

Faculty Welfare Committee

Faculty Housing 2020-21

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UCLA Academic Senate

August 26, 2021

Michael Beck
Administrative Vice Chancellor

Re: Endorsement of Faculty Welfare Committee Letter Regarding Comments on Housing and MOP Loan

Dear Administrative Vice Chancellor Beck,

The Executive Board unanimously endorsed the enclosed letter from the Faculty Welfare Committee regarding faculty housing and the MOP loan program. Thank you for the opportunity to provide feedback on this important effort.

Sincerely,



Shane White
Chair
UCLA Academic Senate

Encl.

Cc: April de Stefano, Executive Director, UCLA Academic Senate
Elizabeth Feller, Assistant Director, UCLA Academic Senate
Jody Kreiman, Vice Chair/Chair Elect, UCLA Academic Senate
Huiying Li, Faculty Welfare Committee Chair
Michael Meranze, Immediate Past Chair, UCLA Academic Senate



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*Chair of the Assembly of the Academic Senate
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University of California
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August 2, 2021

**MICHAEL DRAKE, PRESIDENT
UNIVERSITY OF CALIFORNIA**

Re: Faculty Housing Assistance

Dear President Drake,

At its July 2021 meeting, the Academic Council endorsed the attached letters from the University Committee on Faculty Welfare (UCFW). The letters recommend that the University consider additional measures to help faculty and other employees afford to buy a home close to campus.

The letters reflect faculty concerns about the growing cost of housing, particularly in coastal campus communities, and the need for new institutional housing assistance to support faculty recruitment, retention, and morale. The letters also ask the University to monitor and combat disparate access to credit and homeownership opportunities at UC across groups and types of faculty.

Council supports UCFW's recommendations that UC increase the communication of information about existing opportunities for faculty homeownership assistance, including the Mortgage Origination Program (MOP) and down payment assistance in start-up packages. All faculty, current and pending, should be informed of these opportunities in a timely and effective way. The Council also supports transparency in the reporting of who uses this assistance and the source of the funds. We also recommend that UC consider new housing assistance benefits for faculty and staff, additional shared equity and tax-friendly housing assistance options, rental support, and other long-term housing initiatives. This type of support is more than a gesture; it is essential in California where housing costs are extremely high, and it helps and encourages faculty who want to live in the community surrounding the campus. Finally, we encourage the University to collect and track data on usage of housing assistance programs across demographic groups to ensure there is equitable access to information about programs as well as equitable access to and use of these programs.

Thank you for considering this request. Please do not hesitate to contact me if you have additional questions.

Sincerely,



Mary Gauvain, Chair
Academic Council

Cc: Provost Brown
Academic Council
Chief of Staff Kao
Campus Senate Directors
Senate Director Baxter

Encl.



UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)
Shelley Halpain, Chair
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July 13, 2021

**MARY GAUVAIN, CHAIR
ACADEMIC COUNCIL**

RE: Faculty Housing Assistance

Dear Mary,

The University Committee on Faculty Welfare (UCFW) has continued to explore options to increase housing assistance to faculty and other employee groups. Last year, UCFW submitted a letter conveying our concerns about inequities in the hiring and retention process and highlighted that some members of the community might face systemic barriers in achieving home ownership. This year, we again discussed this equity matter, along with the general difficulty faced by many UC employees in finding affordable housing near their campus, and we met with representatives from the Office of the President's Office of Loan Programs, which reports to the Chief Financial Officer. We were encouraged to learn that OLP has increased its tracking efforts to better report utilization data of the programs they oversee, the Mortgage Origination Program (MOP) and the Supplemental Home Loan Program (SHLP). We were further encouraged to hear CFO Brostrom report that his office is exploring new constructs for shared-equity loans.

Nonetheless, UCFW is aware that mortgages and housing assistance programs can carry significant tax implications, depending on an employee's entire financial situation. We therefore urge the University to think creatively about additional housing assistance options that could be more tax friendly or that could target homes other than single-family stand-alone residences. Support for rental housing is an additional option to consider to assist faculty and staff who do not wish to purchase a home. Finally, being mindful of the climate crisis, we encourage the University to construct/invest in housing communities as close to public transit hubs as possible.

Please convey these concerns and recommendations to the President and Provost so that planning may begin.

Sincerely,

Shelley Halpain, UCFW Chair

Encl.

Copy: UCFW
Hilary Baxter, Executive Director, Academic Senate

Nathan Brostrom, Chief Financial Officer
Robert Horwitz, Academic Council Vice Chair



UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)
Jean-Daniel Saphores, Chair
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July 20, 2020

**KUM-KUM BHAVNANI, CHAIR
ACADEMIC COUNCIL**

RE: Home Buying Assistance

Dear Kum-Kum,

During its July meeting, the University Committee on Faculty Welfare (UCFW) has continued its discussion of systemic discrimination at UC. One area of particular importance to UCFW members is access to home ownership. Indeed, given the ability of home owners in the US to deduct the interest they pay on their main residence's mortgage, home ownership can offer households considerable financial security as they accumulate home equity over time. We learned that Deans have the latitude to allow new faculty to use part of their start-up package as a down payment on their house. This incentive appears to be used unevenly among schools on a given campus, with potential consequences for the ability of different groups of faculty to enter tight housing markets, especially on campuses with limited campus housing. Furthermore, since this incentive is local, we were told that UCOP does not have any systemwide statistics about its use.

As you know, unequal access to home ownership has been a key source of wealth inequality in the US. Currently, a typical white family is ten times wealthier than a typical African American family.¹ In addition to unequal access to education and better jobs, this staggering difference is to a large extent rooted in housing discrimination. Although the 1917 Supreme Court case *Buchanan v. Warley*² struck down some restrictions on Black ownership and renting of properties in majority-white neighborhoods, covenants to not rent or sell homes to ethnic minorities remained legal (at least in private deeds) until the Fair Housing Act of 1968.³ During the New Deal, the Federal Housing Administration offered middle-class families 30-year mortgages with little or no down payments so they could buy suburban homes, but excluded Black families and refused to insure mortgages in or near Black neighborhoods (a policy known as "redlining"), which promoted segregation and contributed to the lasting impoverishment of Black families.⁴ Moreover, enforcement of the

¹ Kent, A., Ricketts, L., & Boshara, R. (2019). What Wealth Inequality in America Looks Like: Key Facts and Figures. Federal Reserve Banks of St. Louis, Aug, 14. <https://www.stlouisfed.org/open-vault/2019/august/wealth-inequality-in-america-facts-figures>

² <https://supreme.justia.com/cases/federal/us/245/60/>

³ https://history.house.gov/Historical-Highlights/1951-2000/hh_1968_04_10/

⁴ Rothstein, R. (2017). The color of law: A forgotten history of how our government segregated America. Liveright Publishing.

provisions of the Fair Housing Act of 1968 remain a serious concern⁵, in spite of the Fair Housing Initiatives Program of 1986 and the enforcement provisions of the Fair Housing Act Amendments of 1988.⁶ In particular, as shown in a recent UC Berkeley study, ethnic and racial housing discrimination is perduring to this day through mortgage lending discrimination, which affects especially African American and Latino applicants.⁷ A UC Davis study of the Sacramento housing market, which is adjacent to Davis, and where many faculty, especially Black and Latino faculty have purchased homes, reveals similar trends.⁸

Given its size and its considerable influence in California, we believe that UC has an important role to play. We would like to ask you and incoming Chair Gouvain to work with President Drake and the Chancellors so that during recruitment, lower income faculty and staff households (i.e., households where at least one adult is employed by UC as a faculty or a staff member) be given a housing allowance (for faculty, as part of their start up package) that is sufficient to cover the down payment needed to qualify for a financially sustainable MOP loan so they can purchase an adequate dwelling in a housing market close to their place of employment. We also ask that a similar housing allowance be included for retention cases (if so desired by the potentially departing faculty), and that additional measures be considered, in consultation with the Senate, for current UC faculty and staff who belong to lower income households. Although these measures should be available to all qualifying UC faculty and staff, we believe that they will especially benefit ethnic and racial minorities, who have borne the brunt of housing and lending discrimination in the US, including in California.

These measures would not only have a profound positive effect on recruitment and retention, but would go a long way to signal that UC is serious about addressing systemic discrimination.

We look forward to continuing to improve our university.

Sincerely,

Jean-Daniel Saphores, UCFW Chair

Shelley Halpain, incoming UCFW Chair

Moradewun Adejunmobi, UCFW

Jill Hollenbach, incoming UCFW Vice Chair

Copy: UCFW
Hilary Baxter, Executive Director, Academic Senate
Susan Carlson, Vice Provost, Academic Personnel and Programs

⁵ US Government Accountability Office. (2010). Housing and community development grants: HUD needs to enhance its requirements and oversight of jurisdictions' fair housing plans. <https://www.gao.gov/products/GAO-10-905>

⁶ Silverman, Robert Mark and Patterson, Kelly L. (2012). The Four Horsemen of the Fair Housing Apocalypse: A Critique of Fair Housing Policy in the USA. *Critical Sociology* 38(1): 123-140.

⁷ <https://www.cbsnews.com/news/mortgage-discrimination-black-and-latino-paying-millions-more-in-interest-study-shows/>

⁸ Hernandez, J. (2009). Redlining Revisited: Mortgage Lending Patterns in Sacramento 1930-2004, *International Journal of Urban and Regional Research*, 33:2, 291-313.

June 10, 2021

Shane White, Chair
Academic Senate

Re: UCLA Faculty Housing, MOP

Dear Chair White,

The UCLA Faculty Welfare Committee reviewed UCLA Faculty Housing situation in 2020-2021. We submitted our report on Faculty rental housing in winter 2021. We now offer the following additional comments on the MOP program.

Faculty housing is an important issue for UCLA, as evidenced by the 2017-19 Faculty Housing Project Survey with more than 70-85% of respondents citing the cost of living in the Los Angeles area and the opportunity to living close to campus as “important” or “very important” factors in deciding to accepting and continuing employment at UCLA.

In 2018, the UCLA Faculty Housing Task Force, headed by former EVC/P Scott Waugh, recommended eight changes to UC’s Loan Programs. We are happy that the central change, to raise the **maximum MOP loan** from the then status quo \$1.5m to the \$2m, has now been implemented. But the issue will require continued attention with an ever-appreciating West Los Angeles real estate market (Los Angeles house prices have risen around 20% in the last year alone).

The Faculty Welfare Committee also discussed aspects of the MOP program that are not reflected in the 2018 report. One important shortcoming of the MOP loans is that the interest rate is floating. Many faculty would prefer **fixed-rate loans**. Such loans would seem to constitute a more efficient allocation of risk since UC is in a better position to bear interest rate risk than individual faculty. We recommend to consider the introduction of such fixed-rate loans. The other issue discussed was the **competitiveness of rates**. Currently, MOP loans are not competitive for many faculty, who can find better rates on the private market. However, the committee recognizes that other faculty find the MOP attractive because of its lower down payment requirements. Since the latter group of faculty are likely financially less well-off than the former, the current combination of not-so competitive rates with low down payment requirement arguably target the scarce funds well. Thus, we recommend no changes to this part of the policy. In a similar vein, we support the decision to temporarily lower the maximum MOP amount in times of more constrained funding like the present time.

In terms of communication, the committee thinks that awareness of the MOP program is stronger in some divisions of UCLA than others. Even though funds are limited in particular years, we believe it would be helpful for the deans (who control the distribution of the MOP funds) to proactively **advertise faculty housing** and its availability to incoming faculty members.

Lastly, it has come to the committee's attention that the Office of the President has significantly cut the **MOP funding** in 2020-21 for a two-year period. This lack of MOP-funding has already contributed to the failure of recruiting efforts in several departments. This underlines the importance of a strong and sustained faculty housing program to keep UCLA competitive for its faculty.

Respectfully submitted,

Huiying Li, Chair
Faculty Welfare Committee

cc: Jody Kreiman, Vice Chair/Chair Elect, Academic Senate
Michael Meranze, Immediate Past Chair, Academic Senate
April de Stefano, Executive Director, Academic Senate
Elizabeth Feller, Interim Analyst, Faculty Welfare Committee
Members of the Faculty Welfare Committee