Prepared by the Office of Campus Services, University of Hawai‘i at Mānoa

UNIVERSITY OF HAWAI‘I

EXECUTIVE POLICY - UNIVERSITY HOUSING ASSISTANCE PROGRAM

MARCH 2013

E5.229 - University Housing Assistance Program

I. INTRODUCTION

This Executive Policy ("Policy") embodies former Board of Regents Policy on Faculty Housing. With the Board of Regents delegation of authority to the President on the University Housing Assistance Program, the intent of this Policy is to establish the administrative infrastructure created by Board policy under Section 9-9.

II. PURPOSE

The purpose of this Policy is to describe and establish guidelines for the University Housing Assistance Program.

III. RESPONSIBILITIES

It shall be the responsibility of the President to promulgate a policy with appropriate consultation relating to University Housing Assistance.

IV. GUIDELINES FOR THE UNIVERSITY HOUSING ASSISTANCE PROGRAM

A. GENERAL PROVISIONS

1. Intent and Purpose

   a. Intent. The intent of the University Housing Assistance Program ("Program") is to provide the University with the ability to recruit and retain highly qualified personnel in a competitive national and international market by providing housing assistance through the Program.
b. **Purpose.** The purpose of the Program is to provide suitable housing assistance to highly qualified personnel. The Program is not intended to and does not have sufficient resources to assist all personnel. Therefore, the resources shall be selectively utilized as a competitive recruiting and retention tool with priority given to highly qualified tenure-track faculty.

2. **Program Components**

   The components of the Program are:

   a. **Management of University-owned Rental and For-Sale Properties.** The University shall manage and offer its rental units to qualified eligible personnel according to a priority ranking established by this Policy.

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

   c. **Financial Assistance.** Subject to funding availability, the University may provide financial assistance to selected qualified eligible personnel which shall be treated as a loan from the University. The University may also elect to participate in mortgage programs offered by private lenders.

   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**

   Funding for the Program shall be principally derived from the authorized faculty housing accounts under the University of Hawai‘i Auxiliary Enterprises Special Fund (HRS 304A-2157) and the University Revenue-Undertakings Fund (HRS 304A-2167.5) (“Funds”). The Funds shall be used to finance the Program and support the operations of the Office.

4. **Eligibility**

   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.

5. Administration

a. Executive Policy. Through this Executive Policy, the President establishes guidelines to implement all aspects 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 Policy.

b. Administering Office. The Program shall be administered by the Mānoa Faculty Housing 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 President 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 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 involving the acquisition or conveyance of land and interests in land, 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. At the discretion of the President, any unsold for-sale housing unit may be rented, subject to the Administrative Rules and Board Policy governing University-owned rental housing units.

B. FINANCIAL ASSISTANCE

1. 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 may 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. 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. 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 (10) 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. Purpose and Applicability

a. Purpose. The purpose of the O‘ahu Rental Projects is to provide transitional housing for highly qualified Eligible Persons and their families.
b. Applicability. The provisions are applicable to the Kau'iokahaloha Nui Rental Project, the University-owned rental units of the Kau'iokahaloha Iki For-Sale Project, and the Wa'ahila Rental Project.

2. Eligibility and Priority Schedule

a. Eligibility. Any Eligible Person who is appointed to an O'ahu campus; whose workplace is on O'ahu; and does not own real property on O'ahu is eligible to be a tenant in an O'ahu Rental Project. (See Administrative Rules, Title 20, University of Hawai'i, Chapter 24.)

b. Priority Schedule. When vacancies occur, assignment shall be in accordance with the following priority schedule:

<table>
<thead>
<tr>
<th>PRIORITY</th>
<th>RANK</th>
<th>STATUS</th>
<th>MAXIMUM TERM</th>
</tr>
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<tbody>
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<td>2, 3, 4, 5</td>
<td>Tenure Track</td>
<td>5 Years</td>
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<tr>
<td>2</td>
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<td>5 Years</td>
</tr>
<tr>
<td>3</td>
<td>N/A</td>
<td>All Others</td>
<td>1 Year</td>
</tr>
</tbody>
</table>

3. Rental, Parking, and Utility Rates

In accordance with authority delegated by the Board of Regents, the President shall impose rental, parking, and utility fees for occupancy in O'ahu Rental Projects, and shall revise rental, parking, and utility fees, whenever necessary, to ensure the self-sustaining operations of the O'ahu Rental Projects.

a. Rental, parking, and utility rates for the O'ahu Rental Properties shall be sufficient to produce revenue to:
(1) Pay costs of construction, operation, repair and maintenance of the rental properties;

(2) Pay, when due, all bonds and interest thereon, for the payment of which revenue is or has been pledged, charged, or otherwise encumbered, including reserves;

(3) Provide a reserve for improvements to and replacement of the facilities and premises; and

(4) Carry out all covenants and provisions of the resolution or resolutions authorizing the issuance of bonds.

b. Current rental, parking, and utility rates shall be published on the Faculty Housing website at http://www.hawaii.edu/fachousing/rentalhousing.html

c. Rental rates may be increased annually up to three percent (3%) a year from the most recently established and published rental rates.

4. Lease Agreements and Renewals

The standard lease term shall be annually renewable for a period of up to five (5) years. Lease extensions beyond five years shall be based on Tenant’s priority ranking and eligibility weight when applying the following formula:

\[(S(i)/S_{\text{max}}) \times SW + (T(i)/T_{\text{max}}) \times TW = EW\]

- \(S(i)\) = Eligible Tenant’s Household Salary
- \(S_{\text{max}}\) = Highest Household Salary of Tenants in Project
- \(SW\) = Salary Weight
- \(T(i)\) = Eligible Tenant’s Term of Stay
- \(T_{\text{max}}\) = Longest Stay of Tenant in Project
- \(TW\) = Term of Stay Weight
- \(EW\) = Eligibility Weight

The Office shall establish a maximum ceiling for priority ranking and eligibility weight that shall be reviewed, determined, and adjusted on an annual basis or as necessary to ensure maximum occupancy at all times.

5. General Requirements
a. **Future Occupancy.** Once a person has been an occupant of a unit in an O'ahu Rental Project as an Eligible Person, an Eligible Person’s spouse or family member, or a co-tenant of an Eligible Person, he/she shall be ineligible for future occupancy in a university housing unit.

b. **Household Members.** Members of the Tenant’s household who resides in the rental unit need not be an eligible Board appointee to occupy the rental unit nor need to be related by blood or marriage to the Tenant. All adult members of the Tenant’s household shall be required to sign the rental agreement and comply with all other tenancy requirements.

c. **Termination of Occupancy.** The Office 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 Office in writing, a Tenant shall not sublet the rental unit and parking stalls nor assign the rental units and parking permits. Violations could result in eviction.

e. **Other Requirements.** The Office may adopt House Rules and other documents for the safety, care, cleanliness, and appearance of the Rental Projects and to regulate the conduct of Tenants and visitors to the Rental Projects.

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D. **KAU'IOKAHALOA IKI FOR-SALE PROJECT**

1. **Applicability**

   **Applicability.** The provisions of this section are applicable to the Kau'iokahalao Iki For-Sale Project at 3030 Lowrey Avenue.

2. **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'iokahalao 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. 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 (20%) 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 (10) 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. General Requirements

a. Leasehold Terms. 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 and shall be responsible for extension costs, including legal fees, recordation fees, and additional lease rent in advance. The University shall 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.