



Workforce Housing Critical for Healthcare and Higher Education Institutions

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In 2022, a walkout of 48,000 workers at the University of California caused massive disruption across all 10 campuses at one of the country's premier academic institutions. While workers demanded higher wages, one of their key complaints was the lack of affordable housing.

Housing costs that are eating up a bigger portion of worker paychecks are no longer a problem that is confined to high-cost states and major metropolitan areas. It's a problem that is hitting cities all across the country. The harsh reality is that even though wages are growing at one of the fastest paces in decades, that growth hasn't been enough to keep up with soaring housing costs.

In response, some innovative employers have already started investing in projects for their employees to help ease the cost burden and to ensure retention of skilled workers at a time of labor shortages, especially in key professions. If other employers hope to retain the skilled workers they crucially need, they will need to take similar action on the housing problem.

This article offers insight for boards and senior leaders of healthcare and higher education institutions around common workforce housing obstacles and highlights examples of how organizations are developing creative solutions that bring affordable housing to their employees.

Organizations Face an Inflection Point

While workers are hard-pressed to afford housing, organizations are facing increasing problems hiring and retaining staff due to several factors, including the Great Resignation, a wave of retiring baby boomers, and the rise of remote working, which has changed where and how people want to work. People don't want to spend time

and money on a lengthy commute every day. With historically low unemployment rates, workers are more firmly in the driver's seat. Unemployment in sectors such as education and healthcare are especially razor thin. Healthcare services and hospitals were reporting unemployment rates at 2.5 percent and 1.5 percent, respectively, as of January 2023.¹

Because people now have more flexible employment opportunities, organizations need to work to remove barriers and friction points for prospective employees. A key obstacle is affordable workforce housing that is easily accessible for on-site workers.

Affordable workforce housing is a complex topic with many different layers. Generally, it is defined as housing for individuals and families that earn between 60 and 120 percent of area median income (AMI). The common problem is that many essential workers earn too much to qualify for housing subsidized by government loans (60 percent or less of AMI), but even when earnings exceed 120 percent of AMI, it is not nearly enough to afford market-rate housing.

→ Key Board Takeaways

Finding affordable and available housing for first responders and healthcare workers is a critical problem across the country, even beyond the high-cost urban areas. Healthcare boards should consider the following:

- Does our organization have difficulty recruiting and retaining nursing, technical, and other critical care support personnel?
- To what extent are we experiencing tardiness and absenteeism, problems that are often indicative of long commute times?
- Have our physician leaders and nursing professionals been advocating for solutions?
- Are we engaged in conversations with local community leadership and organizations on the workforce housing topic?

1 U.S. Bureau of Labor Statistics, "[Labor Force Statistics from the Current Population Survey](#)."

Government resources for affordable housing are mostly in the form of mortgage assistance, loans for developers to create affordable units, and rental assistance to income-qualified individuals. Workforce housing, while defined differently across the country, lacks dedicated government support programs and is often of less priority than meeting the needs of low-income groups where the need is so great. To address housing obstacles that stand in the way of employee attraction and retention, both private sector companies and non-profit employers will need to devote their own time, energy, and resources to solve the workforce housing issue.

Getting Off the Sidelines

Trailblazing leaders are emerging with solutions that range from organizations that are developing their own housing and forming strategic partnerships with private developers to those that are providing housing and transit stipends for their workers. Often, the key is engaging with stakeholders, first within the organization and then with the community, to build a bridge and work together to find solutions. Organizations also can learn from what others are doing. For example:

- Amazon created a Housing Equity Fund that is making available \$2 billion in below-market loans and grants to “preserve and create” more than 20,000 affordable homes for individuals and families earning moderate-to-low incomes in communities where Amazon has facilities.²
- To combat workforce housing challenges in an area where the median home price has ballooned to more than \$600,000, Colorado State University has partnered with a private developer to build a 180-unit apartment project in Fort Collins.³ The university is contributing five acres of land to the project in exchange for a 20-year contract guaranteeing affordable housing for its employees.
- The University of Virginia (UVA) has established a goal to support the development of 1,000 to 1,500 affordable housing units over the next decade on land owned by the university or its foundation.⁴ UVA is in the early stages of identifying building sites.

2 [“Amazon Launches \\$2 Billion Housing Equity Fund to Preserve and Create Over 20,000 Affordable Homes,”](#) January 6, 2021.

3 Pat Ferrier, [“CSU, Partners Break Ground on Timberline Apartments, Workforce Housing,”](#) *Coloradoan*, October 5, 2022.

4 President’s Council on UVA-Community Partnerships, [“Affordable Housing.”](#)

- Dartmouth-Hitchcock Health, a health system in Vermont and New Hampshire, is in the early stages of working with a private developer partner to develop a 350–400-unit workforce housing project on a site it owns at its Dartmouth-Hitchcock Medical Center in Lebanon, New Hampshire.⁵

These initiatives highlight how employers are rolling up their sleeves to tackle the growing problem of affordable workforce housing in order to attract and retain employees in a challenging labor market. Making this happen, though, requires some changes in business-as-usual thinking and practices.

Formulating an Action Plan

Organizations hoping to address the workforce housing issue can choose from a number of options that have already proved useful to some leading companies and institutions. They include:

- **For-profit partnerships:** This strategy focuses on partnering with a for-profit entity that can assist with financing or the development of a housing project. Deals can be structured in a variety of ways to provide specific benefits to the respective corporation, hospital, or higher education institution.
- **Not-for-profit partnerships:** This focuses on partnering with a not-for-profit organization that has a specific mission to develop and maintain affordable housing. The institution could donate land or a building and have residential units developed that offer preferential treatment to the organizations' employees.
- **Public-private partnerships:** Partnering with local, state, or other government entities that focus on community housing needs could create a relationship with a common goal. The public entity may be able to leverage tax relief and decrease the financial impact on the respective group.

Whatever path your hospital or health system ultimately decides to pursue, two critical factors are necessary to really move the needle:

1. An internal champion who has the vision, will, and tenacity to push the project forward.
2. A willingness for your organization to step out of its traditional silo and engage with other stakeholders in the community—including municipal, county, or state governments and regulators; local non-profits, philanthropies, or faith-based entities; and for-profit builders, developers, and banks—to find creative solutions that can help solve the workforce housing shortage.

5 [“Dartmouth-Hitchcock Health Seeks Developer for Affordable Rental Housing Project”](#) (press release), November 18, 2020.

Healthcare boards should take time to consider the impact of workforce housing challenges. Finding solutions to workforce housing can not only help healthcare organizations recruit and retain the best talent, but also create cost savings and lead to more efficient operations.

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