

Guest Worker Housing Program

Opportunity - A guest worker program that includes a housing initiative paid for by workers and their employers at the end of a five year work period in the US would have financed a housing fund (7.5 percent from workers and matched by employers) valued at \$25,000. This housing fund would only be available for purchase of a residence in the worker's home country upon his return there.

Market Size - The potential size of this market could exceed \$3 billion depending on the number of guest workers authorized, the length of their work period, and their wage scale. With appropriate legislation in place, this market could be attractive to the US modular home industry.

Role of US Housing Industry - Modular housing industry would (1) support an advocacy campaign to establish the guest worker program housing initiative, (2) develop with support from US foreign assistance agencies a pilot manufacturing activity in Central America, and (3) plan a major expansion of export marketing as policy framework put in place in US communities.

Housing fund is estimated at \$25,000 over five years based on a \$10 average hourly wage with 60 hours of work per week. Withholdings from the workers paycheck would be made for a housing fund "check off" program. The worker would contribute 7.5% and the employer would contribute 7.5%. This is the equivalent of the current FICA tax and would in lieu of the FICA tax since the guest worker would not be eligible for Social Security benefits in the future.

Following estimates are used to project the housing fund accumulation after 5 years: Avg. Hourly Wage - \$10; Number of hours worked per week - 60 hours; Total Monthly Earnings - \$2,400; Total Yearly Earnings - \$28,800; Housing Check-Off Fund Deposits per Year (15% of Total Salary) - \$4,320; Total Housing Check-Off Fund after Five Years - \$25,000 (\$4,320 per year with interest earnings of compounded quarterly at an average interest rate of 5.5%).

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