



Community and Economic Development in North Carolina and Beyond Blog: Hospital Employee Benefit Program as Neighborhood Revitalization Tool

By CED Program Interns & Students

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Hospital Employee Home Ownership Programs

Large institutions such as colleges and hospitals play important roles in our communities. In addition to their primary educational and medical functions, they are significant community partners and forces of neighborhood revitalization. Hospitals around the country are realizing that community and economic development efforts go hand-in-hand with their mission to improve the health and welfare of the community. Hospitals are developing innovative programs to encourage neighborhood revitalization and better outcomes for their patients, employees, and community.

This blog post will focus on two homeownership programs from out-of-state hospitals as examples for successful community development that could be emulated by hospitals and communities in North Carolina. Lancaster General Health (LGH) in Lancaster, Pennsylvania, and Yale-New Haven Hospital (YNHH) in New Haven, Connecticut created homeownership assistance programs to help facilitate neighborhood revitalization in the city and neighborhoods surrounding their urban campuses.

Both programs started in 2006 by providing financial assistance in the form of deferred and forgivable loans to employees purchasing a home in the city or neighborhoods near the hospital. These plans have proven to be very popular and successful. In 2013, YNHH's program announced its 100th employee homebuyer.

These programs not only support the community, but are also an important piece of the employee benefit package and an effective retention tool for the hospitals. Employees experience many benefits that come from living within walking distance of their workplace, and they are nearby when on-call, for emergencies or personnel shift changes. By creating these programs, hospitals show support for their cities and neighborhoods while developing a better workforce for their organization. Through increased homeownership, these programs foster stronger communities and further the redevelopment of underutilized urban areas. In addition to the initial investment by individual households, the community also benefits from having residents with a more permanent connection to their house and neighborhood due to the five year forgiveness period. The deferred loan payments and forgiveness period create an incentive for employees to remain with the hospital and in the community for a longer period of time than they might otherwise. These programs have the potential to help improve both the level of care for patients and the welfare of the community—a win-win for both the hospital and city.

Program Design and Guidelines

Both LGH and YNHH designed the primary financial assistance of their programs in a similar fashion, essentially providing up to \$10,000 of settlement assistance in the form of a deferred and forgivable loan after five years of continual employment. In addition to this benefit, YNHH's Home Ownership Made Easier (HOME) program also includes a monthly mortgage subsidy for homes bought by employees that are located in one of four neighborhoods immediately adjacent to



the hospital. LGH's Home in the City program offers additional money towards exterior improvements of the home. The specific guidelines and terms for each program are listed below:

YNHH HOME Program

Eligibility

- Full-time and part-time employees are eligible

City-wide Program Terms

- Up to \$10,000 forgivable, 5-year loan for a house purchased in the City of New Haven
- Hospital pays down the loan if the employee continues to work at YNHH for at least 5 years

Special Neighborhoods Mortgage Payment Subsidy

- Employees who purchase a home in the one of the four neighborhoods near the hospital campus are eligible for a \$200 a month payment subsidy for the first two years of their home ownership.

LGH Home in the City Program^[i]

Eligibility

- Must be a full-time employee
- Purchase price of house must be less than \$200,000
- Only 1 or 2 family unit houses or condos
- Must be primary residence (can rent 2nd unit)

Settlement Assistance Loan Terms

- Up to \$10,000 deferred loan for mortgage insurance and settlement cost assistance (goes towards closing costs first, then principal)
- LGH will forgive the loan at 20% per year for up to 5 years of employment
- If the unit is sold, converted into a secondary home, or the employee ends employment at the hospital, then the homeowner must pay back the un-forgiven portion of the loan.

Curb Appeal Renovation Loan Terms

- Up to \$2,500 in matching assistance towards façade/exterior improvements in the form of a deferred loan
- Loan is forgiven 20% per year over 5 years as long as the employee continues to work at the hospital

Employer Assisted Homeownership Programs in North Carolina

Mission Hospital (along with two other employers) in Asheville, North Carolina, and in partnership with OnTrack Financial Education & Counseling is providing an employer assisted home ownership program. This program provides \$2,500 in matching assistance towards the purchase of a home. Employees earning below \$54,500 a year and buying their first home can use this assistance to purchase a home anywhere in Western North Carolina. While this program is similar to the LGH Home in the City program and YNHH HOME program, it doesn't target specific neighborhoods or a specific city. While this program supports its employees and the low to moderate-income population, it is less effective as a neighborhood revitalization tool.

Hopefully in the future, more hospitals in North Carolina will consider adding a home ownership assistance program to their employee package. Cities and towns can play important role partnering with hospitals and other institutions like colleges. They should encourage these institutions to focus their home ownership programs on the neighborhoods surrounding the institutions as a community redevelopment strategy. Leveraging these existing institutional assets can be a powerful force for neighborhood revitalization.



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[i] Most of this information came from this helpful blog post:

<http://www.lancasterparealestateblog.com/2010/02/11/lancaster-generals-home-in-the-city-program/>