

# NORTHROP GRUMMAN CORPORATION

BETHPAGE, N.Y. & PASCAGOULA, MISS.

**NORTHROP GRUMMAN**

## ORGANIZATION BACKGROUND

- Northrop Grumman Corporation is a \$30-billion global defense and technology company with 120,000 employees. The company provides innovative systems, products and solutions in information and services, electronics, aerospace and shipbuilding to government and commercial customers worldwide.
- Customized employer-assisted housing programs are offered at two locations: Northrop Grumman Integrated Systems Eastern Region in Bethpage, N.Y., which employs approximately 2,000 people on Long Island; and, Northrop Grumman Ship Systems, in Pascagoula, Miss., which employs approximately 11,000 people along the Mississippi Gulf Coast.

## AFFORDABILITY GAP IN NASSAU/SUFFOLK, N.Y.

Median home price	\$478,800
Income needed to afford a median-priced home	\$138,205
AVERAGE ANNUAL SALARY FOR:	
Aircraft mechanic and service technician	\$44,640
Electrician	\$57,660
Executive secretary	\$45,860

Sources: National Association of Realtors (Second Quarter 2006); Bureau of Labor Statistics (May 2006).

## THE BOTTOM LINE

"Clearly the model we have put in place in Mississippi will impact our Louisiana strategy as well. And frankly, these employees deserve every bit of support we can offer. We are honored to be a recognized partner in the recovery efforts."

**-PHILIP A. TEEL**

Corporate Vice President  
Northrop Grumman  
and President  
Northrop Grumman Ship Systems

## SITUATION OVERVIEW

On Long Island, Northrop Grumman Integrated Systems (NGIS) first implemented an employer-assisted housing (EAH) program in 2004 to improve recruitment and retention in a very high-cost home market. On the Mississippi Gulf Coast, many Northrop Grumman Ship Systems (NGSS) employees lost their homes in 2005 during Hurricane Katrina. Today the local housing supply remains extremely limited. The new NGSS EAH program, launched in 2007, was created to help remedy extreme recruiting shortfalls caused by the severely limited housing supply.

## EAH PROGRAMS AT-A-GLANCE

On Long Island, NGIS offers employees forgivable loans toward the purchase or rehabilitation of a primary residence. Employees are encouraged to tap into other funding streams, including government programs, to maximize the financial assistance they can receive. In Mississippi, NGSS employees are eligible to receive forgivable loans to help build or purchase a new home, or to rebuild a home destroyed by Hurricane Katrina. Employees not yet able to buy homes are eligible for rental assistance.

## COMPETITIVE ADVANTAGE

Whether its employees face the challenges associated with an area's high home costs or its economic instability, Northrop Grumman recognizes that EAH programs can attract new talent and strengthen the company, while also stimulating community investment.



[www.homesforworkingfamilies.org](http://www.homesforworkingfamilies.org)

## PROGRAM DETAILS

**NGIS:** In collaboration with the Long Island Housing Partnership, NGIS provides employees \$5,000 grants toward down payment costs. The down payment assistance must be used toward the purchase of a primary residence, and employees must participate in a homebuyer education course.

NGIS also encourages employees to take advantage of the Homeownership and Economic Stabilization for Long Island Program (HELP). This new program matches employer housing benefits three-to-one and provides employees additional grants of up to \$20,000 for rehabilitation efforts. Through HELP, NGIS employees can receive an additional 10-year, \$15,000 forgivable loan toward the purchase of a home. The amount of assistance is determined based on a sliding income scale – employees at the lower end of the income spectrum are offered greater assistance.

**NGSS:** The new EAH program offers down payment assistance loans of up to \$7,500 for new homebuyers or employees who are rebuilding their homes. The down payment assistance must be used toward a primary residence. Additionally, NGSS' partner, the Gulf Coast Renaissance Corporation, will provide up to \$22,500 – a three-to-one match – to each employee to complement NGSS' contribution. Like the Long Island program, the amount of assistance is determined based on a sliding income scale. Loans are forgiven over five years provided the employee stays with the company, retains ownership of the home and maintains it as a primary residence. NGSS also offers up to \$2,000 in rental assistance to help absorb expensive moving costs and security deposits.

## Employee Eligibility

### NGIS

- Employees earning up to 130 percent of the area median income are eligible for the program.
- Employees are required to invest \$3,000 of their own money in the home purchase.

### NGSS

- Employees must work full time and have worked at NGSS for six months or longer to receive down payment assistance.
- To receive rental assistance, employees must have worked at the company for at least 90 days. In addition, they must be either a new hire living in temporary housing or an employee who cannot yet purchase a home.

## Program Expenses

In Mississippi, NGSS executives have determined that it costs approximately \$50,000 to \$60,000 to replace an employee who has left the company. The EAH benefit costs approximately \$7,500 to \$9,500 per employee. NGSS anticipates the EAH program will increase employee retention, leading to significant cost savings.

## Key Partners

### NGIS

- **Long Island Housing Partnership:** administers the program, offers homebuyer education, and distributes grants and related monies.
- **Homeownership and Economic Stabilization for Long Island Program (HELP):** matches employer housing benefit packages three-to-one and provides additional rehabilitation grants. HELP is a New York state initiative.

### NGSS

- **Gulf Coast Renaissance Corporation:** oversees program design, implementation and administration, and secures matching funds.
- **Dependable Affordable Sustainable Housing:** provides homebuyer education and confidential credit counseling services.

## OUTCOMES

- As of October 2007, more than 20 NGIS employees had received homebuyer education.
- Nine NGIS employees have taken advantage of the down payment assistance. HELP assistance is expected to increase this number dramatically.

## IMPLEMENTATION INSIGHT

On Long Island, NGIS has encouraged employees to take advantage of other assistance opportunities, including the newly established HELP initiative. Tapping into outside funding streams has significantly increased the amount of assistance available to employees.



"I think it is common knowledge that young professionals struggle with the high cost of living on Long Island, resulting in a lot of people relocating off the island. It gives me a good feeling that a company such as Northrop Grumman has not only recognized this challenge but is actively doing something about it."

—ALPHONSO C. VANLOW  
Generalist, Human Resources  
Northrop Grumman Integrated Systems