

Indianapolis Teacher Housing Program Report

Research by Rob Garza
Summer 2015

Summary

Urban Leader Fellow Roberto Garza, a high school teacher from McAllen, Texas with strong research, writing and video skills, spent seven weeks working with the City Gallery (a program of the Harrison Center for the Arts) to further the goal of encouraging teachers to live near their schools. Joanna Taft, Executive Director of the Harrison Center, and City Gallery staff worked closely with Garza on this project, making key connections with local and national policy experts as well as community stakeholders. Garza conducted 29 interviews, talking to students, teachers, local developers and city officials. He and City Gallery staff researched programs from around the country to formulate a list of “best practices” in the field and to create a set of recommendations for Indianapolis.

The following report summarizes national best practices, describing and giving examples of employer assisted housing programs, government and nonprofit assistance programs, and private developer projects. We identify programs currently available to Indianapolis teachers and make recommendations for new policies and tools. City Gallery: Indy’s Urban Living Center has been connecting prospective residents to urban Indianapolis neighborhoods since 2011, is already working to make teachers aware of local and national incentive programs and is helping many find housing and community near their schools. To encourage teachers to think about relocation, Roberto Garza also produced a recruiting video targeting teachers which can be used in Indianapolis by City Gallery and partners immediately.

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There is a growing nationwide movement to provide incentives for people to live near where they work. Tools and programs have been developed to help career-specific employees find housing including Employer Assisted Housing (EAH), Federal initiatives, non-profit programs, and public/private/non-profit partnerships. Educational institutions are catching on to the trend and seeing the value in making an investment in teacher housing. These schools and universities are realizing that the fate of their institutions is often tied to the health of its surrounding community. As a community thrives, so do the schools in its area as they attract higher quality staff and increase the resources and opportunities available to students.

Indianapolis would benefit from joining this movement. Teachers who have moved into their school's community develop a greater understanding of their students' lives, cultures, and circumstances, allowing them to better relate to students and their families. Indianapolis teachers interviewed for this project affirmed that living near their schools makes it more likely they will remain at that particular school since leaving would mean leaving the community around them where they've established roots. When a teacher both works and lives in an area, the school attracts and retains staff invested in the success of the school and students and the community gains a resident that contributes to the quality of life of the area. Indianapolis should consider establishing a teacher housing program that will encourage teachers to live within the neighborhoods where they teach, remaining a part of the community for years to come. The goals of creating this teacher-school-community relationship are:

1. To revitalize areas in decline by encouraging teachers to move into target neighborhoods.
2. To reduce traffic congestion and shorten commute times.
3. To help teachers afford housing in areas near their work that would otherwise be out of their price range.
4. To assist schools in attracting and retaining high quality employees.
5. To create a neighborly culture around local schools that benefits both the neighborhood and the school communities.
6. To assist schools struggling to recruit top talent by providing innovative benefit and incentive packages.

This research looks at best practices in teacher housing programs nationwide, the tools and programs currently available to Indianapolis teachers and makes recommendations for Indianapolis to increase the number of teachers living near their schools.

Best practices to encourage employees to live near their place of work

In a survey of programs across the country, successful programs:

- Delineate geographic boundaries for incentives. Focused financial investment strengthens the particular local community.
- Have history. These programs grow over time. A strong history of housing assistance, translates into more aggressive outreach, greater acceptance, and an established infrastructure for delivering the program.
- Communicate among program partners. This is essential for coordinating each step of the process for each employee served and to assign responsibility for additional tasks that emerge as the project is implemented.
- Include a menu of services including grants, forgivable loans, loans, homebuyer education, guidance, homebuyer assistance, rental assistance, and access to other financing options.
- Have a wide reach. Larger institutions or partnerships between institutions provide a larger customer base and access to discounts on mortgages.
- Effectively reach out to employees. Outreach requires significant staff time and commitment. This is important to prevent misinformation about these programs among employees, especially where housing assistance is a newer idea. For example, often employees think they need perfect credit to participate or that maximum income limits are actually minimum income requirements.
- Have a simple application to encourage participation.
- Maintain employee confidentiality. Some employees will be concerned if their personal financial information will become known to their employer.

These best practices should be considered by schools when engaging with any type of housing program: Employer Assisted Housing (EAH) programs, HUD and other government programs, non-profit initiatives, developer led ventures and public/private partnerships.

Employer Assisted Housing Programs (EAH) Our research indicates that EAH Programs are both the best practice and a growing movement. EAH includes (1)

providing grants to assist employees in buying or renting a home in a target area; (2) providing down payment assistance or forgivable loans for employees looking to purchase a home in a target area; and, (3) developing housing that is only or primarily available to employees. Programs contain some or all of the following components: grants, down payment assistance, loans, mortgages, homebuyer education, reduced rent, cash incentives, rental education, guidance, and connection to other financial services.

Example programs include:

1. **Sage Park Apartments:** Teachers within the Los Angeles Unified School District (LAUSD) have been priced out of district neighborhoods burdening them with long commutes and lost time that could be better spent at home or school. LAUSD responded with the Sage Park Apartments project, a 90 unit complex for employees' families earning 30-60% of AMI. This is the first of 3 planned rental housing projects that have targeted areas in need that would alleviate cost of living and commutes for its teachers.
2. **Greater Circle Living (GCL):** This anchor institution collaboration housing was created to encourage eligible employees of Greater University Circle institutions to live near work. The innovative program was started in 2008 to help employees purchase, rent or repair homes in Greater University Circle. They offer financial assistance, training for home buyers, help with the application process, education on housing options, and assistance with budgeting/managing finances. The program is a partnership between Case Western Reserve University, Cleveland Clinic, Cleveland Museum of Art, Judson Retirement Community, University Hospitals, the Cleveland Foundation, Kent H Smith Charitable Trust, Surdna Foundation and the City of Cleveland.
3. **Teach New York City:** This program offers up \$15,000 to teachers for relocation costs or as a downpayment on a mortgage. Teachers must teach math, science, or special education at the secondary level in a New York City school in need and make a 3-year commitment (elementary teachers may apply but priority is given to secondary teachers). The goal of this program is to attract teachers to districts in need of content-specific subject areas.
4. **Detroit "Live Midtown":** A private foundation and the state's housing development authority partnered with Wayne State University and 2 other major midtown employers to offer incentives to live in surrounding neighborhoods in

need of revitalization. Employees have the following options to choose from; \$2,500 allowance for new apartment rental, \$1,000 allowance for existing renters, \$20,000 forgivable loan toward the purchase of a home (primary residence), or \$5,000 exterior home improvement matching funds. Three neighborhoods were targeted for the program. This program's success has spurred a secondary one targeting the downtown area with a different set of partners.

5. **Santa Fe “Teacher Wise”**: Homewise, a non-profit, partnered with the Santa Fe School District to reduce its high teacher turnover rate. Together they offer \$20,000 loan amounts for down payment and closing costs. 11 teachers purchased home within the first year of the program.

6. **Santa Clara County “Innovative Finance Scheme for Teacher Housing”**: The Santa Clara School District offers both buyer and rental incentives for its employees in an effort to reduce teacher turnover rates due to the area's high cost of living. They built a 70-unit affordable-living apartment complex called “Casa del Maestro” (House of the Teacher) rented only to new district teachers at a reduced rate. They also partnered with Intel Corp to establish a teacher housing trust that provides a \$500 a month loan for teacher's mortgage payments up to five years for a total of \$30,000. They also partnered with another local tech company that provides grants up to \$5,000 for closing costs. Within its first three years of implementation the district's annual turnover went from 145 to 30 teachers. Additionally the trust gives affordable housing developers loans to build affordable teacher housing.

7. **San Francisco Teacher Next Door Program** offers zero interest loans to qualified San Francisco Unified School District teachers purchasing a home within the boundaries of the City and County of San Francisco. This program aims to make housing affordable for teachers in the City of San Francisco area.

(Other examples are listed in the appendix.)

Government and non-profit programs available nationally to teachers

1. **Department of Housing and Urban Development (HUD) “Good Neighbor Next Door (GNND) Program”**: This Federal program, which aims to revitalize communities through homeownership, provides incentives to teachers and police officers for the purchase of homes in targeted “Revitalization Areas” (most of

Indianapolis is a HUD-designated Revitalization Area). Teachers may participate in the GNND program if employed as a full-time teacher by a State-accredited public school or private school that provides direct services to students in grades pre-kindergarten through 12. In addition, the public or private school where the teacher is employed must serve students from the area where the home they are purchasing is located. Teachers may purchase HUD homes in the Revitalization Area at 50% of the HUD appraised value. If they qualify for an FHA loan and they pay \$100 in downpayment. HUD will finance their closing costs.

2. **Homes For Heroes:** This is a non-profit led program, which started after the September 11th attacks to help firefighters, emergency medical professionals, military and veterans, law enforcement, teachers and healthcare workers purchase, sell, rent, or refinance a home. 25% of the gross commission from the realtor goes back to the hero as a credit on the HUD settlement statement. The lender also offers savings depending on the buyer's credit. This program is available for use by Indianapolis teachers who qualify.
3. **The Everyday Hero Housing Assistance Fund:** This non-profit led program provides qualified applicants (teachers, police, firefighters, and medical personnel) with a grant to help with closing costs when buying a house. The size of the grant depends on the buyer's needs. The program is available nationwide and can be used currently by Indianapolis teachers.

Private developer-led teacher housing

Private developers in partnership with non-profits and government entities can use Federal, State and City tools such as HUD Community Development Block Grants, HUD HOME funding, Historic Preservation tax credits, New Market Tax Credits, tax abatement, and land/building donation. Some of these tools can only be used for buyers or renters whose incomes are below 80% of Area Median Income [AMI]. 80% of 2015 AMI for Marion County for a single person household is \$38,150. The average starting salary for teachers in Indiana is \$33,574. Starting salaries for charter school teachers are often much lower. These programs could help teachers who otherwise could not purchase a home to be able to afford homeownership. These programs can also help subsidize rental developments.

Examples of developer led housing programs include:

1. **Seawall Developments:** The developer selected an abandoned historic warehouse to redevelop into a rental unit complex including commercial space for non-profit and limited commercial use. Seawall partnered with Teach For America to house their local office as well as create meeting spaces in the basement that could be used by the tenants. The developer used a combination of preservation, historic, and new market tax credits to finance the project and has seen a strong demand for the units. Potential tenants were asked what features they would find essential and useful for the complex to have and this feedback was used to shape the design of the project. Currently, teachers receive a \$300-\$600 per month (dependent on unit selected) discount on rent. All units were leased 6 months prior to completion and a waiting list remains filled for future rental. This model was duplicated in Baltimore by Seawall and again in Philadelphia. Interviews with current tenants confirmed that living within 5-15 minutes of their school makes a huge difference to these teachers as they still feel like they are a part of their school's community. They also feel a sense of community with other teachers within their building because they support and understand each other as well as collaborate in improving lessons and projects.
2. **Teacher's Village:** A developer-led project in Newark, NJ that converted existing parking lots into a "sustainably-designed" complex. The six new buildings house 3 charter schools, 214 rental housing units marketed to teachers working in those schools, and 20 retail businesses. The development hopes to bring student families and teachers together to create a learning community. Teachers receive a 7.5% discount on rent.
3. **Saluda County Apartments:** Lack of suitable rental housing in this rural South Carolina community made attracting and retaining good teachers difficult. In 2009, six lofts above a downtown business were set apart for teacher housing. Collaboration between two state agencies and a private individual made the lofts possible. The State Department of Education encouraged the initiative, while the State Department of Commerce provided a \$150,000 grant (federally designated for affordable housing) for it matched by \$150,000 from a community member. The State's grant money came from federal money given annually to the state for affordable housing. The State required half of the 6 lofts be reserved for residents making less than the region's average salary (a qualification met by most new teachers).

Tools and programs currently available to Indianapolis teachers

Indianapolis has resources that can be used by local teachers hoping to move closer to their schools, including:

Indianapolis Neighborhood Housing Partnership (INHP): INHP offers comprehensive lending, mortgage and credit advising and homebuying education services designed to help income qualified families and individuals become and remain long-term, successful homeowners. As the leading Marion County homeownership resource, INHP offers personalized classes (including HUD certified pre-purchase homebuyer training, budgeting and credit remediation), access to mortgages with 17 different lenders, and grants and loans for home rehab and improvement. Average starting teacher's salaries in Indianapolis fall within the income guidelines, making INHP services a great resource for local teachers who want to purchase homes near their schools. INHP has also partnered with the University of Indianapolis to create their Employer Assisted Housing program. INHP is currently researching an anchor institution housing program that will likely help this movement in Indianapolis. Regardless, INHP would be an important partner in any new pilot housing program in Indianapolis.

City Gallery: Indy's Urban Living Center: The City Gallery is a program of the Harrison Center For The Arts that helps connect prospective residents to downtown Indianapolis neighborhoods. The City Gallery has a dedicated staff member, similar to a hotel concierge, who can connect prospective residents (including teachers) to good realtors, landlords, community development corporations and helpful neighbors in urban Indianapolis neighborhoods, as well as provide information regarding local events and ways to get involved in the community. City Gallery services are free of charge and can help schools provide a smooth transition for incoming teachers or help veteran district teachers looking to move closer to their schools.

Employer Assisted Housing Programs: The only education specific EAH Program we could find in Indianapolis is at the **University of Indianapolis (UIndy)**. UIndy offers faculty and staff a \$5,000 loan to purchase a home in a target zone surrounding the campus. For each year the participant works for the University and lives in the home, 20% of the loan is forgiven for a total of 5 years where the loan and accrued interest is fully erased. Participants must be full time employees, must not own any other properties and the home must serve as their primary residence. The program began in 2008 but has only been used by 3 teachers so far and so has not seen great success. However, their local experience in setting up the program would be invaluable to schools considering the model here.

Department of Housing and Urban Development “Good Neighbor Next Door Program”: Teachers may use this program buy a foreclosed home in a HUD designated “Revitalization Area” for 50% below list price. HUD's [Single Family Home Locator](#) displays maps of REO properties and special programs such as Revitalization Areas.

Homes For Heroes: Teachers can purchase, sell, rent, or refinance a home through this program. 25% of the gross commission from the realtor goes back to the hero as a credit on the HUD settlement statement. The lender also offers savings depending on the buyer’s credit.

The Everyday Hero Housing Assistance Fund: Teachers can receive grant assistance to help with closing costs when buying a house. The size of the grant depends on the client’s needs.

Community Development Corporations (CDCs): These neighborhood based non-profits support neighborhoods through housing production, economic development, and an array of social support services. A complete list of Indianapolis CDCs is available from the [Indianapolis Coalition for Neighborhood Development](#).

Renew Indianapolis: Renew Indianapolis acquires vacant and abandoned properties for the purpose of neighborhood redevelopment. Most of these properties are acquired following a Tax Sale where the property is publicly offered for sale but are not sold. Individuals seeking to acquire a property to rehab as a primary residence (homesteaders) can purchase a property through Renew Indianapolis for \$1500-\$3500.

Recommendations:

1. Use the power of story to increase teachers’ interest in living near their schools by using the teacher housing marketing video ([“Live Where You Teach”](#) created by Roberto Garza, Summer 2015).
2. Keep in conversation with INHP about their research project currently underway regarding anchor institution housing strategy. Involve INHP and keep them abreast of any program or partnership developments.
3. Identify Federal priorities such as transit corridors and the Promise Zone as places to concentrate these programs to connect housing, jobs and transportation.

4. Meet with the Deputy Mayor for Economic Development, who has expressed an interest in starting conversations about teacher housing and offered to put together a group for further discussions. The meeting should include new IPS Human Resources staff (in transition during summer research period) who have also expressed great interest in the initiative.
5. Meet with Great Lakes Capital for assistance in getting teachers designated as a qualified group under IRC §42(g)(9) through a letter of determination.
6. Follow up with IHEDA on their pending question to the IRS regarding the legality of marketing and renting to teachers as a qualified group for low income tax credit projects, as they have determined for artists.
7. Once resources are clear, meet with local development entities who have the capacity and interest to develop teacher-focused housing (ex. Keystone Development Corp, Buckingham, Core Development, TWG, or Riley Area Development Corporation).
8. Continue conversations with Great Places/Midtown/Children's Museum about encouraging teachers to live near School 43 and other schools in the neighborhood.

Moving Forward

Indianapolis is in the midst of a redevelopment renaissance that has seen neighborhood identities born and a sense of community flourish. Many communities are coming back to life around anchor institutions that help jumpstart both the economic and cultural engines of these neighborhoods once in decline. As Indianapolis draws closer to its Bicentennial Celebration, Plan 2020 will build on the revitalization momentum of the last few years. Indianapolis schools have an important role to play in this revitalization as they can serve as both an anchor institution and a way to attract professionals into the area. It's this mindset of connectivity that has given birth to this teacher housing initiative. By supporting efforts to bring teachers into their school's communities, the city will be supporting not only educators, but the schools and communities as well, creating a tight-knit network of stakeholders invested in the rebirth of the city, one neighborhood at a time.

Interviews Appendix

Thibault Manekin: Seawall Development

Nate Lichti: Hamilton County Area Neighborhood Development

Doug Braly: Leading Properties

John Watson: Core Redevelopment, Managing Member

Brandon Brown: The Mind Trust [bbrown@themindtrust.org]

Ken Bubp: The Mind Trust

Ricky Ritter: TFA Indy Office

Andrea Snouffer: IPS Coordinator of Talent Development

Mindy Schlegel: IPS Head Talent Officer

Emanuel Harper: Herron High School teacher

Atticus Westerfeld: Herron High School teacher

Alison Hundt: Herron High School teacher

Jason Simons: Herron High School administrator

Lynn House: Herron High School administrator and parent

Matt Shepard: Baltimore teacher and Miller's Court resident

Megan Rottmann: Baltimore teacher and Miller's Court resident

Courtney Cass: Teach For America Baltimore staff

LaNier Echols: IPS School Board member / Carpe Diem Schools administrator

Jeshua Harris: Herron High School student

Simon Plemon: Herron High School student

Evelyn Allee: Herron High School student

Kristin Hines: Mayor's Dir. Office of Ed. Innovation

Adam Collins: Deputy Mayor for Economic Development

Joseph Palus: IHEDA Dir. of Research and Innovation

Moira Carlstedt: Indianapolis Neighborhood Housing Partnership
Community/Non-Profit Organizations

Rachel McIntosh: PNC V.P., Community Development Advisor

Bill Taft: LISC

Duane Ingram:Mapleton-Fall Creek Development Corporation

Katy Brett: Executive Director Renew Indianapolis

Program Models Appendix

Baltimore “Live Near Your Work”: The City of Baltimore will match an employer’s grant up to a maximum \$5,000 total grant. Homes must be within selected targeted areas near the employer.

St. Louis Park, MN “Live Near Your Work”: The City of St. Louis Park will match an employer grant up to \$2,500 each. The city will provide an additional \$1,000 grant if the property purchased is a foreclosed home. Homes must be located near the workplace.

Washington, DC “Live Near Your Work”: The District of Columbia’s Office of Planning will match an employer’s grant up to \$8,000 each. Homes must be near the employer or near selected areas of city transit. Currently the program is budgeted to assist 25-50 participants.

Philadelphia “Home Buy Now”: The City of Philadelphia will match an employer grant up to \$5,000 each. If the employee finances through the Philadelphia Housing Finance Agency they can receive an additional \$2,000 in funds for a possible total \$12,000 in assistance. The program can be tailored by the employer to require homes be located near the workplace but the city does not set it as a requirement.

Tacoma “Live Downtown Program”: The City of Tacoma partnered with the Downtown On the Go (a transportation management association) to help employers located downtown to encourage their employees to live near the workplace. Financial incentives range from \$1,000-\$7,000 from partner lenders and developers.

Illinois Employer-Assisted Housing Matching Funds: The Illinois Housing Development Authority will match an employer’s down payment assistance; up to \$5,000 for households earning less than 50% of the regions Average Median Income (AMI) or up to \$3,000 for households earning between 50%-80% AMI. The home must be near the workplace.

Illinois Affordable Housing Tax Credit Program: The Illinois Housing Development Authority offers a 50-cent tax credit on state income tax liability for every \$1 companies invest in an EAH program (down payment assistance, reduced interest mortgages, individual development accounts and rental subsidies). Homes must be located near the workplace.

Delaware “Live Near Your Work”: The Delaware State Housing Authority offers employers a \$1,000 grant match along with a local entity’s \$1,000 for a total of \$3,000 in housing assistance. The home must be located within a 3-mile radius of the worksite.

Mississippi “REACH Mississippi Bill”: The Mississippi legislature passed a bill that provides working families with incomes below 120% AMI with tax relief EAH funds. Employers can give workers up to \$10,000 toward the purchase of a home and a one-time grant of \$2,000 for rental or security deposit and have those funds exempted from state income tax.

The San Jose Teacher Homebuyer Program offers teachers employed in the San Jose Public School system zero interest loans up to \$40,000 as long as the home is within the San Jose municipal borders. The loan payments are deferred for 30 years or upon the home’s resale. The program’s goal is to attract teachers to the San Jose Public School District and does not designate specific neighborhoods.

Indiana Wesleyan University: IWU offers full-time university employees a grant of up to \$5,000 toward the down payment on a home. From 2009-2010, 24 teachers used the program to buy a house in the school’s “Target Zone.” The program budget is currently capped at \$50,000 per fiscal year and grants are awarded on a first come first served basis. UIndy’s program is based on this program.

The Connecticut Housing Finance Authority provides teachers with a low interest home loan if they are living and teaching in a “priority or transitional school district.” in subject shortage areas. They may qualify for additional benefits under the Teachers Mortgage Assistance Program if they are purchasing a home in a “target area” that gives them an additional 1/8 off the interest rate and reduced fees and costs. They may also qualify for an additional 2nd loan for downpayment and closing cost assistance. This program’s goal is to revitalize areas in decline and support districts facing a shortage in specific subject-area positions.

The Mississippi Employer-Assisted Housing Teacher Program offers teachers a home loan of up to \$6,000 to purchase a home within identified need school districts. There is a 3 year commitment of living and teaching in the shortage-area district and for every year of service 1/3 of the loan is converted into a grant along with the accrued interest. This program aims to attracts teachers to districts experiencing a teacher shortage.

American University (AU): AU offers full-time faculty and staff a \$12,000 grant to live within their designated “Primary Target Area” which is within 2.4 miles of campus

borders or a \$6,000 grant for homes purchased within their “Secondary Target Area” which is near designated DC metro stations or transit bus routes. Half the grant is funded by the university and half by the City’s Office of Planning.