

Prepared by the Office of the Executive Vice President for
Academic Affairs/Provost
This is a NEW Executive Policy.

UNIVERSITY OF HAWAI`I

EXECUTIVE POLICY - UNIVERSITY HOUSING ASSISTANCE PROGRAM

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E5.226 - University Housing Assistance Program

I. INTRODUCTION

This Executive Policy embodies former Board of Regents Policy relating to the University's Housing Assistance Program. With the Board of Regents delegation of authority to the President relating to University's Housing Assistance Program, the intent of this Executive Policy is twofold. First, this Executive Policy maintains the policy-based administrative infrastructure created by Board policy relating to University's Housing Assistance Program Department Chairs, Special Program Directors and Chairs of Academic. Second this policy serves to transition the administration of the administrative infrastructure from Board policy to Executive Policy promulgated by the President.

II. PURPOSE

The purpose of this executive policy is to describe and establish guidelines for the University's Housing Assistance Program.

III. RESPONSIBILITIES

It shall be the responsibility of the President to promulgate a policy in consultation with University executives setting forth the guidelines for the University's Housing Assistance Program.

IV. GUIDELINES FOR THE UNIVERSITY'S HOUSING ASSISTANCE PROGRAM

A. GENERAL PROVISIONS

1 Intent and Purpose

- a. Intent and Purpose. The University of Hawai'i recognizes that assistance aimed at mitigating housing affordability problems of certain personnel is essential to enable it to compete in a tightening national and international market for highly qualified teaching, research, and

service personnel. The University seeks to establish a University Housing Assistance Program ("Program") through which it will offer assistance to certain personnel similar to that offered by numerous peer research universities located in similarly high-cost housing locations throughout the country to preserve and enhance academic excellence into the 21st century. The Program is intended to support the University's competitive strategy in personnel recruitment and retention.

The purpose of the Program is to help selected newly and recently appointed personnel of the University system obtain suitable housing, thus enabling them to choose an academic career at the University. Suitable housing is housing which is appropriate to family needs; is safe, comfortable, located within a reasonable commuting distance to work; and where available education and health care services meet family needs. Suitable housing does not mean luxury housing or immediate proximity to the campus, and expectations must necessarily be moderated by the fact of Hawai'i's high-cost urban environment. While it is the general intent that new and recently hired personnel receive priority under the Program, it is recognized that personnel with earlier initial hiring dates may be critical to a given academic unit and may also need assistance.

Although the goal of the Program is to assist as many personnel as possible, the Program is not intended and does not have sufficient resources to assist all personnel. Since it is anticipated that available Program resources will be insufficient to assist all personnel, the resources shall be selectively utilized as a competitive tool in personnel recruitment and retention.

Program resources will be allocated based on institutional need to attain and maintain excellence and quality in University programs. Institutional need shall be determined relative to:

- University-wide master plans and strategic priorities addressing State needs;

- Balance and equity to further the University as a system;

Academic and programmatic priorities of a campus, college, school, institute, department, center, or other academic unit;

The University's commitment to diversification (gender, ethnicity, and other factors) of the faculty.

The University may also consider the following attributes in selecting personnel for participation:

The qualifications of the individual being recruited or retained;

The individual's actual and expected contribution to the University;

The housing assistance needs of junior faculty as compared to senior faculty.

2. Program Components

a. Components. The components of the Program are:

Information/Counseling, and Program Administration

Financial Assistance:

Down Payment Assistance

Mortgage Payment Assistance

University Rental Housing Development

University For-Sale Housing Development

b. Information, Counseling, and Referral. The University shall provide housing information, counseling, and referral services to all University personnel.

c. Financial Assistance. The University shall provide financial assistance to selected qualified eligible personnel which shall be treated as a loan from the University.

d. Housing Development. The University may participate in the development or acquisition of both Rental Housing and For-Sale housing for its personnel, by directly developing such housing, or by entering into contracts with qualified

persons, partnerships, or corporations to develop, construct, or otherwise provide such housing.

3. Funding

- a. Revolving Fund. Funding for the Program shall be principally derived from the University of Hawai'i Housing Assistance Revolving Fund. The Fund shall be used to finance the Program and to support the operation of the Office.
- b. Private Funds. Although primary funding for the Program shall be derived from the Housing Assistance Revolving Fund, it is possible that private funds may become available which will permit loans to be made by the University to selected qualified eligible personnel in a designated academic unit or in other groups. In such cases, the University shall obtain Board approval before accepting the private funds.

4. Eligibility; Allocation and Selection

- a. Program Eligibility. Any full time Board appointee is eligible ("Eligible Person") to participate in the Program. Any additional eligibility requirements necessary or desirable to implement the Program shall be established in accordance with the Intent and Purpose of this Policy.
- b. Allocation and Selection System. The President, in consultation with the Officers specified in the Board of Regents' Bylaws and Policies, Section 2-1(a), shall allocate Program resources across the University system in accordance with the Intent and Purpose of this Policy.

Upon receiving an allocation from the President, the Chancellors, in consultation with Provosts, Deans, and Directors, shall distribute the Program resources to the respective academic units and shall select those personnel to whom Program resources will be offered. The selection of personnel shall be in accordance with the Intent and Purpose of this Policy.

The allocation and selection system shall be reviewed annually to meet changing needs.

5. Administration

- a. Executive Policy. The President through this Executive Policy establishes guidelines to implement all aspects of the components of the Program. Any rules, procedures, requirements, terms, conditions, priorities, or standards as may be necessary or desirable to implement the Program shall be established in accordance with this Executive Policy and further Board directives.
- b. Administering Office. The Program shall be administered by the systemwide Faculty Housing Development and Assistance Services Office ("Office"). The Office shall provide support, information, and consultation to academic units and prospective tenants, purchasers, and participants.
- c. Report. Upon request the Office shall prepare and submit a report to the Board that includes detailed information on the source and use of funds, and relevant summary and detailed categorical information and statistics.

6. General Powers

- a. Documents. In accordance with applicable Board of Regents Bylaws and Policies the University may prepare, or cause to be prepared, all ground leases, sales contracts, purchase or sales agreements, loan agreements, mortgages, notes, financing statements, equity participation agreements, covenants restricting occupancy or resale, rental agreements, and all other documents necessary or convenient for the exercise of the Intent and Purpose of this Executive Policy.
- b. Contracts. In accordance with applicable Board of Regents Bylaws and Policies the University may enter into contracts with any qualified person, partnership or corporation to manage, sell, or acquire any housing units, or to provide any services the Office is required to conduct for the purposes of the Program.
- c. Sale and Purchase of Housing Units, and Loans. In accordance with the Board of Regents' Bylaws and Policies provisions regarding acquisition and conveyance of interests in land but without prior Board approval, the University may convey and acquire any for-sale housing units it developed or financed and may make Financial Assistance

loans. Any loan and attendant equity participation agreement made through this power shall not be deemed an investment subject to the Board of Regents' Bylaws and Policies.

B. FINANCIAL ASSISTANCE

1. Financial Assistance; Intent and Office Assistance

- a. Intent of Financial Assistance. The intent of the Financial Assistance component is to assist selected qualified Eligible Persons who lack sufficient financial resources in purchasing a principal residence, by loaning funds to supplement down payment, housing purchase closing costs, and monthly housing payments.
- b. Office Assistance. The Office shall provide assistance to a prospective participant in establishing a viable mix of down payment funds, housing purchase closing costs, and monthly housing payments to be provided by the Financial Assistance loan. The Office shall solely determine the Financial Assistance mix to be offered to the prospective participant.

2. Financial Assistance; Priority and Qualification

- a. Priority. An Eligible Person who at the time of application does not own an interest in residential real property within the State of Hawai'i suitable for occupancy as a principal place of residence shall have priority as a participant if there are more prospective participants than Financial Assistance packages available.
- b. Financial Qualification. The University shall establish standards to assure that a prospective participant possesses the financial capability to purchase the real property. The University shall establish a standard for a minimum down payment amount which a prospective participant shall contribute to the purchase of the real property. The University shall also establish a standard to require a prospective participant to contribute a substantial portion of the participant's assets toward the purchase of the real property.

3. Financial Assistance; General Requirements

- a. Loan Terms. Financial Assistance funds advanced shall be treated as a loan from the University to the participant. The loan shall be repaid upon the earlier of the sale of the housing unit by the participant or upon the expiration of ten years. The loan may be repaid at any earlier time without prepayment penalty. The loan shall be subject to repayment through an equity participation arrangement, in which the University receives a percentage of the resale price or fair market value upon repayment equal to the percentage of the original loan amount to the original purchase price of the housing unit. The repayment amount shall not be less than the original amount of the Financial Assistance loan and interest based on a reasonable index rate. All loans shall be made in accordance with real property standards, loan-to-value requirements, repayment requirements, and other requirements, terms, conditions, and procedures, which the Board may further specify.

- b. Ownership, Occupancy, and Resale Restrictions. A Financial Assistance loan participant shall contract with the University and obtain a real property interest. The University shall require that each participant be an owner-occupant of the real property until the loan is repaid. The University shall allow any person who is not the Eligible Person to purchase an ownership interest in the real property as a joint tenant, a tenant in common, or a tenant by entirety with the Eligible Person; provided that the purchaser who is not the Eligible Person shall be required to execute all appropriate documents and shall be subject to all requirements which are applicable to the Eligible Person who is the Financial Assistance participant. Except as may be provided for in Executive Policy, the interest in the real property of a person who is not the Eligible Person shall be no greater than, or extend beyond, that of the Eligible Person. At the time of resale of the real property then secured by a mortgage in the name of the University, the University shall receive the first opportunity to purchase the real property at fair market value.

C. O'AHU RENTAL PROJECTS

1. O'ahu Rental Projects; Purpose and Applicability

- a. Purpose. The purpose of the O'ahu Rental Projects component of the Program is to provide temporary, transitional housing primarily for new and recently recruited Eligible Persons and their families.
 - b. Applicability. The provisions of this part are applicable to the Kau'iokahaloa Nui Apartments (Woodlawn and Lowrey) Rental Project and the Hale Kewalo Rental Project.
2. O'ahu Rental Project; Eligibility and Priority
- a. Eligibility. Any Eligible Person who is appointed to an O'ahu campus and whose workplace is on O'ahu is eligible to be a tenant in an O'ahu Rental Project.
 - b. Priority. An Eligible Person who has an initial appointment date not more than three years before the rental application date shall have priority to rent if there are more prospective tenants than rental units available.
 - c. During periods when vacancy rates are higher than normal, other employees shall be eligible to be a tenant.
3. O'ahu Rental Projects; Rental and Parking Rates
- a. Kau'iokahaloa Nui Apartments. Rental and parking rates at the Kau'iokahaloa Nui Apartment Project are as follows:
 - (1) Effective July 1, 1994; Base Rental Rates Per Month

(a) 2-Bedroom	\$1,200.00
(b) 3-Bedroom	\$1,400.00
(c) Parking per Stall	\$15.00
 - (2) Base Rental Rates include water and sewer service.
 - (3) Rental rates may be adjusted from the Base Rental Rates based on any provided furnishings or amenities; provided that the rate adjustment shall not exceed the actual or fair market value of such provided furnishings or amenities.
 - (4) Rental rates may be adjusted from the Base Rental Rates for desirable or undesirable

features attendant to specific rental units; provided that such adjustment shall not exceed five percent (5%) of the Base Rental Rate.

- (5) Rental rates may be set lower than the Base Rental Rates to meet conditions in the apartment rental market.
- (6) Without Board approval, Base Rental Rates may be increased annually, but not more than three percent (3%) a year greater than the most recently established Base Rental Rates.

4. O'ahu Rental Projects; General Requirements

- a. Maximum Term of Rental Agreement. The University shall establish a limit on the duration of maximum occupancy in O'ahu Rental Projects. The University may allow extensions to such maximum occupancy for extenuating circumstances which benefit the University.
- b. Other Occupants. Any other member of the tenant's household who resides in the rental unit need not be an Eligible Person to occupy the rental unit, nor be related by blood or marriage, but shall be required to sign the rental agreement and comply with all requirements of tenancy.
- c. Termination of Occupancy. The University shall establish procedures which allow the University to terminate the occupancy of any tenant who is no longer qualified to occupy the rental unit.
- d. Subleases and Assignment. Unless agreed to by the University in writing, a tenant shall not sublet the rental unit or assign the rental agreement.

D. KAU'IOKAHALOA IKI FOR-SALE PROJECT

1. Kau'iokahaloa Iki For-Sale Project; Applicability

- a. Applicability. The provisions of this Part are applicable to the Kau'iokahaloa Iki (Lowrey at Kalawao) For-Sale Project.

2. Kau'iokahaloa Iki For-Sale Project; Eligibility and Priority

- a. Eligibility. Any Eligible Person who is appointed to an O'ahu campus and whose workplace is on

O'ahu is eligible to purchase a housing unit in the Kau'iokahaloa Iki For-Sale Project.

- b. Priority. An Eligible Person who at the time of application does not own an interest in residential real property within the State of Hawai'i suitable for occupancy as a principal place of residence shall have priority to purchase if there are more prospective purchasers than housing units available.
- c. Purchasers That Are Not Eligible Persons. At the discretion of the President, a qualified person, partnership, or corporation may purchase a housing unit in the project by pledging to allow the housing unit to be occupied by an Eligible Person during the full term of ownership, and by complying with rental and resale requirements as specified in this Policy, or as established in accordance with Intent and Purpose of this Policy.

3. Kau'iokahaloa Iki For-Sale Project; Price and Financing

- a. Purchase Price. The base purchase price for each housing unit shall be at fair market value, as established by the University by appraisal or market study.
- b. Conditional Price Credit. The University shall establish a range of conditional price credits which shall not exceed more than twenty percent of the base purchase price. At the option of the prospective purchaser, the housing unit may be purchased subject, or not subject, to any one of the established conditional price credits. If the purchaser opts to purchase the housing unit subject to a conditional price credit, the amount of the conditional price credit shall be treated as a loan secured by a junior mortgage, which shall have the effect of reducing the amount of funds which the prospective purchaser needs to obtain in order to purchase the housing unit.
- c. Conditional Price Credit Repayment Terms. The conditional price credit loan shall be repaid upon the earlier of the sale of the housing unit by the purchaser or upon the expiration of ten years. The loan may be repaid at any earlier time without prepayment penalty. The loan shall subject to repayment through an equity participation arrangement, in which the

University receives a percentage of the resale price or fair market value upon repayment equal to the percentage of the conditional price credit to the base purchase price of the housing unit. The repayment amount shall not be less than the original amount of the conditional price credit and interest based on a reasonable index rate.

4. Kau'iokahaloa Iki For-Sale Project; General Requirements

- a. Leasehold Tenure. Each housing unit shall be sold in leasehold, with a ground lease rent of \$1 per year, fixed for 55 years, payable in advance upon purchase closing. The lessee shall have the option to extend the lease to a maximum 55 years at any time during the lease. The University shall also establish provisions which protect the University in the event of any proposed involuntary conveyance of the lease or the leased fee interest.
- b. Ownership and Occupancy Restrictions. The University shall require that each purchaser be an owner-occupant of the housing unit for as long as the purchaser retains an interest in the housing unit. Except as may be provided for in Executive Policy, the interest of a purchaser who is not the Eligible Person or of a non-purchaser in the housing unit shall be no greater than, or extend beyond, that of the Eligible Person.
- c. Resale Restrictions. Upon resale, the University shall receive the first opportunity to purchase the housing unit. If the University does not exercise this first right to repurchase, the owner may only offer the housing unit for sale to another Eligible Person. The University shall have the right to match any offer by a subsequent prospective purchaser, at its discretion.