University of Washington
Faculty Council on University Facilities and Services
May 30, 2019
10:00 a.m. - 11:30 a.m.
Gerberding 142

Meeting Synopsis:

1. Call to order
2. Review of the minutes from May 16, 2019
3. Chair remarks
4. Annual classroom report – Nate McKee and Lacey Racich
5. UW faculty housing project – Gundula Proksch (Architecture), S. Gowri Shankar (UWB Business), and Theo Myhre (Law)
6. Good of the order
7. Adjourn

1) Call to order

The meeting was called to order at 10:00 a.m.

2) Review of the minutes from May 16, 2019

The minutes from May 16, 2019 were approved as written.

3) Chair remarks

Borys noted the council’s recent Class C resolution concerning support for the establishment of a UW Sustainability Initiative and Campus Plan by 2020 was approved by the Faculty Senate in the body’s most recent meeting. She noted she plans to follow up with relevant staff at the university to determine how to advance the recommendations within the resolution.

Borys noted that a recent meeting of University Faculty Council chairs prompted discussion of future goals for faculty councils during 2019-2020. She explained FCUFS has been asked to focus increasingly on evaluating university services in addition to facilities, and that she would follow up for more information on which services were envisioned. She explained she would prefer FCUFS look into classroom safety and security during the next year.

A member commented that he would like to see the council increase its focus on the Americans with Disabilities Act (ADA) as it relates to UW facilities.

4) Annual classroom report – Nate McKee and Lacey Racich
Nate McKee (Director, Academic Technologies) and Lacey Racich (Director, Health Sciences Administration) were present to share information on the general assignment classroom pool and usage for the Seattle upper campus and health sciences (lower campus).

The council reviewed a spreadsheet showing data on general assignment classroom usage by percentage for Autumn 2018 (Exhibit 1). After a question, it was noted classroom utilization data can be pulled for the UW Bothell and Tacoma campuses but it is difficult to contextualize the information due to varying tracking/managing systems used between campuses; the guests noted this issue is being addressed. A member recommended the spreadsheet showing classrooms with 200-700 seat capacity be further broken out into specific capacities for greater clarity, which was accepted. Some comments were made concerning the final spreadsheet in the exhibit and the pairing of large rooms with small, low capacity courses (due to availability) and associated difficulties. A member noted that room capacity can be a misleading statistic for faculty, as some students in her own course were able find a seat in the room, but did not have line of sight with the instructor or the board. The guests noted this is a good point and improvements are being developed for categorizing general assignment classrooms based on type of instruction.

It was recommended that representatives of the Time Schedule and Room Assignment Office be invited to the FCUFS classroom discussion in the future, as that office directly schedules classrooms. Members recommended a follow up discussion take place in fall of 2019 that includes those representatives.

McKee noted the next big project for their shop is “feature sets.” Feature sets are being standardized and categorizing of rooms based on included features will, in the near future, be universal (based on the same factors) for all general assignment rooms on the Seattle campus.

After a question, it was noted there is 2.5 million dollar defined need for classroom renovations, and these are only for known renovations, as there are likely additional unknown renovations.

McGee noted all classrooms on upper campus now have 360’ views/images available to view online. Racich noted standardizing room specs is an emphasis for the future that involves using known best practices to renovate and/or build new spaces in the future.

The guests provided an overview of the Bill & Melinda Gates Center. McGee’s team was responsible for parts of the room designs. It was noted FCUFS recently toured the building. It was noted there are general assignment classrooms within that building, in the 200+ capacity range, which is of enormous benefit to the university.

An update was provided on current renovation projects. Four new Active Learning Classrooms in Loew Hall, a renovated auditorium in Bagley Hall, two renovated auditoriums in Smith Hall, and five mixed style classrooms in Bagley Hall are all under way in varying phases. Rough costs were highlighted. Loew: $900,000 / Bagley: $1.6 million / Smith: $2.6 million / Bagley: $29 million.

There was a slide shown on future projects planned for Parrington Hall, Eagleson Hall, and the Department of Electrical & Computer Engineering.
Racich provided an update on a new interdisciplinary UW health sciences classroom facility. The project is still in the design phase. The site is right outside of the Rotunda near Pacific Avenue. Slides were shown with details (Exhibit 1). The facility is planned to be made up of large, medium, and small classrooms, a shelled-out anatomy lab, and skills labs. Interdisciplinary collaboration is a driving factor in facility design. It was noted faculty needs in relevant academic units were taken into account for design.

The guests were thanked for providing an update to the council. A comment was made that a future discussion should take place with the guests as a follow up, specifically to discuss improvements to the scheduling system enabled by extending the instructional day a few years ago.

5) UW faculty housing project – Gundula Proksch (Architecture), S. Gowri Shankar (UWB Business), and Theo Myhre (Law)

Theo Myhre (Senior Lecturer, School of Law), Gundula Proksch (Associate Professor, College of Built Environments), and Gowri Shankar (Associate Professor, School of Business, Bothe) were present to share ideas for improvements to the faculty housing support provided to faculty by the university. They used a PowerPoint as part of the presentation (Exhibit 2).

Shankar presented information on the current state of Seattle’s housing market. He explained in order to afford a single-family home in the area, a family’s combined income needs to be at least $164,000. That figure was $90,000 in 2013. It was noted relating to an Assistant Professor at the UW today, condos are difficult to afford, while a house would be nearly impossible to finance at median salary for the position. It was noted Seattle is not isolated in this regard, as housing costs are rising across all major U.S. cities.

Housing special allowances at University of California, Stanford, and Columbia universities were highlighted. Some information was shared on university owned rental buildings at those institutions, as well.

Myhre shared information on state ethics laws in Washington State, which largely restrict what Washington universities can offer employees in this context in comparison to institutions in other states. The law dictates that state resources cannot be used for private gain. Thus, the UW cannot give employees subsidized rates on housing. A slide of assistance programs the university could feasibly adopt under Washington’s legal framework were highlighted in a slide (Exhibit 2).

Recommended types of assistances were shown in a slide, and included (Exhibit 2):

- Relocation payment as recruiting incentive
- Mortgage loan programs for faculty
- Provide rental units as transitional housing
- Innovative (buyer-driven) financing models (complete using slide)

An example of Land lease/Shared equity model was described.
Recommendations for next steps were shared. A takeaway point was that faculty who are currently owners in the Seattle housing market are only so because they bought years ago; many current faculty cannot rent or own now or likely in the future. It was noted this issue is time-sensitive as housing prices continue to rise while compensation largely stays stagnant. It was noted that eventually even the recommended plan of action will not allow faculty to afford rising housing prices. It was noted a Class C resolution might be drafted by FCUFS in order to raise these issues/solutions with the Faculty Senate.

The guests recommended that the Provost and Faculty Senate Chair appoint a working group of faculty and administrators to further investigate these options. It was noted the FCUFS chair would be involved in this task.

6) Good of the order

Nothing was stated.

7) Adjourn

The meeting was adjourned at 11:40 a.m.

Minutes by Joey Burgess, jmbg@uw.edu, Assistant to the Secretary of the Faculty

Present: Faculty: Rich Christie, Murray Maitland, Bill Rorabaugh, Ann Mescher, Laura Little, Ann Marie Borys (Chair)
Presidential designee: Lou Cariello
Ex-officio reps: Bruce Balick, Angelia Miranda
Guests: Phil Reid, Nate McGee, Lacey Racich, Gowri Shankar, Theo Myhre

Absent: Faculty: Ashley Emery, Jan Whittington, Bill Erdly, Giovanni Migliaccio
Ex-officio reps: JoAnn Taricani

Exhibits

Exhibit 1 – FCUFS 2019.pdf
Exhibit 2 – LEP project - Faculty Housing Report.pdf
UW CLASSROOM UPDATES

ACADEMIC TECHNOLOGIES & HEALTH SCIENCES ACADEMIC SERVICES AND FACILITIES
DATA REPORTING

Leverage of 25Live
SDB
EDW
Time Schedule Construction

Exhibit 1
JOINT VENTURES

Feature sets, Learning Space Rating System
Classroom committee
360 degree photos
Shared Specs, leveraging of shared expertise, design and build
Campus Stewardship team
UPPER CAMPUS

CLASSROOM UPDATES 2019
BILL & MELINDA GATES CENTER (CSE2)

(1) G001 – David & Cathy Habib Classroom
(2) G010 – Brad & Kathy Smith Classroom
(3) G020 – Amazon Auditorium
CURRENT PROJECTS

Loew 101, 102, 105, 106 - Active Learning Classrooms
Bagley 154 – Auditorium
Smith 205, 211 – Auditoriums (pre-design)
Bagley 106, 108, 260, 261, 331A – Mixed Styles (pre-design)
FUTURE PROJECTS

Parrington Hall
Eagleson Hall
ECE Classrooms
ECE Auditorium
Exhibit 1

**NEW HEALTH SCIENCES EDUCATION BUILDING**

**FUNDING REQUEST**

THE UW REQUESTS $70M IN STATE FUNDING FOR THE CONSTRUCTION PHASE

**FAST FACTS**

- We teach over 8,000 students working toward a wide variety of healthcare and social service research degrees within the Schools of Dentistry, Medicine, Nursing, Pharmacy, Public Health, and Social Work. All six schools are top ranked in the world.
- Enrollment is projected to grow 17% by 2023.
- The State Legislature invested $10 million in design funding for this project in the 2017 Capital Budget. Total project cost is estimated to be $90 million. The UW will raise the remaining funding through philanthropy to complete the project.

**PROJECT OVERVIEW**

- A new interdisciplinary UW health sciences classroom facility to educate the next generation of healthcare and social service providers.
- The new 110,000 GSF building will be used to train students to treat millions of patients locally and regionally across the Schools of Dentistry, Medicine, Nursing, Pharmacy, Public Health, and Social Work.
- At the heart of the UW's health sciences mission is the education of future healthcare and social service providers through inter-disciplinary and team-based learning to achieve the Triple Aim of Population Health: improve the experience of care, the health of human populations and reduce per capita cost.
- The new space will be flexible to support new and evolving methods of teaching and will establish an academic heart in the UW Health Sciences complex to better enable collaboration among the six schools as well as other UW academic partners in the Colleges of Engineering, Environment and Arts & Science.
- The building will also provide new space for the UW to deliver continuing education to practicing professionals across all six health science disciplines.
- The completion of this new building will enable the phased renovation of the existing Magnuson Health Sciences Teaching Center (T-Wing). The phased renovation will allow for significant reduction in our deferred maintenance backlog and create better efficiency in our spaces, giving the University new capacity to absorb projected enrollment growth.
PROPOSED SPACE

- A hub for the Health Sciences schools that fosters interaction, collaboration and creativity.

- Flexible spaces, modern technologies and a broad array of environments that adapt to changing teaching methods and enable active and team-based learning. In short our students will learn together to improve the overall health of their patients.

- A variety of classroom sizes that can adapt from active to traditional learning environments as well as spaces that can be configured for interdisciplinary skills training or hands-on learning.

- Informal student spaces shared by the six schools will allow for collaborative learning, active group projects and quiet personal study.

EXISTING FACILITY CONDITIONS

- The University of Washington’s Medical Center and Health Sciences Center were originally conceptualized in 1884 by the Board of Regents. It was not until after World War II that the Washington State Legislature authorized the University to develop the new medical school. With funds secured by U.S. Senator Warren Magnuson, construction was completed in the early 1970s.

- The character of the buildings reflect the age of construction, which do not take into account modern standards of academic space and technology or evolving teaching methods.

- The current facilities condition index for the T-wing is listed as a 3 for the overall building, however critical areas in both academic and infrastructure spaces significantly exceed this scoring. Thus, this building is listed as a critical need in deferred maintenance resolution.

Exhibit 1
COMPLETED HS PROJECTS

SUMMER 2018
(1) SCC 221 Active Learning Classroom
(2) T439
(3) T639

WINTER 2019
(4) S060
(5) SCC 301
FUTURE HS PROJECTS

D209

Vista Cafe

SCC 303-307
UW Faculty Housing

Project inspired by the UW Leadership Excellence Program, 2017-18.

Gundula Proksch, Associate Professor, UW College of Built Environments
S. Gowri Shankar, Associate Professor, UW Bothell School of Business
Theo Myhre, Senior Lecturer, UW School of Law
UW Faculty Housing

UW faculty face housing problems due to high home prices and low affordability in the Seattle area. This report investigates approaches used by other universities to assist with faculty housing in similar high-cost cities. It examines the legal framework in Washington State. The report lays out strategies that UW can examine to provide
(1) housing assistance to attract faculty in a highly competitive jobs market, as well as
(2) a sustainable, long-term vision for developing UW faculty housing.

PRESENTATION OUTLINE

● Housing problems faced by new UW faculty
● Case Study Research: How do other Universities handle the faculty housing problem?
● Legal framework for housing assistance in Washington State
  Options for UW:
● Short-term strategies to recruit highly competitive faculty
● Long-term vision for sustainable, affordable housing
Seattle Housing Market

Median prices of homes and condos have grown by over 60% over 5 years.

Source: Zillow Research website, accessed December 2018
### Median Home Prices
by Seattle neighborhoods, 2018

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Sep 2016</th>
<th>Sep 2017</th>
<th>Sep 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seattle (all)</td>
<td>$602,600</td>
<td>$702,600</td>
<td>$761,700</td>
</tr>
<tr>
<td>Ravenna</td>
<td>$719,200</td>
<td>$856,700</td>
<td>$1,052,000</td>
</tr>
<tr>
<td>Wallingford</td>
<td>$759,800</td>
<td>$955,100</td>
<td>$874,700</td>
</tr>
<tr>
<td>Broadview</td>
<td>$676,900</td>
<td>$708,300</td>
<td>$753,400</td>
</tr>
<tr>
<td>Maple Leaf</td>
<td>$635,100</td>
<td>$735,900</td>
<td>$744,400</td>
</tr>
<tr>
<td>Greenwood</td>
<td>$532,100</td>
<td>$637,600</td>
<td>$731,100</td>
</tr>
<tr>
<td>Haller Lake</td>
<td>$461,200</td>
<td>$556,800</td>
<td>$548,800</td>
</tr>
<tr>
<td>Beacon Hill</td>
<td>$426,800</td>
<td>$507,000</td>
<td>$538,300</td>
</tr>
<tr>
<td>Rainier Beach</td>
<td>$397,400</td>
<td>$436,200</td>
<td>$529,000</td>
</tr>
</tbody>
</table>

Based on Zillow data on Median Home prices - Jan 2019
**Apartment Rental Costs**  
by cities in Seattle counties, 2018

Median rental costs for a 2bd, 2ba apartment in the areas closest to UW campuses have gone up by 40% to 50% over 5 years.

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>2013</th>
<th>2016</th>
<th>2018</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seattle</td>
<td>$1,750</td>
<td>$2,495</td>
<td>$2,600</td>
<td>49%</td>
</tr>
<tr>
<td>Tacoma</td>
<td>$1,200</td>
<td>$1,495</td>
<td>$1,697</td>
<td>41%</td>
</tr>
<tr>
<td>Bothell</td>
<td>$1,800</td>
<td>$2,200</td>
<td>$2,499</td>
<td>39%</td>
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</tbody>
</table>

Based on Zillow data on Median Home prices - Jan 2019
Household Income needed to Buy or Rent

### 2013 vs 2018

<table>
<thead>
<tr>
<th></th>
<th>House Condo Rental</th>
<th>House Condo Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td>$762K</td>
<td>$511K</td>
</tr>
<tr>
<td><strong>Monthly Payments</strong></td>
<td>$4,200</td>
<td>$3,100</td>
</tr>
<tr>
<td><strong>Total Annual Payments</strong></td>
<td>$50,400</td>
<td>$37,200</td>
</tr>
<tr>
<td><strong>Annual Income needed for payments</strong></td>
<td>$164,000</td>
<td>$120,000</td>
</tr>
</tbody>
</table>

**Exhibit 2**

**FOR SINGLE-FAMILY HOME ($164,000)**

**FOR CONDO PAYMENT ($120,000)**

**FOR APARTMENT RENTAL ($104,000)**

**MEDIAN SALARY FOR ASSISTANT PROFESSORS ($94,000)**

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**Year**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>House</strong></td>
<td>$459K</td>
<td>$37,200</td>
<td>$31,200</td>
<td>$29,400</td>
<td>$20,880</td>
<td>$21,000</td>
</tr>
<tr>
<td><strong>Condo</strong></td>
<td>$511K</td>
<td>$33,000</td>
<td>$25,000</td>
<td>$23,000</td>
<td>$17,000</td>
<td>$18,000</td>
</tr>
<tr>
<td><strong>Rental</strong></td>
<td>$4,200</td>
<td>$3,100</td>
<td>$2,600</td>
<td>$2,450</td>
<td>$1,740</td>
<td>$1,750</td>
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**Total**

<table>
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<tr>
<th></th>
<th>2013</th>
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<td>$1,740</td>
<td>$1,750</td>
</tr>
</tbody>
</table>

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**Annual Income needed for payments**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
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<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>House</strong></td>
<td>$164,000</td>
<td>$120,000</td>
<td>$104,000</td>
<td>$94,000</td>
<td>$67,000</td>
<td>$70,000</td>
</tr>
<tr>
<td><strong>Condo</strong></td>
<td>$120,000</td>
<td>$94,000</td>
<td>$70,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rental</strong></td>
<td>$104,000</td>
<td>$88,000</td>
<td>$64,000</td>
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</tr>
</tbody>
</table>

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**2018 Numbers:**

- **FOR SINGLE-FAMILY HOME ($164,000)**
- **FOR CONDO PAYMENT ($120,000)**
- **FOR APARTMENT RENTAL ($104,000)**
- **MEDIAN SALARY FOR ASSISTANT PROFESSORS ($94,000)**
Where can UW faculty still afford to buy?

Based on median income of assistant professor and median house prices in 2018 (Zillow data).
How do other universities handle the faculty housing problem?

Case Study Research:

- **Faculty housing assistance plans at other universities**
  - University of California (Berkeley, Los Angeles, San Diego, Irvine, Santa Cruz, Davis)
  - Stanford University, Palo Alto, CA
  - Columbia University, New York, NY
  - Harvard University, Cambridge, MA

- **Housing assistance provided by these universities fall into four broad categories:**
  - Special housing allowances for faculty
  - Mortgage assistance programs
  - University owned apartment rental programs
  - Shared equity/real estate programs
Special housing allowances for faculty

1. UC schools can provide Special Housing Allowance up to $25,150 per eligible faculty member for housing related costs including down payment assistance or to help ameliorate the high costs of conventional loans. This is done through a special supplement to the monthly income during the first few years of employment.

2. UC Schools can also offer an additional Faculty Recruitment Allowance of up to $70,800 from local funds. The primary purpose of this Allowance is to provide support for housing costs. The Allowance may either be given in a lump-sum or in instalments spread over a maximum of ten years.

3. Stanford University Housing Allowance Program provides additional compensation to newly hired faculty for a fixed period of time. The additional compensation starts at a maximum of $30,000 in the first year and reduces by one-ninth each year. It is available for a maximum of 10 years and the total amount over the 10 years is capped at $150,000.

4. At Columbia University, tenured faculty can get an annual income supplement of $40,000 per year for a maximum of ten years towards housing costs. Non-tenured faculty get an income supplement of $22,000 per year till tenure and then get the higher amount of $40,000. All supplements cease after a total of ten years.
Mortgage Loans through the University:

1. UC Schools offer a Mortgage Origination Program (through a UC subsidiary corporation) that lends faculty up to 90% of the total cost of buying a house under $1.5 million. Under the MOP, some conventional costs such as application fees, points, and private mortgage insurance are waived.
   a. The interest rate on the thirty year amortized UC MOP loan has been between 2.75% and 3% in the last eight years, a rate lower than conventional mortgage rates.
   b. UC also offers a “Supplemental Housing Loan Program” that provides an additional secondary loan at below-market rates, reducing cash down financing to a low 5% of the value of the property.

2. Stanford University offers very generous mortgage loans through a variety of schemes such as the Mortgage Assistance Program (MAP), Deferred Interest Program (DIP), Reduced Interest Program (RIP), and the Zero Interest Program (ZIP).
   a. All these loans require payment of interest-only during the thirty year term of the loan, with the principal being paid back at the termination of the loan. Interest rates are low and a part of it is deferred till the end. The deferred interest may be waived if the house sells for less than purchase value.

3. Columbia University offers (Shared Appreciation) Second Mortgages that can be combined with first mortgages from conventional lenders to get financing up to 90% of the value of the house. Faculty members pay the (subsidized) interest on the second mortgage; the loan principal can be repaid at maturity (30 years) or when the property is sold.

4. Harvard University also offers mortgage loans that have interest rate discounts and reduced closing fees. However, details of these programs are not publicly available.
The University of California owns apartment buildings and rents these apartments to faculty at six of their campuses: Berkeley, Los Angeles, San Diego, Irvine, Santa Barbara, and Santa Cruz.

Columbia University (New York), Harvard University (Boston) and Stanford University (Bay area) have a large number of University-owned apartments and homes that are offered as rental units to eligible faculty and staff.

In some cases, the rental is provided for a limited period; for e.g., in the case of UC-Berkeley, the maximum rental period is two years. In other cases, the rental may be available for the lifetime of the employee, retiree and spouse (for e.g., Columbia and Stanford).

In these places, rents are below the market rate of housing in the surrounding area. Also, the rental application fees and deposits at the inception of the University rentals are minimal.
Several UC schools (Berkeley, Irvine, Santa Cruz, LA, Davis, Santa Barbara) sell homes built on University owned properties to faculty, who use subsidized MOP loans from the UC system to buy them.

- To keep houses affordable and within the University ecosystem, resale of these units (when faculty leave or retire) is restricted to eligible employees or the University itself, at prices determined by indices and formulas, rather than current market rates.
- Faculty pay ground rent for their plots and/or share any appreciation in the value of the homes with the University.
- This option is highly valued by faculty and demand vastly exceeds supply.

Stanford University offers property on long-term leasehold sales to faculty, with restrictions on resale or sublets/rentals that help preserve the property for the University and its’ employees in the long-term. Employees can purchase the homes using the different loan options available to them.

Harvard University offers condos built on University owned land to eligible employees at 79% of their Fair Market Value; the 21% discount accounts for the value of the land which is not sold to the employee.

- Employees can get mortgage loans from Harvard or other lenders to buy the condo.
- Condos can only be sold back to eligible employees at Fair Market Value, less 21% for the value of the land.
Washington State Ethics Laws

Washington law prohibits a state employee from accepting gifts larger than *de minimus*, which includes discounts to an individual as part of a group of employees.

Washington law also prohibits a state employee from the personal use of state resources for anything but *de minimus* use.

*Under RCW 42.52.070***, the university and the faculty might arguably be prohibited from:

- Housing Allowances
- Mortgage Assistance
- Housing Licenses
- Below-Market Rent/Lease values

*** There are other regulatory schemes triggered by ethics laws that may have substantial compliance issues also. We strongly urge consulting with the AG’s office before proceeding with any course of action on this issue.

Ethics In Public Service Act

- The Ethics In Public Service Act (Chapter 42.52 Revised Code of Washington) applies to all university employees, including student employees.
- The ethics law establishes minimum standards of conduct and provides guidance for ethical choices.
- State employees are obligated to conserve and protect state resources for the benefit of the public interest.
- State employees may not use state resources for private gain.
Legal framework for faculty housing assistance

Income tax implications for housing assistance provisions

Income is defined as any kind of remuneration an employee receives, including money and certain benefits such as housing allowances, recruitment incentives, discounted services, etc. [Some benefits have no tax liability as yet, such as employer-provided health insurance, life insurance, etc]. Here are the tax implications of some housing assistance options:

- Recruitment Incentive payment or Housing allowance
  (This is treated as income for Faculty/ Expense for University)
- University-Owned apartments rented below market value
  (Difference Between Discounted Rate and Market Value Is Income for Faculty/ Expense for University/ Rent Paid Is Income for University)
- (Free) Housing License
  (Income for Faculty/ Expense for University)
- Mortgage Assistance
  (Limits tax-deductions for Faculty/ Expense for University)
- University as Bank/Lender for Mortgages for Faculty
  (Tax Deductions for Faculty/ Interest Income and some Deductions for University)
- Shared Ownership arrangements
  (Shared gains are taxable, some immediate, some annual, some deferred)
Viable options for faculty housing in Washington that comply with ethics laws?

- “Lump Sum Relocation Payment” Pursuant to APS 34.2
- Renting Housing from UW on short-term basis at low market value (house or apartment)
- Leasing Housing from UW on longer-term basis at low market value (house or apartment)
- Joint Venture by Leasing the Land from UW and Owning the Residence Individually (e.g. house or condo)
- Joint Ownership of Property between UW and Individual Faculty (e.g. land and house or condo)
- Joint Ownership of Property between UW and a Group of Faculty (land and cooperative multi-unit dwelling)

***There may be restrictions on how the UW can partner in joint ownership options given legal restrictions on property use/alienation/acquisition/public-private partnerships/location.
Faculty Housing Assistant Options for University of Washington

**Short-term strategies to recruit highly competitive faculty**

1. **FINANCIAL INCENTIVES FOR FACULTY**
   - Offer lump sum relocation payment as per APS 34.2 and RCW 43.03.125

2. **NEGOTIATE BETTER CONDITION FOR FACULTY MORTGAGES**
   - Work with commercial lenders and foundations to offer mortgages on special terms to UW faculty.

3. **PROVIDE RENTAL UNITS AS TRANSITIONAL HOUSING**
   - Work with property developers to build or buy apartment buildings for exclusive use by UW faculty and staff, either on University owned property or purchased real estate parcels.

**Long-term vision**

4. **DEVELOP SUSTAINABLE SOLUTION FOR UW FACULTY HOUSING**
   - Work with non-profit agencies on alternative financing models (co-op housing models, shared equity ownership models, land trust models, etc.) to build an inventory of faculty housing.
1. Financial incentives for faculty

Relocation payment as recruiting incentive:
○ UW Schools and Colleges can offer a ‘lump sum relocation payment’ up to 25% of a newly hired faculty member’s annual salary (APS 34.2).
○ In exceptional cases, this payment can exceed 25% of the annual salary, with the approval of the Provost.
    ○ The underlying RCW 43.03.125 for APS 34.2 has set no limits.
○ This payment must be met from existing resources (i.e., school funds).

Given that demand for these incentives will exceed supply of funds, Deans and Chancellors should develop policies and guidelines on this topic in consultation with their elected faculty councils. Among other things, these guidelines could determine eligibility for the incentive, priorities among the recruiting units/positions, the amounts that could be offered, safeguards to ensure equity, etc.
2. Negotiate better conditions for faculty mortgages

Mortgage loan programs for faculty
- UW can continue working with local lenders to set up streamlined mortgage loan programs for UW faculty.
  - Banks could offer office hours and better service for UW faculty seeking housing loans
  - Banks can provide information on home loan programs that require low down payments (4% to 6% of the market value) such as the FHA programs.
- Explore whether UWINCO would be legally able to act as lender and guarantor to help meet faculty housing needs.
3. Provide rental units as transitional housing

**UW-owned apartment building rented**
- Offer new faculty relocating to Seattle rental units for a low market rate price (with a limited duration of up to two years).
- UW or a related entity could acquire properties with a loan from banks or from corporates (such as Microsoft’s newly launched loan program to finance middle-income housing). An apartment building with 50 units (2bd/2ba) would likely cost in the range of $20m-$25million and could be self-sustaining.
- UW could seek corporate donors or family donors (“Gates faculty residences,” “Allen faculty houses”) to fund all or part of the acquisition costs.
- UWINCO could invest some of their funds into this venture.

**TO BE CONSIDERED:**
- Helpful service for faculty moving to Seattle, though no long-term solution.
- Due to Washington State law, UW cannot lease units below market rate.
- A long-term lease options keeps faculty in a cycle of poverty.
OUR RECOMMENDATION:
Develop a long-term plan that provides affordable faculty housing, makes sense for UW to invest in, accumulates benefits over time and secures housing for future faculty generations to come.

Our proposal combines

○ Innovative (buyer-driven) financing models
○ Shared equity ownership models
○ Land trust models (as established by Stanford and UC Schools).
Innovative Financing Models

Case Studies:

Baugruppen, Germany
(Condo/Strata) “Building groups” —citizen collectives who come together to privately develop their own apartment complexes— have become an established method to construct affordable housing units in Germany over the last two decades.

Nightingale Model, Melbourne
(Condo/Strata) This model has adapted the Baugruppen approach to the Australian market and financial system. The Nightingale team licenses other architects to follow their model.

Copenhagen Model
(Co-op) Scandinavian housing projects realize similar goals by applying the co-op model.
Long-term model for UW faculty housing

Potential savings for faculty through:

1. Changed performance - reducing the expectation for returns
   - no maximum financial yields
   - eliminating marketing cost
2. Reduction of construction cost
   - architectural decisions
   - integrated project delivery, IPD
   - choice of location, (for example, TOD)
3. UW land ownership
   - favorable land lease rate

Benefits for UW:

1. Through land lease, the housing units become UW property and will serve future faculty generations.
2. Development of housing units with minimal capital investment.
3. Approach is scalable from individual building to village.
4. Builds on research currently conducted in the university, CBE and others.
An example of Land lease/Shared equity model

- UW can buy a plot of land, like the one advertised on the left, for $4 M (with donor funds?) and lease it to a non-profit for 99 years.
- Non-profit can build and sell the 16 units, as shown on the left, to UW buyers.
- Similar residential units in the neighborhood are selling for $700,000 (including land).
- UW employees will save the land cost of $250,000/unit (i.e., $4m ÷16units) but will pay the annual 1% lease cost, or $2,500 initially.
- Excluding land costs of $250,000, each unit can be sold for $450,000 or 65% of market value
- It could be even lower if other costs are reduced.
- The UW employees will have to resell the unit back to the UW at an indexed price (like at UC, Harvard, Stanford) when they leave, move or retire.
Our Recommendations for next steps

We recommend that the Provost and the UW Faculty Senate Chair appoint an empowered working group of UW faculty and administrators to further investigate these options:

**Short-term strategies to recruit highly competitive faculty**
- Further research the compliance of housing options with WA State law
- Develop eligibility criterion for faculty seeking housing assistance
- Suggest mechanisms to ensure equity and fairness
- Identify sustainable sources of funding

**Long-term vision**
- Review policies on expected return on investment
- Develop policies on maximizing the utility of real estate gifted to UW
- Develop framework for long-term plan
- Aggregate interdisciplinary expertise
- Identify properties/sites that UW owns for first pilot projects
- Start with pilot project, expand scope to build inventory of sustainable faculty housing