

DRAFT

PLAN TO ADDRESS FACULTY HOUSING OCCUPANCY AND SHORTAGE

BACKGROUND:

Faculty Housing at the University of Hawai'i is available to “offer temporary transitional housing to assist new faculty members during their period of adjustment to Hawai'i's economic conditions.”¹ Over time this stated mission in practice has shifted to an attempt to both (1) provide transitional housing to faculty and administrators relocating to Hawai'i; as well as (2) intermediate-term assistance to faculty who are among the lowest paid in the University.

The current inventory of housing units to accommodate University employees are as follows:

Location	<i>Wa'ahila Ridge</i> 2640 Dole Street	<i>Kau'okahaloa Nui</i> 3029 Lowrey Avenue	<i>Kau'okahaloa Iki</i> 3030 Lowrey Avenue
Total Units	2 basement studios 12 studios 23 one-bedroom units 24 two-bedroom units 6 three-bedroom units 55 covered parking stalls 13 uncovered parking	136 two-bedroom units 6 three-bedroom units 215 uncovered parking stalls	27 three-bedroom units w/double carport
Eligibility	Board of Regents Appointees Employees of UH Employees of RCUH Employees of EWC	Board of Regents Appointees Employees of UH Employees of RCUH Employees of EWC	Board of Regents Appointees Employees of UH Employees of RCUH Employees of EWC
Priority	Newly recruited Eligible Persons	Newly recruited Eligible Persons Families of 3 or more	Newly recruited Eligible Persons Families of 3 or more
Rental Rates	Studios \$585 1 bedroom \$650 2 bedroom \$800 3 bedroom \$1025	2 bedroom \$985 3 bedroom \$1300 Parking \$15	3 bedroom \$1500 3 bedroom+ backyard \$1600
Inclusions	Fully furnished; water/ sewer and electricity included; separate laundry room facility; handicapped accessible units available	Partly furnished; water/ sewer included; separate laundry room facility; handicapped accessible units available	Partly furnished; water/ sewer included; washer/dryer in unit; handicapped accessible units available
Exclusions	Telephone; cable tv; parking	Electricity; telephone; cable tv; parking	Electricity; telephone; cable tv
Rental Term	One year	One year, with possibility of extensions	One year, with possibility of extensions
Restrictions	No pets	No pets	No pets

¹ University of Hawai'i Administrative Policy

Board of Regents Policy Section 9-10 governing the administration of Faculty Housing addresses the Wa’ahila Ridge complex, and states “The purpose of the Wa’ahila faculty housing is to provide temporary, transitional housing for new faculty, executive, and managerial appointees of the University of Hawai’i at Mānoa during their first year of employment. The maximum period of occupancy at the faculty housing is one year. The University has the discretion, in extenuating circumstances, to extend the period of occupancy.”

Executive Policy E2.209 sections IV & V provide additional governing rules for the Kau’iokahaloa Nui and Kau’iokahaloa Iki complexes. Relevant policies include:

- Establishment of Rental Rates, restriction of rate increases without Board approval to 3% annually.
- Requiring the University to establish a maximum term of occupancy, and may allow extensions to the maximum term in extenuating circumstances.
- Terms for oversight of the Kau’iokahaloa Iki For-Sale Project.

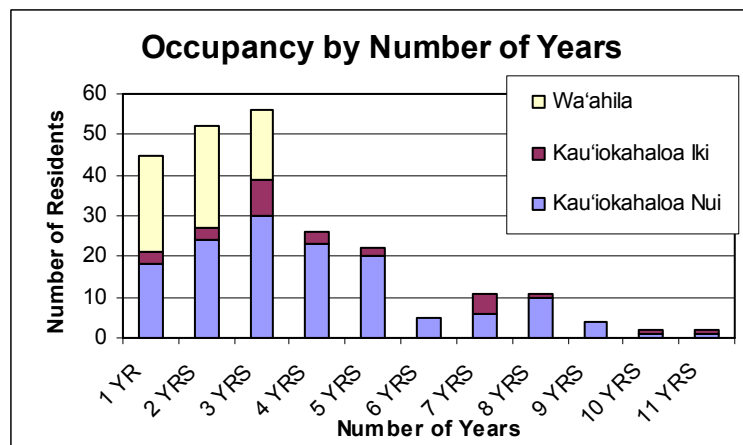
In 2003, two important decisions made by then-Chief Financial Officer Wick Sloane, and supported and implemented by then-Chancellor Peter Englert: (1) A proposed increase to the base rent was put on hold; and (2) leases were renewed regardless of length of stay, contrary to policy. This was done in reaction to the fact that there had not been increases in faculty salaries and the already tightening of the Honolulu housing market made it difficult for faculty to find outside housing.

CURRENT OCCUPANCY AND WAITING LISTS

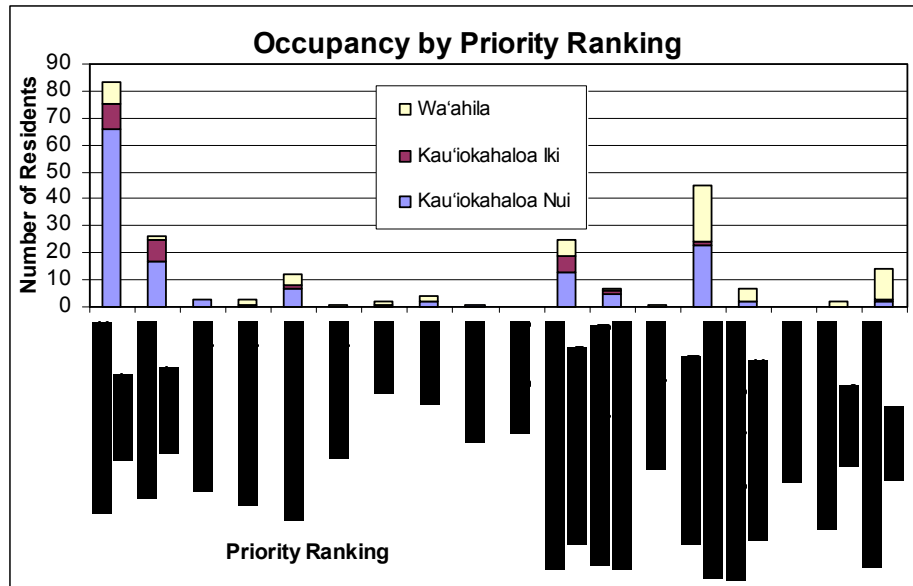
The twin factors of very tight purchase and rental markets in Hawai’i and the suspension of policies that had previously required employees to vacate faculty housing have resulted in:

- Many tenants having occupied faculty housing for over 5 years
- Many tenants ranking low on the employee priority list residing in Faculty Housing
- Housing being unavailable to new tenure-track employees
- Housing being unavailable to visitor or temporary faculty

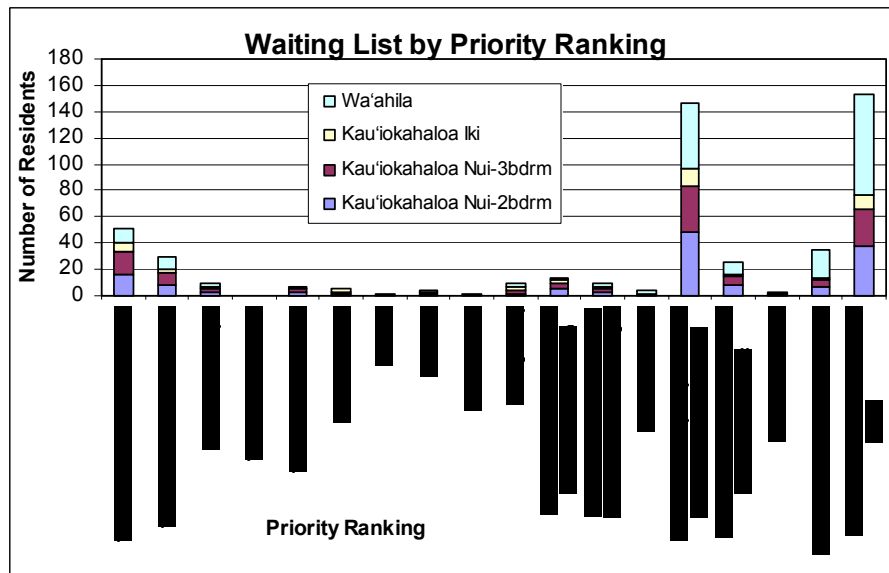
The current housing policy states that residents of Wa’ahila Ridge have 1 year total residency, and Kau’iokahaloa Iki and Kau’iokahaloa Nui have a total of 3 years residency. Exceptions to both of these restrictions are permitted. At this time, because the policies are not being enforced, there are 42 employees who have lived in Wa’ahila Ridge for over 1 year, and 111 employees who have resided in the Kau’iokahaloa projects for over 3 years, 57 of which have resided there for over 5 years.



There are also a significant number of employees that are not among the highest ranking priority categories occupying Faculty Housing. In total, 102 employees that rank below priority category #8 (“Managerial” ranking) reside in Faculty Housing.



The undesirable result of the current practices is that there are a great number of incoming employees that are in high priority categories unable to be accommodated in Faculty Housing. *In Fall 2006 we were unable to accommodate 18 Priority 1 (Assistant Professor) and 12 Priority 2 (Associate Professor) employees.* This lack of housing availability is widely reported by Deans and Directors as a significant problem for recruitment of new faculty.



Additionally, there have been many complaints about the prioritization list itself. Specifically, there are categories of employees currently lower in the priority rankings that should not be ranked lower than tenure track assistant or associate professors.

Specifically we have received complaints about the relative prioritization of:

- Extension agents
- Librarians
- Foreign Nationals unable to receive tenure
- Non-tenure track research faculty

IMMEDIATE RECOMMENDATIONS:

The University is very concerned about both the immediate crunch in Faculty Housing as well as the coming increase in need as our faculty demographic turns over. We are currently considering a few immediate actions to remedy the situation:

Increase rents to immediately address deferred maintenance. Rents should be increased by a modest amount this year to allow Auxiliary Services to begin to address their deferred maintenance. We are currently under discussion with the Faculty Housing Tenants' Association to determine a reasonable level.

Conduct a process to reduce occupancy by those with long occupancy histories and/or high incomes. The University could institute a process to review lease renewals that focuses on the length of occupancy in Faculty Housing and/or the incomes of those employees to free up enough units to accommodate those in high priority categories on the waiting list.

Investigate the opportunity to rent private apartments to increase short-term capacity. Auxiliary Services will begin to investigate obtaining private apartments to augment our supply of available apartments.

Changed lease terms to ensure maximum number change hands in August. Previously, Faculty Housing operated under the mandate to maximize occupancy. As a result, apartments that open in off-peak times, like February or March, were likely to be filled by employees with relatively low priority rankings. We have changed that practice so that units stay open until the peak time for incoming faculty, so we accommodate the higher priority candidates first. This ensures the maximum number of apartments is available at the time when those highest on the priority list are seeking housing.

INTERMEDIATE RECOMMENDATIONS:

Fund the Down Payment Assistance Program. In the past, the University had developed and implemented methods to assist eligible faculty members in the purchase of residential housing through down payment assistance and monthly supplemental payment programs. We have developed draft policies to govern the program. Both of these programs have been suspended for some time, but could relieve pressure on Faculty Housing by encouraging residents to seek other housing options.

Sliding scale rent based on occupancy longevity. The University could create a sliding rent scale, based on the number of years of occupancy by the employee. The mechanics of how much the rent would increase annually should be determined by those qualified to make a reasoned determination. The schedule of increases should be known long in advance to the employees, such that they can both plan and have the incentive to vacate in advance.

Investigating public-private partnerships and faculty cooperatives to build more housing on campus. As we develop the Long Range Development Plan there are a couple of locations which have the potential development of Faculty Housing. The University has obtained revenue bonds to provide planning money for these projects, and will begin planning this year. We will begin to investigate public private partnerships to develop those

locations. The Faculty Housing Tenant's Association is very interested in working with the Administration on these projects.

Reevaluate rent increases regularly. A process could be established to systematically evaluate current Faculty Housing rental rates and to set projected rental rates 2 to 3 years out. This would ensure that rates remain congruent with market forces, but give residents the ability to plan financially.

LONG TERM RECOMMENDATIONS:

Develop a program to acquire neighborhood real estate. The Biennium Budget proposal requests assistance for a "Real Estate Asset Manager" to begin to collect and manage real estate around our campus that could be utilized for Housing of all sorts. Additional revenue from increased Faculty Housing rents could make it possible for the University to identify privately held properties that could be administered by the University as Faculty Housing.

Develop Faculty Units at Kaka'ako. We are investigating the development of units by Kamehameha Schools on Kaka'ako Mauka land. The University could then take a master lease on the property and utilize it for Faculty Housing.

ISSUES TO ADDRESS WITH THE SYSTEM ADMINISTRATION

1. Can RTRF again be utilized to feed the HARF fund?
2. Is land available at Kapolei for the development of Faculty Housing?
3. Can the current investment strategy be changed?