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HOUSING SUPPLY SOLUTIONS FOR CITY LEADERS: FINANCE

Public-Private Partnerships with Local Employers

The acute housing supply shortage of almost 4 million units in the United States demands urgent action. Barriers to increasing housing supply exist across multiple sectors, including finance, construction, land use and regulations, infrastructure and workforce. In this series of fact sheets, NLC offers context, solutions and case studies for city leaders seeking to address these barriers and create more housing more efficiently and at lower costs. This Housing Supply Accelerator Fact Sheet series explores solutions in three critical areas: construction and development; land use and regulations; and finance.

Key Takeaways

- The housing supply shortage has a direct and detrimental effect on local economies and workforce stability.
- Due to rising housing costs and limited supply, employers are committed to being part of the solution by directly investing in housing and supporting the communities where they are based.
- With rising housing costs and limited supply, employers are committed to supporting their local communities by directly investing in housing.
- Public-private partnerships[*] with local employers can help assure a stable, diverse and attainable housing supply that strengthens the economy and helps attract and retain workers and businesses.

[*] A Public-Private Partnership (PPP) is a collaborative arrangement between government entities and private organizations to deliver services or infrastructure projects that benefit the public. In the housing sector, these partnerships can include joint funding, resource sharing, and collaborative development of housing projects.

Background

Local employers are essential partners in a city's efforts to boost housing supply. Employers can play a pivotal role in mobilizing capital and supporting housing development. By partnering with employers, cities can create mutually beneficial solutions that support the community and workforce resilience while expanding the local housing supply.

The Benefits for Cities and Their Residents

A Win-Win Approach

Public-private partnerships between cities and employers offer a strategic path forward by aligning a city's housing goals with its workforce and economic development priorities. When employees lack access to affordable and stable housing, businesses experience higher turnover and difficulty attracting talent, while cities experience weakened economic competitiveness and instability in their local labor markets.

An Array of Partnership Options

Housing partnerships with local employers can take many forms, including direct employer investments in new or existing housing developments, low-interest loans, gap financing**, grants, or contributions to city land trusts that support affordable housing production.

Benefits for Workers, Employers

Collaborative initiatives between cities and employers can help alleviate the cost burden of housing on local workers while expanding housing access. For example, companies that have implemented Employer-Assisted Housing (EAH) programs*** reported reduced recruitment costs, decreased turnover, and increased productivity. When employees reside near their place of work, cities also benefit from a stronger tax base and more concentrated economic activity.

Gains in Economic Growth

Investments in housing deliver measurable economic returns for cities and local businesses. One report estimated that closing the affordable housing gap in Atlanta, Georgia will drive about $36 million in economic growth and produce 34,000 jobs. Similar projections have been made for cities like Washington, D.C., and Chicago, suggesting that employer engagement in local housing strategies is good for cities and their business partners alike.

** Gap financing refers to funding such as loans, grants, or subsidies that fills the difference between the main loan (primary financing) and the total cost of a project, helping cover expenses that aren't fully paid for by the primary loan.

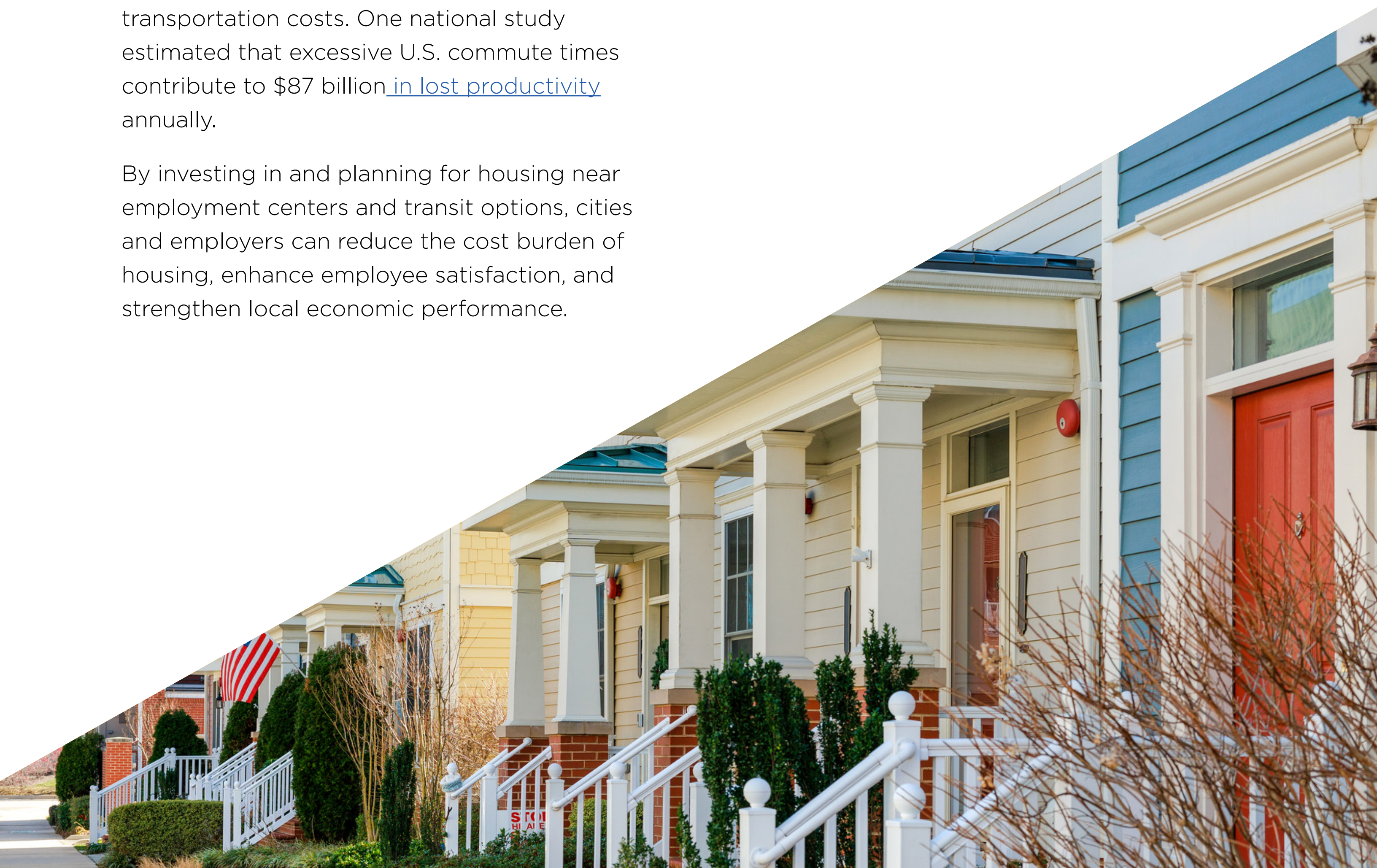
*** In Employer-Assisted Housing (EAH) efforts, employers support employees in finding or affording housing near their workplace. In many cities, local governments bolster these efforts by offering matching grants or other incentives to amplify employer contributions.

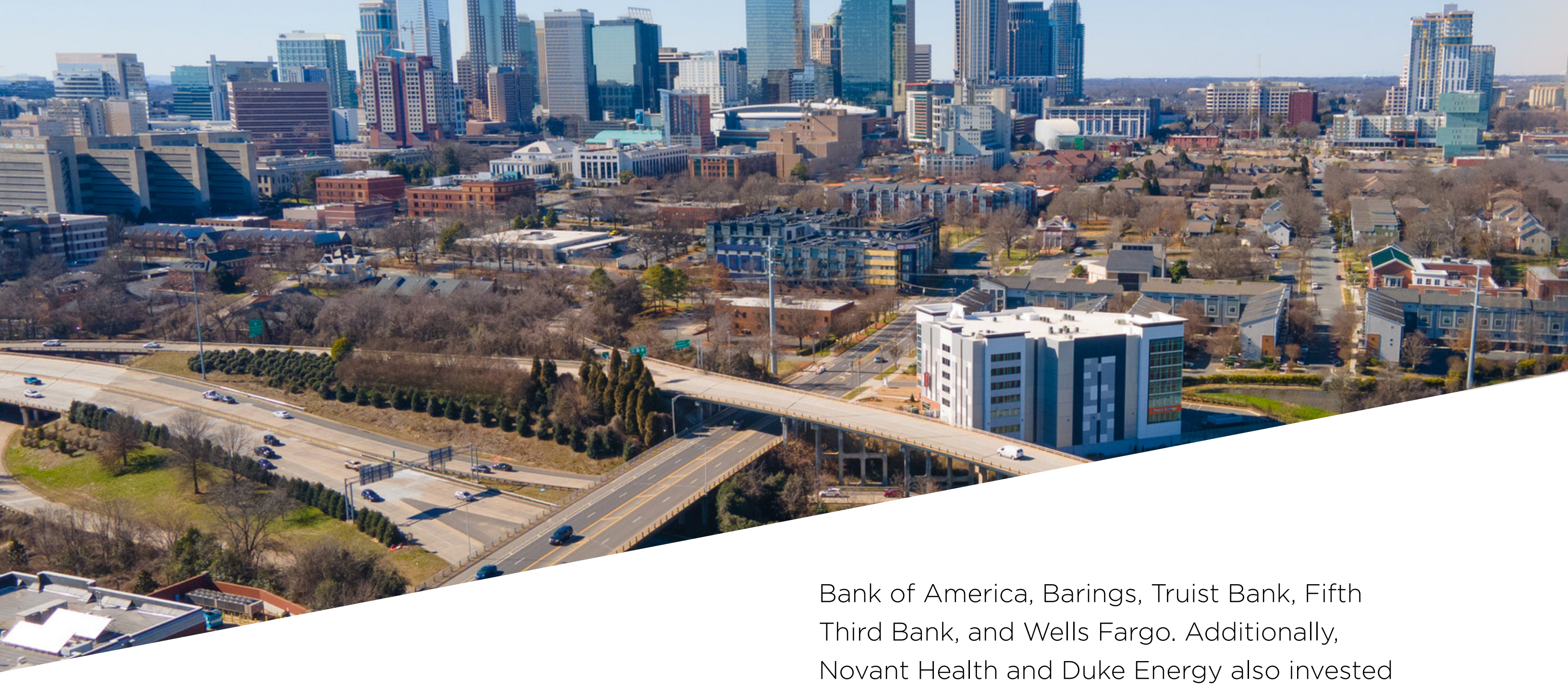
Did You know?

According to the Bureau of Labor Statistics, housing is the largest household expenditure, accounting for an average of 32.9% of total spending, a clear indicator of the financial strain facing many workers. For millions of households, that burden is even heavier. In 2023, nearly 21 million renter households were considered cost-burdened, spending more than 30% of their income on housing—nearly half (49.7%) of the nation's 42.5 million renters.

Research consistently shows a strong link between housing stability and overall well-being, which translates into better outcomes for both workers and employers. According to a 2020 report from the Center for American Progress, the lack of affordable housing forces many employees to live farther from their jobs—resulting in longer commutes and increased transportation costs. One national study estimated that excessive U.S. commute times contribute to $87 billion in lost productivity annually.

By investing in and planning for housing near employment centers and transit options, cities and employers can reduce the cost burden of housing, enhance employee satisfaction, and strengthen local economic performance.





Case Studies

CHARLOTTE, NORTH CAROLINA
(Population: 874,579)

In response to the 2014 Harvard Chetty study ranking Charlotte last among major U.S. cities for upward mobility, Foundation For The Carolinas (FFTC) led a collaborative effort to drive systemic change. They started with the 2017 Leading on Opportunity report, which identified the lack of access to affordable housing as a major barrier to economic mobility in Charlotte.

To address this issue, FFTC galvanized public and private support to launch the Charlotte Housing Opportunity Investment Fund (CHOIF) in 2019. FFTC raised $53 million, $43 million of which was placed directly into CHOIF to provide flexible and patient financing to affordable housing developers. Among the private sector investors are some of Charlotte's leading financial institutions, including Ally Financial, Bank of America, Barings, Truist Bank, Fifth Third Bank, and Wells Fargo. Additionally, Novant Health and Duke Energy also invested in CHOIF, underscoring the vital role local employers play in advancing housing solutions.

Local Initiatives Support Corporation (LISC), a national nonprofit and trusted community development organization, was selected to manage the fund. CHOIF works in tandem with the City of Charlotte's Housing Trust Fund (HTF) to expand affordable housing through innovative, flexible financing for developers. The public-private partnership also catalyzed an increase in public investment: since 2019, Charlotte has grown its HTF commitment from $25 million to $100 million to sustain and scale affordable housing access across Charlotte.

Originally targeting 1,500 units, CHOIF has now supported 1,927 affordable units, many with supportive services to ensure long-term stability for residents. The effort has been so successful that a second fund (CHOIF II) is now underway to continue the work, with two deals closed and four in the pipeline.

SEATTLE, WASHINGTON
(Population: 755,078)

Amazon's housing fund is providing more than $3.6 billion to help preserve or create more than 35,000 affordable homes for individuals and families earning moderate to low incomes in the Puget Sound, National Capital, and Nashville regions – three communities that Amazon calls home. As part of this commitment, Amazon and the City of Seattle are deepening their partnership to tackle the critical need for affordable housing in the area. With its primary headquarters in Seattle, Amazon has supported the development of over 9,900 affordable homes in the Puget Sound region. Amazon works closely with local developers and community organizations to identify opportunities and fill funding gaps for projects serving households between 30% and 80% of the area median income. These homes are strategically located to be within walking distance of public transit and are designed to remain affordable for 99 years.

City officials have praised Amazon's collaboration and emphasized the role of this partnership in increasing the affordability as well as the supply of housing in Seattle. In addition to these housing units, Amazon is expanding homeownership initiatives through a $40 million partnership with the National Housing Trust, to launch a pilot program that supports 800 homeowners in home preservation and construction.

Next Steps for Your City

Public-private partnerships with employers offer a promising strategy to increase housing supply, strengthen local economies, and can support a stable, productive workforce.

Consider the following steps to engage local employers in housing development in your city:

IDENTIFY EMPLOYER PARTNERS. Consider which local employers have the most to gain from your city's efforts to expand the supply of housing and how to partner with them.

GET A BETTER HANDLE ON REGIONAL DYNAMICS. Connect with local and regional economic department offices and chambers to assess regional job trends, employers' hiring and retention challenges, and connections to housing supply.

ALIGN GOALS. Develop housing strategies that align with employer concerns, focusing on employee recruitment and retention, productivity, and transit-oriented development.

LEVERAGE RESOURCES. Identify available land, funding mechanisms, and policy incentives to support housing initiatives you can launch in partnership with local employers.

MEASURE IMPACT. Use data-driven approaches to assess how housing initiatives contribute to economic improvements, workforce stability, housing affordability and retention.

By proactively engaging local employers, cities can unlock new resources, accelerate housing goals and boost economic opportunities in their communities.