collaboration, forum participants were then asked to describe measures that have worked to bring the two groups together.

WHAT HAS WORKED?

Leadership forum participants heard many examples of strategies that have worked to bring housing and business leaders together over the issue of workforce housing. These examples can be sorted into three groups: (1) having chambers play the role of “convener,” (2) a sense of urgency or “crisis,” and, quite simply, (3) action.

Chambers as conveners. Forum participants agreed unanimously that business and housing groups must work together to address the workforce housing challenge and that chambers, which are typically trusted within the community and viewed as important stakeholders, can play a

critical role as conveners. The chamber in San Diego, for example, has its own housing committee that meets monthly. The committee’s 34 members represent a broad array of industries and interests, ranging from the U.S. Navy and the San Diego Housing Commission to private developers, business owners, and the local association of Realtors. Under the leadership of committee chair Sherman Harmer, President of Urban Housing Partners, and vice chair Susan Riggs Tinsky, Vice President of Government Affairs and Public Relations for the San Diego Association of Realtors, the committee is in the process of drafting recommendations on some of San Diego’s key housing challenges. It will ask the Chamber Board of Directors to endorse the recommendations before presenting them to the mayor.

For his part, the mayor is enthusiastic about the chamber’s involvement in the issue. As Michael Nagy points out, chamber members who support otherwise contentious housing and land-use measures can give cover to elected officials as they vote to “do the right thing.” This type of advocacy is one of the strategies employed by Guardino’s Silicon Valley Manufacturing Group (see full-page text box on page 27).

At zoning hearings, those who oppose affordable housing always show up. Supporters do not. Elected officials are caught in the middle.

James Hunt
Councilmember
City of Clarksburg, West Virginia
and
Second Vice President
National League of Cities

Chambers can pressure local government officials and be the "scapegoat." We can say, "Employers tell us they need this housing for their workforce."

Steve Queior
President
Greater Sarasota Chamber of Commerce

Does "workforce" mean "workers for businesses," or is there a deeper meaning? In Jacksonville a few years ago, we did a project that involved builders, the city, and the public housing agency. The motive for collaboration was a belief that all people deserve a place to live.

Tom Jones
Managing Director
Habitat for Humanity International

The chamber in Chapel Hill-Carrboro has taken a different approach to convening community stakeholders. It started a “Council on Workforce Housing” that meets regularly and is comprised of affordable housing groups, major employers, realtors, lenders, and others. Not all of the Council members belong to the chamber, however. According to Aaron Nelson, Executive Director of the chamber, one thing that attracted nonmembers was their desire to gain access to chamber members. The

Council recently launched a website that serves as a sort of clearinghouse for information about the local housing market.^v

In San Francisco, the chamber includes “workforce housing and land use” among its top public policy priorities. In devising specific policy proposals, it convenes stakeholder meetings, seeking input and feedback. The chamber was one of the main backers of two recent affordable housing measures that would have created incentives for developers to build housing for middle-income households. To help shape these proposals, the chamber convened meetings with the board of supervisors and with neighborhood and community groups, seeking their input. It also conducted a survey which found that “more than two-thirds of San Francisco renters aspire to homeownership — if only it were affordable.”

National leadership forum participants suggested that whatever sort of “sustained forums” chambers choose to convene or join, they should seek to include not only business and housing leaders, but representatives from the broader community and elected and other local officials. An inclusive, chamber-led approach will get business leaders focused on the problem, and it will involve them in setting the agenda. From the perspective of housing groups, participants identified two potential benefits from involvement in chamber-led initiatives. The first is connections. The second involves expanding their access to “the middle of the political spectrum.”

Chambers can also have an effect by becoming involved in government-sponsored or government-brokered partnerships. The Greater Sarasota Chamber of Commerce, for example, has joined several groups from both the public and private sectors to work with Sarasota

County, which has formed a “Community Housing Working Group” to advise county commissioners on how best to deal with the affordable housing challenge. The county initiative evolved out of discussions initiated by the chamber when it became clear that housing costs in Sarasota were harming business recruitment efforts.

Finally, chambers can follow an example provided by the Silicon Valley Leadership Group (SVLG). SVLG’s “Housing Action Coalition” is comprised of three standing committees, one of which engages in outreach and education. This committee coordinates a speaker’s bureau made up of CEOs and other

prominent business leaders. Speakers attend the regular meetings of community and religious groups, service organizations, and neighborhood associations to talk about affordable housing. They present slides and ask their audiences to distinguish between affordable and market-rate homes. The effort has helped to destigmatize “affordable housing,” partly because audiences are frequently unable to discern which units are affordable, and partly because speakers come from the business community.

We need to make the challenge manageable. It needs to be broken down into tasks that can be accomplished.

Kenneth D. Wade
CEO
Neighborhood Reinvestment Corporation

“Crisis.” As many forum participants noted, many areas of the nation face housing costs that are high enough to constitute a crisis — a situation that creates not only the potential but the need for collaboration. In San Diego, for example, only one in 10 members of the workforce can afford the median-priced home. According to consultant Jaime Rossi, “Only 11 percent of the people who live in San Francisco can afford the median-priced home.” In Chapel Hill-Carrboro, housing price appreciation of 6 to 8 percent annually threatens to compromise the area’s quality of life. According to Nelson, one event that drew the chamber’s attention to the issue of housing costs was a recent finding by the local economic development commission that nearly 40 percent of the Chapel Hill-Carrboro workforce commutes in from surrounding communities.

One “good” that can come from crisis is that it may provide the needed impetus for relationship-building between housing and business interests on broader community issues. Businesses that do not see a bottom-line effect that they can attribute to high housing costs may still be persuaded to take an interest in workforce housing if they recognize that broader quality-of-life issues are at stake. Crisis provides an answer to the question “Why should I care?”

OBSTACLES TO BUSINESS/HOUSING COLLABORATION

Crisis also creates the necessity for a strategic approach, since problems that have reached the crisis phase often require a long-term, thoughtful response that has broad buy-in. Eric S. Belsky, Executive Director of the Joint Center for Housing Studies of Harvard University, pointed out to participants that study of the problem can be an important starting point for such an approach, “so that all can agree on the dimensions of the problem.” Such a study, he notes, can be used later “for advocacy and education.” In his presentation to forum participants, Belsky made reference to a number of measures that can be used to demonstrate the effects on the workforce of high housing costs, and he cited studies that provide good examples of how to document the problem. These materials are listed in the appendix to this report.

Whatever form collaboration may take, forum participants agreed that it is best launched with the choice of a leader who is widely respected; the establishment of quantifiable, short-term objectives; and an “early win” to encourage continued effort. In fact, as the San Francisco Chamber of Commerce found in one of its early policy efforts, a crisis situation creates the need to find “win-win” situations.



Jaime Rossi, San Francisco Chamber of Commerce

“Affordable housing has become a zero-sum game,” Rossi says, explaining that the San Francisco chamber recently faced opposition from housing groups focused on lower-income households when it worked to advance a proposal geared toward serving middle-income needs. “We have learned to work early with potential opponents,” Rossi says.

Rossi’s example reveals the wisdom of creating a dialogue that considers the needs of the entire spectrum of people living in a community. While some business leaders at the forum said that the only way to get businesses to the table is to “make it about jobs, retention, recruitment, and productivity,” others viewed the cost crisis as an opportunity to expand the discussion.

Ian McCarthy, President and CEO of Beazer Homes USA, Inc., and a member of the board of directors of the Metro Atlanta Chamber of Commerce, describes how a sense of crisis in Atlanta encouraged the chamber to assume a role in educating the public about sustainable

land-use policies. “Atlanta is the largest housing market in the country,” McCarthy says, “and it is also the least dense.” He cites land-use regulations — large minimum lot size requirements, in particular — and ‘NIMBYism’ as the two key factors that pushed development into suburban areas. “The infrastructure can’t keep up,” McCarthy notes. As a result of the chamber’s education efforts and the willingness of its members to reach out to political leaders, McCarthy says, growth is now being directed back into the city.

Restrictive land-use regulations are also a factor in Florida. According to Steve Queior, such regulations are contributing to Sarasota’s rapid home price appreciation. “Home prices went up by 20 percent two years ago and by another 30 percent last year,” he says. The Community Housing Working Group in which the chamber participates has taken a broad view of the housing challenge; it put forth a number of principles that



Ian McCarthy, Beazer Homes USA, Inc.

define what it calls “Community Housing,” including “Community Housing is recognized as necessary ‘Community’ infrastructure for economic and social sustainability” and “economic opportunity, workforce availability, and Community Housing are interdependent.”^{vi} The principles were adopted in September 2004 by the Sarasota Board of County Commissioners and provide a framework for the implementation of the county’s housing and community development resources.

Action. Thirty-six states and numerous counties and cities have established housing trust funds. Each fund benefits from a dedicated source of public revenue and is used to support the production and preservation of affordable housing and related activities. Getting these funds established required political action by housing groups who reached out to the broader community to make their case and received public support.

In the District of Columbia, targeted neighborhood development engages both the housing and business communities, according to Margaret Singleton, Director of Workforce Development

OBSTACLES TO BUSINESS/HOUSING COLLABORATION

with the Washington DC Chamber of Commerce. So too do proposals to provide new homes for middle-income households. “We have high-income households and low-income households,” Singleton explains, “and not much in between.”

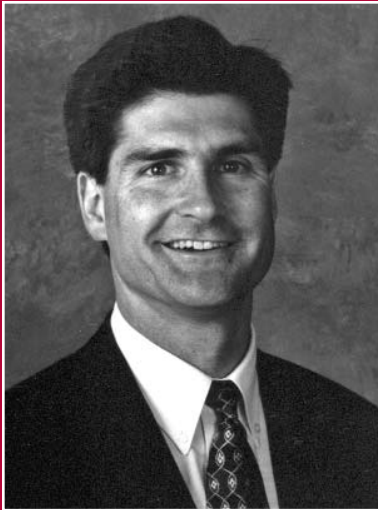
In Omaha, according to Terrie Jackson-Miller, Director of the Minority Economic Development Council at the Greater Omaha Chamber of Commerce, the housing and business communities came together in support of a proposal for a mixed-use development that included low-income housing, a park, light industrial uses, and market-rate housing.

Housing trust funds, neighborhood development, and mixed-use proposals are three types of efforts on which housing and business groups could collaborate. Forum participants suggested that the two communities might also seek opportunities to collaborate in the redevelopment of brownfield or greyfield sites, the notion being that the public will buy into the redevelopment of such undesirable sites, giving housing and business leaders an “early win.”

Several forum participants suggested actions that housing and business leaders could do to build credibility with one another. Housing leaders, for example, might reach out to industries facing severe worker shortages, such as hospitals. In fact, many hospitals are among the employers that now offer an employer-assisted housing benefit. Hospital leaders might take an interest in community development issues more broadly, however. They might appreciate the opportunity to work with the housing community on public health challenges related to poor housing or unsafe neighborhoods. For its part, the business community could show support for measures intended to increase the resources available to support local housing initiatives. “There is no way of getting around the fact of needing additional resources,” offered Ken Wade, CEO of the Neighborhood Reinvestment Corporation.

In addition to identifying obstacles to business/housing collaboration and discussing strategies that have worked to overcome such obstacles, forum participants also identified measures that would help to promote greater collaboration going forward. These measures are described in the next section of this paper.

**EXCERPTS FROM REMARKS BY
CARL GUARDINO, PRESIDENT AND CEO, SILICON VALLEY LEADERSHIP GROUP**



We follow three key strategies: advocate, educate, and legislate. Let me describe for you what I mean by each.

ADVOCATE. We have established criteria for housing that merits support. For example, we generally support infill development and development located near transit stations. If housing is proposed that meets the criteria, our members go out and advocate for it. Since 1993, we have advocated for nearly 140 developments in 17 cities, increasing the number of ownership and rental units by more than 34,100. Nearly 8,800 units fall in the affordable range.

EDUCATE. We have task forces that focus on educating public officials and the broader community. Four times annually, one CEO will host lunch for a small group of local elected officials and developers. Each official stands up with a developer to describe a successful development. Then each official describes what was hardest about getting to a “yes” vote. We’re also planning similar efforts for planning commissions. We have a speakers bureau with slides. We show up at meetings even if there isn’t a development proposal on the table. We show the slides and ask whether people can tell the difference between affordable and market-rate housing.

LEGISLATE. We track local, state, and federal measures, opposing or supporting them as appropriate. We also promote efforts such as the Housing Trust of Santa Clara County, which is partly supported by public funds and provides development financing for affordable housing.

* * *

Our work is also guided by two fundamental principles:

THE 95/5 PRINCIPLE. We recognize that, as a diverse group, we’ll probably disagree about 5 percent of the time. We’ve agreed not to get distracted discussing the “5 percent issues,” so that we can focus on the areas in which we have 95 percent agreement.

LOW-HANGING FRUIT PRINCIPLE. Simply put, we recognize that success with the fruit at the lowest level encourages people to climb higher. This strategic principle helps to shape our efforts to educate, advocate, and legislate.

AN ACTION AGENDA: NEXT STEPS

Todd Cohen, Program Officer with the Center for Workforce Preparation, describes chambers as “influential intermediaries that are attuned to local business needs and able to reach out to stakeholders who might not normally be at the table.” As examples in the previous section demonstrate clearly, chambers can be invaluable participants in the workforce housing discussion, at the local, state, and national levels. The ideas presented below were put forth by participants at the national leadership forum. They describe how chambers — and the Center for Workforce Preparation of the U.S. Chamber of Commerce — can usefully become involved in the effort to address the workforce housing challenge. Participants also described efforts the housing community could undertake to facilitate the involvement and effectiveness of businesses and their representatives. Those steps are:

The business and housing communities share common goals — a productive economy, good jobs, strong families, and competitive communities. We need to focus on the areas of common interest in crafting our collaborative agendas.

Beth B. Buehlmann
Vice President and Executive Director
Center for Workforce Preparation
of the US Chamber of Commerce

- 1. Secure the needed tools**
- 2. Support local efforts**
- 3. Engage in advocacy**

SECURE THE NEEDED TOOLS

Business leaders at the national forum were clear that they need tools to help them better understand the housing challenge, its impact on their bottom line, and its consequences for the broader community. The Center for Workforce Preparation (CWP) can help to procure such tools.

Businesses recognize that there are costs associated with such things as recruitment and turnover. What is not clear is how to measure such costs. Also unclear is whether other costs incurred by businesses may be related to high housing costs. **Practical methodologies for identifying and quantifying the bottom-line implications of high housing costs are needed.**

Some groups have taken measures to quantify such costs. The many companies served by Fannie Mae's employer-assisted housing programs identify recruitment and retention as among the top factors influencing their decision to implement housing benefits, according to Beth Marcus, the Director at Fannie Mae who holds responsibility for developing and implementing workforce housing strategies. The issue of turnover costs has also been a subject of conversation at the Suncoast (Sarasota) Workforce Investment Board's one-day business forums. National leadership forum participants agreed that more **research into recruitment, retention, and turnover costs** is needed.

Jaime Rossi, the public policy consultant to the San Francisco Chamber of Commerce, called for "a correlation study of housing costs that effect businesses' bottom lines." Such a study is something that CWP might commission, with foundation funding. The results could be distributed to local chambers, along with assessment tools derived from the study's methodology, or they could be published on a website with interactive forms that employers could use to estimate their own "housing-related" costs.

Business leaders and chamber executives at the national forum also expressed a desire to understand local housing markets and the nature and degree of the affordability problem. The CWP could advance this effort by providing **"diagnostic" tools, website links to organizations that gather data on local markets, and a means for U.S. Chamber of Commerce members to share information with one another** regarding their use of such tools and data.

Aaron Nelson, Executive Director of the Chapel Hill-Carrboro Chamber of Commerce, describes one diagnostic tool that has great potential for replicability in other communities. The University of North Carolina (UNC) at Chapel Hill conducted a study to assess the extent of the jobs/housing mismatch among its employees. A university professor used **geographic information systems (GIS)** software to map where UNC employees live according to salary. "The results were stunning," Nelson says, adding "there were some exceptions of upper-income employees living far out of the city — people who simply prefer to have more space and are willing to pay the price as commuters in order to obtain it — but, for the most part, the lower-wage employees lived further out, in areas where housing costs are relatively lower." GIS software is employed by most municipalities and university planning schools, so this simple methodology could be replicated with virtually any employer in any community.

Some communities use GIS software to engage in “**resource mapping**,” a practice that involves identifying the assets and resources within a community and displaying them by location. Margaret Singleton, Director of Workforce Development with the Washington DC Chamber of Commerce, explains that her chamber has used this means of educating its members about various workforce supports. “When the business community appreciates the resource base within the community, it changes how they think about such functions. They begin to view them as venture opportunities rather than ‘subsidies’ or ‘charitable endeavors’.”

Data on local markets can be obtained through a number of means. The websites of two national organizations provide databases that compare local housing costs with wages. According to Sheila Crowley, President of the National Low Income Housing Coalition, her organization’s Web site (<http://www.nlihc.org/oor2003/>) includes an **interactive database** that provides users with information on the wages needed to afford rents in municipalities across the nation. The required wages are compared against the earnings of minimum wage households and other lower-income workers. The site also displays the “Housing Wage” for each municipality — i.e., the amount a full-time worker must earn in order to afford a two-bedroom apartment at the Fair Market Rent.^{vii}

Conrad Egan, President and CEO of the National Housing Conference (NHC), suggested that participants visit the website of the Center for Housing Policy (NHC’s research affiliate). The site (<http://www.centerforhousingpolicy.org/p2p/index.php>) enables users to compare median home prices and rents in 136 metropolitan areas — and the median salaries required to afford such homes — with the median salaries of 64 occupations.

Through its own Web site, CWP might offer descriptions of these diagnostic tools, as well as links to the NLIHC and NHC Web sites. CWP might also host **Web-based discussions** about how to use such tools and data, publicizing the events through existing U.S. Chamber of Commerce communications to members. Finally, CWP might establish **listservs** to facilitate ongoing discussion among chamber members, researchers, and staff from NLIHC, NHC, and other housing organizations, as appropriate.

We are helping to facilitate the creation of a vision by partnering with others in the community and bringing expertise, funding, data, and research to the table.

Steve Queior
President
Greater Sarasota Chamber of Commerce

SUPPORT LOCAL EFFORTS

Once local chambers have determined that housing costs do affect them, they may need help determining what to do about it. CWP could play a role here, as well, by developing resources that describe the housing-related initiatives in which some chambers are already involved, forming partnerships with organizations that can help, and promoting discussion.

Chamber executives who participated in the national leadership forum represented local and regional chambers. Some of them have convened housing-related groups, reaching out to a broad array of stakeholders to promote strategic thinking about the workforce housing challenge. CWP might find a means of translating their experiences into resources that would be useful to chambers that are new to the issue. For example, CWP might ask chamber executives from places such as Chapel Hill-Carrboro, San Diego, and Greater Sarasota to write **case studies** describing how they got organized around the issue, what role they play, and lessons learned.

Too few suburban communities allow for diverse housing options.

Dennis Shea
Assistant Secretary for Policy Development and Research
U.S. Department of Housing and Urban Development

In his presentation to national leadership forum participants, Eric Belsky concluded by identifying some of the key issues that chambers will have to address as they formulate

housing initiatives. Who should be invited? How should the problem be defined and measured? How can momentum for change be built? How should success be defined and measured? Many chambers are already tackling these issues and therefore have much to offer to their colleagues. CWP could play a role by providing some of the same Web-based tools described previously, including discussions and listservs linked to particular case studies.

Action requires resources. Local chambers that become involved in workforce housing initiatives would benefit from efforts by CWP to identify such resources. For example, Fannie Mae and Freddie Mac both offer employer-assisted housing programs of which local chambers could usefully be made aware. Working with either or both organizations, CWP might establish a **speakers' bureau** made up of business leaders who have chosen to provide employee housing benefits. Speakers could address U.S. Chamber of Commerce gatherings. Their comments could be recorded and made available via the Web.

Various federal agencies — the Departments of Labor and Transportation, for example — may have programs that would support chamber-initiated workforce housing efforts. CWP should build upon its connections with these agencies in the interest of informing U.S. Chamber of Commerce members about resources that can support local efforts.

The U.S. Department of Housing and Urban Development’s **America’s Affordable Communities Initiative (ACCI)** offers one example of a federal program that could spur housing/business collaboration on the workforce housing issue. The program is intended to help communities identify and overcome regulatory barriers that add to housing costs. Bob Mitchell, past president of the National Association of Home Builders and homebuilder and developer himself, stated at the national leadership forum that local regulation “is as bad or worse now than it’s ever been.” HUD announced in March 2004 that it would be “awarding priority points to governmental and nongovernmental applicants in communities [that] have successfully demonstrated efforts to reduce regulatory barriers that prevent many working families from living in the communities of their choice.”^{viii} These priority points apply to HUD’s competitively allocated funds, so business/housing collaboration over the issue could actually improve a community’s competitive standing.

Any local chamber that undertook an initiative to identify and address regulatory barriers would likely be supported by local elected officials, an important constituency if such barriers are to be eliminated. As noted earlier, business leaders can help to **provide cover for local elected officials as they make the difficult decisions** — often facing organized public opposition — needed to support the production and preservation of workforce housing. A chamber-led initiative of this nature might also **attract media coverage**, helping to alert the broader public to the workforce housing problem.

TIPS ON GETTING NEWSPAPER COVERAGE OF HOUSING ISSUES:

- Ask to meet with the editorial board.
 - Be prepared to pitch your piece from various angles; the best approach is to focus on the effects to the community.
 - Bring in the human component.
 - Deal in specifics; people react to numbers.
- Alternatively, pitch your piece to a reporter; frame the issue so he or she can picture the story.
- Write an opinion piece.

Haya El Nassar
Reporter
USA Today

AN ACTION AGENDA: NEXT STEPS

One way in which HUD supports the ACCI program is by providing information about local and state-level regulatory barrier removal initiatives. The information, much of it in case-study format, is available to the public on the website of HUD's Regulatory Barriers Clearinghouse (RBC). CWP might work with HUD's Office of Policy Development & Research (PD&R), which oversees the RBC, to **identify case studies that involve the business community**. CWP and PD&R might then co-sponsor Webcasts to promote awareness of the role played by the business community, inviting members of the chamber, business, and housing communities to participate.

The **New Markets Tax Credit (NMTC)** Program of the U.S. Department of the Treasury is another vehicle around which housing/business collaboration might be established. The program channels private-sector equity investment into low-income communities through Community Development Entities (CDEs). Many CDEs have strong ties to the housing community. In the interest of promoting local collaboration between CDEs, chamber members, and housing organizations, the CWP might pursue a working relationship with staff of the Community Development Financial Institutions fund, which administers the NMTC program.

CWP can also play a useful role by facilitating communication between local chambers and their congressional representatives. In conjunction with U.S. Chamber legislative meetings, CWP could organize **workforce housing delegations** — perhaps jointly with business and housing organizations — to provide local chamber members the opportunity to meet with their congressional representatives. CWP could also convene **seminars led by nationally recognized experts** to educate business leaders about the importance of workforce housing and how local resources can be brought to bear upon the challenge.

Members of the housing community may not yet recognize fully that the problem of affordability has broadened and new partnerships are possible and may in fact be necessary.

Kenneth D. Wade
CEO
Neighborhood Reinvestment Corporation

Housing and business leaders can build trust by identifying their self interests. Housers need to come to terms with the profit motive. Businesses need to realize that not all regulations are bad.

Steven Hornburg
Principal
Emerging Community Markets

ENGAGE IN ADVOCACY

Any thoughtful consideration of workforce housing issues is likely to spill beyond municipal boundaries into surrounding jurisdictions. When this occurs, a larger discussion about causes and consequences emerges. In the housing community, the roles of the state and federal government have been folded into this larger discussion. Chambers who become involved in housing will almost certainly come to appreciate the need for action and advocacy at the state and federal levels.

The Center for Workforce Preparation (CWP) can help to prepare U.S. Chamber of Commerce members for this larger discussion by establishing relationships with national housing organizations, many of which were represented at the national leadership forum. One way to build relationships between the two groups might be for the CWP to establish a **speakers bureau of business and chamber executives who could speak at the national meetings of housing organizations.**

How the larger dialogue regarding causes and consequences might evolve with the inclusion of the business community's voice remains to be heard. Certainly, from the perspective of housing organizations, it is useful to have more people at the table advocating for sound housing policies at the local, state, and national levels. The business community may have different notions from the housing community about what constitutes "sound policy," however, and the housing community must be prepared to listen. A mutually respectful level of engagement is necessary if representatives from the two communities are to undertake a combined, strategic approach to the workforce housing problem — an approach based on trust and honest dialogue regarding one another's motives. The need for this level of engagement serves to emphasize the important role that local chambers can play as **conveners and sponsors of shared forums.** Where chambers have played such roles — as described in the previous section of this paper — the dialogue has become sustained and mutually reinforcing.

Several chamber representatives at the national leadership forum demonstrated that they are already very much aware of the need for advocacy at the state and federal levels. Jaime Rossi commented specifically on the need for "teeth" in state planning requirements: "The state should put a locality's transit funds at risk in order to encourage people to say 'we'd better work together'."

AN ACTION AGENDA: NEXT STEPS

The need for a stronger state role was echoed by members of the housing community. Bart Harvey, Chair and CEO of the Enterprise Foundation, observed that “the state needs to provide a framework, defining how communities can be truly inclusive and providing the necessary subsidy [for mixed-income rental housing], so that neither developers nor market-rate renters are asked to pick up the tab.”

CWP can help to build the U.S. Chamber of Commerce’s presence as an organization concerned with workforce housing by a number of means. As it has done in the past, CWP might **survey the U.S. Chamber’s membership**, working through local chambers, to assess their degree of concern regarding increased housing costs and the causes and consequences. A report aggregating this information and presented at an event sponsored by the U.S. Chamber of Commerce would signal clearly that the issue is on the Chamber’s agenda.

SIMPLE STEPS TO BUILD HOUSING/BUSINESS COLLABORATION:

- Have housing websites link to chamber websites, and vice versa.
- Put housing leaders on business boards, and vice versa.
- Housing groups should join their local chambers of commerce.
- Chambers should sponsor annual awards for businesses that are involved in housing.
- Chambers should sponsor bus tours for business leaders. Visit good affordable housing and "problem areas."
- Put housing on the agenda at chambers' planning retreats.
- Replicate this conference; come back in 18 months to share progress.

Ideas from national leadership forum attendees

CONCLUSIONS

For many working families, housing is simply too costly, resulting in trade-offs that can affect quality-of-life outcomes. In his research-based presentation to forum participants, Eric Belsky identified several factors that will almost certainly contribute to a worsening of the problem. Specifically, job growth is occurring in lower-paying service jobs, regulatory barriers and other factors continue to constrain housing supply, metropolitan areas are stretching further and further outward, and those who wish to live close to job centers must pay a premium, ultimately resulting in the displacement of low-wage workers.

As Sheila Crowley pointed out during one of the forum’s working sessions, “the underlying issues of wages and housing costs are structural.” The consequences of this structural problem have influenced families and communities for decades; now the business community is feeling the pinch. In many communities, housing is so unaffordable as to constitute a crisis. The structural problem has broadened into a quality-of-life challenge, influencing not only where people can afford to live, but the desire of businesses to locate in certain areas and the ability of existing ventures to recruit and retain qualified employees at competitive wages.

National leadership forum participants affirmed the need for housing/business collaboration to address the workforce housing challenge, and they asserted that chambers can be strong and influential intermediaries. They outlined specific steps that will help to overcome barriers to collaboration, encourage dialogue, and move beyond dialogue into action. If the straightforward, honest discussion and creative thinking that took place during the national leadership forum can be fostered and nurtured in communities across the nation — with assistance from the Center for Workforce Preparation and any organizations with which it might choose to partner — then the workforce housing challenge will draw the broad-based attention that it merits, and the need for concerted action will be that much more clear.

APPENDIX

USEFUL DATA MEASURES

- Housing Affordability Problems and Trends
 - Change in rental vacancy rates (quality-adjusted if possible) (metro and county)
 - Growth in median rents by rent quartiles v. growth in median income by income quartiles (repeat for housing prices and owner incomes) (metro and county)
 - Share of renters and owners spending > 30 percent and 50 percent income by income levels and change over time (metro/county)
 - Number of rentals affordable at different incomes levels v. number of households with incomes at or below those levels (metro/county)
 - Income needed to afford quartile/median priced home v. quartile/median income by select occupation (metro/county) (repeat for rentals using FMR)
 - Share of households by income bands that can afford median priced home (metro/county)
 - Local costs of shifting spending from retail to housing
- Labor Recruitment, Worker Productivity, and Economic Competitiveness
 - Change in employment shares by occupation type (county and metro)
 - Business reports of problems attracting and retaining labor due to high housing costs by occupation and industry (metro)
 - Business reports of productivity losses owing to longer commutes by occupation and industry (metro)
 - Increases in wage rates by occupation and industry (compare to places with lower rates of housing cost increases) (metro)
 - Estimates of losses in revenues, retail sales, and construction created by long-haul commuters
 - Employer reports of housing costs as consideration in whether to remain in area
- Regulatory Burdens
 - Impact fees (relative to other places)
 - Average permit approval times (relative to other places)
 - Impact of minimum lot zoning on land costs
- Sprawl and Commuting Costs
 - Growth in households or population v. growth in vehicle miles traveled (metro)
 - Share with commutes 30-45 and 45+ and change over time (metro, county, place)
 - Growth in households v. growth in residential land area (metro)
- Jobs-Housing Mismatch
 - Ratio of job growth to household growth (county/place)
 - Low-cost housing growth v. job growth (county/place)
- Revitalization Needs
 - Increases/decreases in property values (tract)
 - Increases and decreases in housing density (tract)
 - Housing vacancy rates and changes in vacancy rates (tract)
 - Places with poverty rates greater than 40 percent (tract)

EXAMPLES OF STUDIES DOCUMENTING THE PROBLEM OF HIGH WORKFORCE HOUSING COSTS

- Chicago Metropolis 2020 (Metropolitan Planning Council)
<http://www.chicagometropolis2020.org/plan.pdf>
- Workforce Housing: The Key to Ongoing Regional Prosperity (Maxfield Research Inc. and GVA Marquette Advisors)
http://www.fhfund.org/_dnld/reports/Workforce%20Housing_Summary.pdf

USEFUL WEBSITES

Housing costs relative to wages

- Center for Housing Policy
<http://www.centerforhousingpolicy.org/p2p/>
- National Low Income Housing Coalition
<http://www.nlihc.org/oor2003/>

Resource mapping

- National Center on Secondary Education and Transition
<http://www.ncset.org/publications/viewdesc.asp?id=939>
- Rural Policy Resource Institute Community Informatics Resource Center
<http://www.rupri.org/centers/circ.asp>

Local housing organizations

- Enterprise Foundation
<http://www.enterprisefoundation.org/citiesWhereWeWork/index.asp>
- Local Initiatives Support Corporation
<http://www.lisc.org/wherewework/>
- National Apartment Association
http://www.naahq.org/naa_affiliates/affilstatemap.htm
- Neighborhood Reinvestment Corporation
<http://www.nw.org/network/Utilities/NWOLookup.asp>
- Public housing agencies
<https://pic.hud.gov/pic/haprofiles/haprofilelist.asp>
- Realtors
<http://www.realtor.org/leadrshp.nsf/webassoc?OpenView&source=realtor>

Local strategies

- Community Land Trusts
<http://www.iceclt.org/clt/>
- Housing Trust Fund Project
<http://www.communitychange.org/issues/housing/trustfundproject/>

Federal programs

- U.S. Department of Housing and Urban Development: America's Affordable Communities Initiative
<http://170.97.67.13/initiatives/affordablecom.cfm>
- U.S. Department of Housing and Urban Development: Regulatory Barriers Clearinghouse
<http://www.huduser.org/rbc/>
- U.S. Department of the Treasury: New Markets Tax Credit Program
<http://cdfifund.gov/programs/programs.asp?programID=5>
- U.S. Environmental Protection Agency: Brownfields Cleanup and Redevelopment
<http://www.epa.gov/brownfields/>

Publications

Information about greyfields

- Greyfields: The New Horizon for Infill and Higher Density Regeneration (University of Louisville)
<http://cepm.louisville.edu/PDFdocs/greyfieldS2.pdf>

Employer-assisted housing

- A Roof over Their Heads: Employer-Assisted Housing Programs Can Attract New Employees, Keep Current Ones On Board and Bolster Morale (Society for Human Resource Management)
<http://www.shrm.org/hrmagazine/2001index/0201/0201cov.asp>
- Employer-Assisted Housing: Improving the Bottom Line and Unlocking Doors to Homeownership for Your Employees (Fannie Mae)
<http://www.fanniemae.com/global/pdf/housingcommdev/solutions/eah.pdf>
- The Home Ownership Mayors & Employers (HOME) Guide (Fannie Mae)
<http://www.fanniemae.com/global/pdf/housingcommdev/solutions/eahhomeguide.pdf>
- Make Employees Feel at Home, and They Stay With You: Learn How Employer-Assisted Housing Can Reduce Employee Turnover and Help Your Bottom Line (Metropolitan Planning Council)
<http://www.metroplanning.org/cmadoocs/02EAHbrochure.pdf>
- Private Sector Partnerships: Investing in Housing and Neighborhood Revitalization (National Housing Conference)
<http://www.nhc.org/PrivateSectorFinal04.pdf>

PARTICIPANT LIST

Nancy O. Andrews

President and CEO, Low Income Investment Fund

Don Bergman

Chief Executive Officer, Greater Merced Chamber of Commerce

Douglas M. Bibby

President, National Multi Housing Council

Thomas A. Bledsoe

President, Housing Partnership Network

Norman Brodsky

President, Citistorage, Inc.

Kent Colton

President, K. Colton, LLC

Christopher B. Cooney

President and CEO, Metro South Chamber of Commerce

Sheila Crowley

President, National Low Income Housing Coalition

Conrad Egan

President and CEO, National Housing Conference

Albert Eisenberg

Delegate, Virginia General Assembly; Partner, EB&T Strategy Group

Jennifer Ellis

American Chamber of Commerce Executives

Haya El Nasser

Reporter, USA Today

Joseph Flatley

Chair, National Association of Affordable Housing Lenders;

President and CEO, Massachusetts Housing Investment Corporation

Sherrie Gilchrist

President, Chattanooga African American Chamber of Commerce

Carl Guardino

President and CEO, Silicon Valley Leadership Group

Gregory Handel

Senior Director-Workforce Development, Detroit Regional Chamber of Commerce

Bart Harvey

Chairman and CEO, Enterprise Foundation

PARTICIPANT LIST

James C. Hunt

Councilman, City of Clarksburg, West Virginia

Terrie Jackson-Miller

Director-Minority Economic Development Council, Greater Omaha Chamber of Commerce

Thomas Jones

Managing Director, Habitat for Humanity

Jonathan L. Kempner

President and CEO, Mortgage Bankers Association

Ken Kimbro

Senior Vice President-Human Resources, Tyson Foods, Inc.

G. Allan Kingston

President and CEO, Century Housing

Norman Klase

Director-Human Resource Services, University of North Carolina Health Care System

Gerald P. Konohia

President and CEO, Chattanooga Neighborhood Enterprise, Inc.

James Kurtzke

Speech Management Director, Freddie Mac

William Lecos

President, Fairfax County Chamber of Commerce

Ray Ledoux

Administrator, Brockton Area Transit Authority

Colleen Lee

Vice Chair, DC Workforce Investment Council;

Director-Worldwide Diversity, MCI

David Lereah

Chief Economist, National Association of Realtors

Moises Loza

Executive Director, Housing Assistance Council

Beth Marcus

Director-Housing and Community Development Division, Fannie Mae

Ian McCarthy

President and CEO, Beazer Homes USA, Inc.

Robert Mitchell

*Past President, National Association of Home Builders;
Homebuilder and Developer, Mitchell & Best Group, LLC*

Shekar Narasimhan

Managing Partner, Beekman Advisors, LLC

Aaron Nelson

Executive Director, Chapel Hill-Carrboro Chamber of Commerce

Jim Park

Vice President-Industry Relations and Housing Outreach, Freddie Mac

Randy Peers

Vice President, Brooklyn Chamber of Commerce

Steve Queior

President, Greater Sarasota Chamber of Commerce

Dwight P. Robinson

Senior Vice President-Corporate Relations, Freddie Mac

Jaime Rossi

Public Policy Consultant, San Francisco Chamber of Commerce

Greg Roth

American Chamber of Commerce Executives

Michael Rubinger

President and CEO, Local Initiatives Support Corporation

Dennis C. Shea

*Assistant Secretary for Policy Development and Research,
United States Department of Housing and Urban Development*

Margaret Singleton

*Director of Workforce Development and Education,
District of Columbia Chamber of Commerce*

Stacey D. Stewart

President and CEO, Fannie Mae Foundation

Robert Strickland

President, National Council of State Housing Agencies

Richard F. Syron

Chairman and CEO, Freddie Mac

Robert Tsien

Senior Vice President, Freddie Mac

PARTICIPANT LIST

Dale Vollrath

President, TRC Staffing Services

John von Seggern

President, Council of Federal Home Loan Banks

Kenneth D. Wade

Executive Director, Neighborhood Reinvestment Corporation

Darren Walker

Director-Working Communities, The Rockefeller Foundation

Douglas M. Wrenn

Principal, Rodgers Consulting

Center for Workforce Preparation of the U.S. Chamber of Commerce

Beth B. Buehlmann

Vice President and Executive Director, Center for Workforce Preparation

Todd D. Cohen

Program Officer, Center for Workforce Preparation

Inola Walston

Program Specialist, Center for Workforce Preparation

Joint Center for Housing Studies of Harvard University

Pamela Baldwin

Deputy Director, Joint Center for Housing Studies of Harvard University

Eric S. Belsky

Executive Director, Joint Center for Housing Studies of Harvard University

Steven Hornburg

Fellow, Joint Center for Housing Studies of Harvard University;

Principal, Emerging Community Markets

Jennifer Lavorel

Consultant, Joint Center for Housing Studies of Harvard University

Nicolas P. Retsinas

Director, Joint Center for Housing Studies of Harvard University

Laurel Trayes

Outreach Assistant, Joint Center for Housing Studies of Harvard University

ENDNOTES

ⁱ Stephanie Armour, “More firms help workers find home sweet home,” *USA Today*, August 30, 2004.

ⁱⁱ From the Web page of the Housing & Land Use Committee of the Silicon Valley Manufacturing Group at <http://www.svmg.org/Committees/Housing/>.

ⁱⁱⁱ Rebecca Busansky, “Brooklyn Labor Market Review,” published by the Brooklyn Chamber of Commerce, May 2004.

^{iv} <http://www.svmg.org/>.

^v <http://www.workforcehousing.info/>.

^{vi} Information about the Community Housing Working Group is available on the website of Sarasota County at <http://www.co.sarasota.fl.us/Default.aspx>.

^{vii} The U.S. Department of Housing and Urban Development sets Fair Market Rents based on local market factors. An explanation of how FMRs are established is included on NLIHC’s website.

^{viii} From “Department of Housing and Urban Development: America’s Affordable Communities Initiative, HUD’s Initiative on Removal of Regulatory Barriers: Announcement of Incentive Criteria on Barrier Removal in HUD’s FY 2004 Competitive Funding Allocations; Notice,” *Federal Register*, March 22, 2004. Available at <http://www.hud.gov/offices/adm/grants/frregbarrier.pdf>.

