RESOLUTION OF THE UNIVERSITY FACULTY SENATE ON
HOUSING ASSISTANCE FOR RECRUITMENT, RETENTION AND PERFORMANCE
Passed unanimously, 11 March 2020

Whereas high and rising housing costs near Tufts campuses significantly inhibit recruitment, retention and performance; and

Whereas the Faculty Senate task force report on housing assistance dated 28 Feb. 2020, appended to this resolution, has identified best-practice approaches that Tufts could potentially implement;

Therefore the Faculty Senate calls on the University to pursue the recommendations of this task force, and report on its progress during the 2020-21 academic year.

Tufts University Faculty Senate
Faculty Affairs Committee / Budget & Finance Committee - Task Force on Housing Assistance

Report on Housing Assistance for Faculty Recruitment, Retention and Productivity
Revised 28 February 2020, for discussion at the UFS meeting of 11 March 2020

1. **This report addresses the rising cost of living around Tufts campuses,** which has become the most widely cited obstacle to recruitment, retention and productivity for our faculty. As shown in Annex 1, financial factors in general, and especially housing costs, are the most often cited reasons why AS&E faculty leave Tufts or decline our offers. The AS&E Committee on Faculty Work/Life issued a housing report in April 2018, and graduate students in the Department of Urban and Environmental Policy and Planning completed a housing study in May 2019. Their central finding is that the Boston area continues to be one of America's most expensive cities, with median prices more than five times median income (jchs.harvard.edu/home-price-income-ratios). The big change over the past decade is that costs near Tufts were relatively low but have risen sharply: for example, median single-family home prices in Somerville and Medford ranked 63rd and 84th of the 153 towns in Greater Boston in 2008, and rose to 19th and 44th in 2018. The median price in Somerville doubled over this period, a much faster rise than other area towns.

2. **The task force on housing** was launched in Fall 2019, composed of Will Masters (Friedman) and Nicole Holland (Dental), joined by AS&E faculty members Justin Hollander, Elizabeth Remick and Anna Sajina. This report summarizes their findings, based on a variety of evidence about how other universities and similar organizations have responded to the rise in housing costs in attractive locations. Housing assistance is routinely provided alongside other employee benefits designed to solve specific problems such as health and disability insurance, tax-deferred retirement accounts, tuition benefits, dependent care, parking and commuting assistance and wellness services. While other aspects of salary and benefits are important, the recent rise in housing cost has made it the most pressing concern for recruitment, retention and productivity. High costs increasingly drive people to live in less desirable housing with longer commutes, or to avoid Tufts entirely and work at peer institutions in lower-cost locations.

3. **Tufts and our peer institutions have a long history of housing programs**, from which there is much to learn. The current Tufts housing arrangement consists of a few rentals managed by Walnut Hill Properties. That approach, in which the university owns housing that they sell or rent to employees, is sometimes preferred to limit property taxes and control who lives where. Many of our peer institutions still do this, or provide direct cash payments or subsidized loans, but in recent years some have adopted a more flexible approach known as shared equity or shared-appreciation mortgages. Annex 2 to this report provides benchmarking data about housing assistance at peer institutions and other existing shared equity programs.

4. **In a shared equity program, the employer or investor owns a minority interest in the home**. For example, Tufts could offer to invest up to $200,000 or 20% of the purchase price or appraised value of an employee's house or apartment, in exchange for the corresponding fraction of its value when the property is sold or the employee leaves Tufts. Programs of this type are typically implemented as second mortgages on which interest is paid only when the loan is retired, based on the degree of appreciation in sale price or appraised value. The employee remains responsible for maintenance and taxes on their property, but having Tufts as a co-investor in their home provides additional purchasing power to live in more favorable housing during their career at Tufts.

5**. House price appreciation offers significant potential return on investment**. Investing in shared equity/shared appreciation mortgages would be feasible only to diversify the assets of long-term investors, because the investment is not returned until the house is sold or the employee leaves, and if house prices fall both the owner and the investor recover less than they put in. Investment in housing can be attractive, however, and the Tufts endowment already includes real estate around Boston and elsewhere. Much of this is land and buildings used by the university, but about 15% of the university's $1.8 b. endowment is in commercial real estate and other real assets far away from campus. That diversification helps smooth and raise returns available from stocks, bonds and private equity. One important asset class not normally available to outside investors is owner-occupied housing. This has attractive features, offering substantial appreciation for well-maintained properties when the houses are eventually sold. Investments in owner-occupied housing offers diversification because house prices are much more stable and not closely correlated with other investments: although house prices rise less than stocks during boom times, they also decline less during recessions.

7. **Private investors now offer shared equity on a for-profit basis.** Their investors seek diversification into owner-occupied housing, and also charge high fees at the time of purchase and again when the house is sold. If Tufts were to offer shared equity, the fees involved could be much lower due to no marketing expenses and pre-screening of home buyers, but the example of for-profit firms is useful to understand their business model and legal status. Many shared equity businesses serve existing homeowners, who can sell shares in their house instead of taking out a home equity line of credit, as is now done by Boston's hometap.com. Two other companies that serve existing owners and also offer shared equity for new purchases are San Francisco-based unison.com and landed.com. These companies must invest heavily in marketing to advertise their services, and then use algorithms to determine eligibility based on neighborhood and house characteristics. Unison is an entirely for-profit enterprise, whereas Landed is partially supported by philanthropic investments to support housing for K-12 teachers, first responders and other targeted groups in selected cities (but not yet in Massachusetts). If Tufts were to introduce this service we could learn from how these firms operate, but incur much lower marketing and transaction costs by working directly with local firms such as our existing homebuying partnership with Coldwell Banker.

8. **A shared equity program could be introduced gradually**, at low or no financial cost to the University. Specific categories of employees, perhaps starting with new faculty, could be given access to shared equity gradually, for example on a first-to-apply basis for up to 10 investments per year in the few first years, based on re-allocation of funds that are now invested in other assets. It would be possible to restrict the location of shared equity investments, for example to the adjacent towns or within other boundaries, or to permit other locations based on commuting requirements or other criteria. The shared-equity fund would grow slowly and be replenished every time the employee sold their house or left Tufts. If the experiment were successful, there is abundant room to expand since the university endowment already has a total of about $270 m. invested in commercial property and other real estate assets, at least some of which could be diversified into employees' owner-occupied housing. To illustrate the outer limit of potential Tufts investment, if the program ultimately grew to placing as much as $200,000 in each of 500 employees' homes, the total would be under $100 m. or less than half of the endowment's current investment in real assets unrelated to the university's mission.

9. **The purpose of employee benefits is to help the university fulfill its mission**. Beyond salaries, all employers provide a range of additional services that help solve employees' problems and thereby improve recruitment, retention and performance. Among other goals, these programs help build community and loyalty to the institution. The proposed initiative provides a cost-effective approach to addressing the recent and on-going rise in housing costs around Medford/Somerville and the Greater Boston area, at little or no financial cost to the university through shared equity in employees' owner-occupied housing. Introducing such a program would allow the University to demonstrate that Tufts values its employees and is willing to invest alongside them in building strong communities around the Tufts campuses.

Annex 1. Results from AS&E department chairs' questionnaire on recruitment and retention

Reasons cited for candidate decline and colleague departure, AY2015-AY2020

	Declines	Departures	Departures or Declines
Financial factors	**58**	**22**	**80**
Salary of a competing offer	*24*	*11*	*35*
Cost of living and/or housing	*24*	*9*	*33*
Start-up package	*9*	*0*	*9*
Cost of childcare	*1*	*2*	*3*
Dual-career factors	**13**	**11**	**24**
Too far from partner/family	*5*	*6*	*11*
Partner no position at Tufts	*5*	*3*	*8*
Partner no work nearby	*3*	*2*	*5*
Other factors	**18**	**19**	**37**
Professional fit	*14*	*11*	*25*
Tufts not welcoming to identity	*1*	*2*	*3*
Programmatic work/life support at Tufts	*0*	*2*	*2*
Other	*1*	*4*	*5*
No reason/don't know	*2*	*0*	*2*
Sum of all reasons cited	**89**	**52**	**141**

Note: Data shown are reasons given why a candidate declined or left Tufts as reported by department chairs, search committee members, and other knowledgeable colleagues, for all known cases from 2014-2015 to present. Responses to the questionnaires were received from 31 of the 37 departments. There were 32 declines reported by 17 departments, and 27 departures reported by 17 different departments, with a total of 23 departments reporting at least one decline or departure.

Source: Questionnaire distributed by the AS&E Committee on Faculty Work/Life.

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Annex 2. Benchmarking against peer institutions links to other resources

1. Shared equity/shared appreciation mortgages offered by other universities:
https://hres.princeton.edu/faculty-staff/home-ownership-programs/tenancy-in-common-program
https://www.mtholyoke.edu/financial/mortgage
https://www.cu.edu/treasurer/faculty-housing-assistance-program
https://faculty-staffhousing.miami.edu/housing-options/new-home-buyers/fiancing-options/index.html
Note we have heard that others also do this, but don't advertise it on their websites (e.g. Boston College does not release public information about it here: https://www.bc.edu/offices/hr/applicants/bcbenefits).

2. Other housing assistance programs at peer institutions and other universities
http://web.mit.edu/provost/faculty_housing.html
https://www.wellesley.edu/finance/mortgage
https://real-estate.williams.edu/mortgage-program/
https://www.northwestern.edu/hr/benefits/transit-relocation/relocation/financial-resources/mortgage-assistance.html
https://cms.business-services.upenn.edu/homeownership/home-purchase.html
https://realestate.usc.edu/housing/fsh/
https://fsh.stanford.edu/homebuyers/
https://vpf.berkeley.edu/policies-programs/faculty-home-loans
http://homeloans.ucdavis.edu/programs/mop.html
https://www.timeshighereducation.com/features/priced-out-housing-cost-headaches-for-universities-and-staff

3. General description of shared equity programs
https://www.lendingtree.com/home/mortgage/buying-a-home-with-a-shared-equity-mortgage/
https://www.investopedia.com/terms/s/shared_equity.asp

4. Use of shared equity for community development
These programs target the development of affordable housing in specific locations, rather than for specific employers. For that reason, the shared equity investors typically impose restrictions on the deed and conditions of resale, rather than employment status as would be done to assist Tufts employees.
https://www.fanniemae.com/singlefamily/shared-equity-and-homebuyer-assistance-programs
https://www.urban.org/projects/shared-equity-research

5. Use of shared equity on a for-profit basis
These programs use investor funds, and must spend heavily on marketing to acquire customers, so they charge quite high transaction fees relative to what an employer like Tufts could provide.
Description from the Urban Institute:
https://www.urban.org/research/publication/fintech-innovation-home-purchase-and-financing-market
Hometap: Created for the Boston market, targeting existing homeowners not yet new buyers:
https://www.hometap.com/faqs
Landed: Created for educators in the San Francisco area, targeting new buyers, not yet in Boston
https://www.landed.com/how-it-works; https://www.landed.com/news
Unison: A for-profit enterprise also in San Francisco, for both homeowners and new buyers:
https://www.unison.com/about_us

Other startups elsewhere include *Point* and *Patch.*