UCSC Re-indexing (Re-pricing) of Campus Homes.

The principal aim of for-sale on-campus housing is to facilitate the recruitment and retention of faculty and staff. This aim is seriously hampered by two related phenomena: the high cost of housing in Santa Cruz and the fact that UCSC salaries lag far behind our comparison and sister campuses. Given these variables, it is now assumed that on-campus housing is not transitional; it should be considered long-term -- from the assistant through the full ranks -- and past retirement. CFW also recognizes that owning on-campus housing is a mixed blessing; the cost is relatively low compared to town and the location is very desirable, however, homeowners do not realize the full equity potential of the open housing market and they cannot deed their house to relatives. While the building of Ranch View Terrace addresses the need for *more* housing, it does not address the principal aims stated above since these houses are only affordable for those at the highest income levels. Thus, the careful management of *existing* housing (Cardiff Terrace, Hagar Meadow, Hagar Court, and Laureate Court) is of immediate and critical importance. This housing – with some variation -- is currently priced far below market value. When turnover in this housing occurs, the campus has the option of maintaining the current pricing levels, or of increasing the prices in order to generate funds to help the most needy faculty.

In considering this choice, CFW believes that neither market-value nor the prices of the Ranch View Terrace homes are useful comparanda. Moreover, *affordability* (measured in terms of the highest feasible monthly payment) is not the same thing as *liveability*; competition for faculty cannot be successful if they are asked to spend 50% or even 40% of their income on a mortgage. This is especially true when considering the financial burdens of young families as measured against their incomes; such families are arguably the main group of targeted new homeowners.

CFW recognizes both the pros and cons of increasing the prices of existing for-sale on-campus housing. According to the principles outlined above, we recommend that any increases in the prices for existing for-sale on-campus housing meet the following criteria of flexibility and fairness:

1. Prices shall maximize the campus' ability to recruit and retain faculty in all the academic divisions, with the primary goal of ensuring that the resulting pricing will be within the reach (liveability, not affordability) for faculty at the assistant and associate ranks. Appropriate price points are the topic of an ongoing discussion.
2. All profits (100%) made from the increased prices will be used for the Low Interest Option Supplemental Loan Program to ensure that needy faculty benefit the most.
3. The distribution of all profits will be based on a set of criteria (income, dependents, debt etc.) determined and approved by a committee of faculty, possibly CFW.
4. All profits will be deposited in a stand-alone account.
5. The use of these profits will be the object of a yearly Faculty Senate review.
6. In addition to making these profits available as LIO loans to those faculty most in need of assistance in buying a home, they should also be used to help finance ARB approved remodeling of existing on-campus housing (Cardiff Terrace, Hagar Meadow, Hagar Court, and Laureate Court).
7. When existing houses become available, the university may elect to remodel as necessary and pass the additional cost onto the new homeowner. But every effort must be made to minimize the time during which the house is empty.
8. The LIO's are currently 10-year loans with a final balloon payment. This should be extended to 15 years for Assistant Professors, thereby giving them time to realize savings through tenure and promotion.