

COMMITTEE ON FINANCE  
September 16, 1983

Approved

Approved as amended

Accepted

Notice served

Deferred

Withdrawn

Disapproved

CX

DA 0915

E. Lease of Inclusion Area Land to Irvine Campus  
Housing Authority

The Committee recommends that:

- (1) The Officers of The Regents be authorized to execute an unsubordinated ground lease between The Regents of the University of California as Lessor, and Irvine Campus Housing Authority (ICHA), a nonprofit California corporation, as Lessee, for approximately forty-four acres of Irvine campus inclusion area land located south of South Circle View Drive and southwest of the existing faculty rental apartments, to facilitate the development, construction, and administration of the Irvine Campus Housing Community, said lease to include or be subject to the following provisions:
  - a. The term of the ground lease shall be for ninety-nine years from the date of execution of the ground lease;
  - b. In consideration of the leasing of the property, Lessee shall pay to Lessor a base rental in the sum of one dollar per annum for all portions of the property which Lessee may hold throughout the term of this lease;
  - c. Lessee shall be authorized to develop for sale and for rent housing on the property and to sublease the land;
  - d. With respect to the initial sale and resale of a For-Sale Housing unit, the purchaser shall be selected in accordance with the following priority system, reserving unto The Regents the option to purchase the property at any stage of the sale offering:
    - (i) First priority will be given to those University-associated persons designated by Lessor who are members of the Academic Senate;
    - (ii) Second priority will be given to University-associated persons who are members of the nonfaculty academic staff and management of the University;

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- (iii) Third priority will be given to University-associated persons who are current nonacademic staff of the University; and
  - (iv) final priority will be given to members of the general public, with part-time employees of the University treated as members of the general public.
- e. Upon subsequent sale of a single-family dwelling or a townhouse unit, a new lease will be issued for a term not to exceed sixty years;
- f. To assure that all For-Sale Housing units will continue to remain affordable by the academic community, resale price limitations will be imposed on each resale transaction, that is, no unit may be offered or sold at greater than its "Maximum Resale Price," which shall be computed as follows: (i) the initial cost of the unit, (ii) multiplied by a factor reflecting the percentage of increase in the replacement costs of the unit concerned [as set forth in the Los Angeles City Replacement Cost Index for Type D Dwellings of the Comparative Cost Index Section (98) of the Marshall-Swift Valuation Service or any other index designated by Lessor], (iii) plus the cost of all subsequent capital improvements made to the unit by the owner of the unit, but only to the extent that each such improvement exceeded \$1,000 in costs and was certified by Lessee after the presentation of adequate cost documentation;

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- g. A University-associated person who purchases a For-Sale Housing unit shall choose one of the following alternative plans or such other plan which Lessor may, in writing, approve for payment of land rent to Lessor;
- (i) (a) Annual rent equal to four percent of the "imputed land value" (the imputed land value to be defined as Fair Market Value of the land for the use to which it is put as determined by Lessor) with the land being revalued every five years but provided that the total amount of any incremental increase in rent does not exceed fifty percent every five years;
  - (b) Plus ten percent of the unit's appreciation, if any, upon resale;
  - (ii) (a) Annual rent equal to three percent of the "imputed land value" for the first five years, thereafter the land to be revalued every five years and Lessee paying Lessor three percent of the initial "imputed land value" plus an added annual rent of four percent of the increase in "imputed land value," if any, provided that the total amount of any incremental increase in current rent does not exceed fifty percent every five years;
  - (b) Plus twenty percent of the unit's appreciation, if any, upon resale; and

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- (iii)(a) No annual rent at the outset of the lease, but after five years a rent based on four percent of the appreciation, if any, in the initial "imputed land value" as determined by revaluation after the initial five years of the lease and revaluation every five years thereafter, provided that the total amount of any incremental increase in current rent does not exceed fifty percent every five years;
    - (b) Plus thirty-five percent of the unit's appreciation, if any, upon resale;
  - h. With respect to the transfer of a For-Sale Housing unit to any purchaser/sublessee who is not a University-associated person, the rental payment plan shall, upon transfer, be adjusted in accordance with Paragraph (1)g.(i);
  - i. With respect to a prepaid ground lease of a custom lot, the purchaser shall, upon transfer, pay Lessor an adjusted rent of 66.67 percent of the prevailing market value for a similar lot in Orange County as determined by Lessor; plus an additional ten percent of the appreciation in the value of the home constructed on the site, if any, upon subsequent resale.
- 2. The President be authorized to approve the Bylaws for ICHA in consultation with the Treasurer and the General Counsel.

[Action to be released to the public upon execution of the lease document.]

Approved  
Approved as amended  
Accepted  
Notice served  
Deferred  
Withdrawn  
Disapproved

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DA 0915

COMMITTEE ON FINANCE  
June 15, 1984

E. Amendment of Lease of Inclusion Area Land to Irvine Campus Housing Authority

The Committee recommends that the action of The Regents in September 1983 authorizing the execution of an unsubordinated groundlease between The Regents and the Irvine Campus Housing Authority (ICHA) be amended as follows, it being understood that all other actions of The Regents in September 1983 in connection with said unsubordinated groundlease remain unchanged: (language to be deleted shown by strike-out; language to be added shown by underscoring)

- (1) The Officers of The Regents be authorized to execute an unsubordinated amended and restated groundlease between The Regents of the University of California as Lessor, and Irvine Campus Housing Authority (ICHA), a nonprofit California corporation, as Lessee, for approximately ~~fifty-five~~ sixty acres of Irvine campus inclusion area land located south of South Circle View Drive and southwest of the existing faculty rental apartments, to facilitate the development, construction, and administration of the Irvine Campus Housing Community, said lease to include or be subject to the following provisions:

\* \* \*

- f. To assure that all For-Sale Housing units will continue to remain affordable by the academic community, resale price limitations will be imposed on each resale transaction, that is, no unit may be offered or sold at greater than its "Maximum Resale Price," which shall be computed as follows: the sum of (i) the initial cost of the unit and other capital improvements, plus (ii) the product of the initial cost of the unit and other capital improvements multiplied by a factor reflecting the percentage of increase in the replacement costs of the unit concerned (as set forth in the Los Angeles City Replacement Cost Index for Type D Dwellings of the Comparative Cost Index Section (98) of the Marshall-Swift Valuation Service or any other index designated by Lessor), plus (iii) the cost of all subsequent capital improvements made to the unit by the

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owner of the unit, but only to the extent that each such improvement exceeded \$1,000 in costs and was certified by Lessee after the presentation of adequate cost documentation; except in the case of a Lender acquiring a Housing unit by foreclosure or deed-in-lieu of foreclosure, the maximum resale price shall be the greater of the Maximum Resale Price as defined above or an amount equal to the full amount then owing on the mortgage loan that was foreclosed or, with respect to which a deed-in-lieu of foreclosure was accepted, including interest accrued and unpaid thereon through the date of transfer, interest that would have been paid on the mortgage except for the transfer, real property taxes paid by the Lender or accrued on the home, reasonable fees of the attorneys for the Lender, and any other reasonable costs incurred by the Lender as a result of the foreclosure;

- g. A University-associated person who purchases a For-Sale Housing unit shall choose one of the following alternative plans or such other plan which Lessor may, in writing, approve for payment of land rent to Lessor:
- (i) (a) Annual rent equal to four percent of the "imputed land value" (the imputed land value to be defined as Fair Market Value of the land for the use to which it is put as determined by Lessor) with the land being revalued every five years but provided that the total amount of any incremental increase in rent does not exceed ten percent every year or fifty percent every five years;
  - (b) Plus ten percent of the unit's appreciation and subsequent capital improvements, if any, upon resale;
  - (ii) (a) Annual rent equal to three two percent of the "imputed land

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value" for the first five years, thereafter the land to be revalued every five years and Lessee paying Lessor ~~three~~ two percent of the initial "imputed land value" plus an added annual rent of four percent of the increase in "imputed land value," if any, provided that the total amount of any incremental increase in current rent does not exceed ten percent every year or fifty percent every five years;

- (b) Plus twenty percent of the unit's appreciation and subsequent capital improvements, if any, upon resale; and or
- (iii) (a) No annual rent at the outset of the lease, but after five years pays a rent based on four percent of the appreciation, if any, in the initial "imputed land value" as determined by revaluation after the initial five years of the lease and revaluation every five years thereafter, provided that the total amount of any incremental increase in current rent does not exceed ten percent every year or fifty percent every five years; and
- (b) plus ~~35~~ thirty percent of the unit's appreciation and subsequent capital improvements, if any, upon resale;

the term "revalued" means an alteration based on the lesser of (A) the difference in the Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers: Los Angeles-Long-Beach-Anaheim, or (B) the compounded total of all cost-of-living percentage increases made to average salaries of members of the Academic Senate;

\* \* \*

[Action to be released to the public following execution of lease documents]

COMMITTEE ON FINANCE  
September 20, 1985

Approved  
Approved as amended  
Accepted  
Notice served  
Deferred  
Withdrawn  
Disapproved

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M. Amendment of Lease of Inclusion Area Land to Irvine  
Campus Housing Authority

The Committee recommends that the actions of The Regents in September 1983 and June 1984 authorizing a groundlease between The Regents and the Irvine Campus Housing Authority be amended as follows, with the understanding that all other actions of The Regents in September 1983 and June 1984 in connection with said groundlease remain unchanged (deletions shown by strike-out, additions by underscoring):

- (1) The Officers of The Regents be authorized to execute an unsubordinated third amended and restated groundlease between The Regents of the University of California as Lessor, and Irvine Campus Housing Authority (ICHA), a nonprofit California corporation, as Lessee, for approximately sixty acres of Irvine campus inclusion area land located south of South Circle View Drive and southwest of the existing faculty rental apartments, to facilitate the development, construction, and administration of the Irvine Campus Housing Community, said lease to include or be subject to the following provisions:

\* \* \*

- g. A University-~~a~~Associated person who purchases a For-Sale Housing unit shall choose one of the following alternative plans or such other plan which Lessor may, in writing, approve for payment of land rent to Lessor:

- (i) (a) Annual rent equal to four percent of the "imputed land value" (the imputed land value to be defined as Fair Market Value of the land for the use to which it is put as determined by Lessor) with the land being revalued every five years but provided that the total amount of any incremental increase in rent does not exceed ten percent every year or fifty percent every five years;

- (b) Plus ten percent of the unit's appreciation and subsequent capital improvements, if any, upon resale;



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- (ii) (a) Annual rent equal to two percent of the "imputed land value" for the first five years, thereafter the land to be revalued every five years and Lessee paying Lessor two percent of the initial "imputed land value" plus an added annual rent of four percent of the increase in "imputed land value," if any, provided that the total amount of any incremental increase in current rent does not exceed ten percent every year or fifty percent every five years;
- (b) Plus twenty percent of the unit's appreciation and subsequent capital improvements, if any, upon resale;  
or
- (iii) (a) No annual rent at the outset of the lease, but after five years pays a rent based on four percent of the appreciation, if any, in the initial "imputed land value" as determined by revaluation after the initial five years of the lease and revaluation every five years thereafter, provided that the total amount of any incremental increase in current rent does not exceed ten percent every year or fifty percent every five years; and
- (b) Plus thirty percent of the unit's appreciation and subsequent capital improvements, if any, upon resale;  
or

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\* \* \*

(iv) A total rent during the term of the groundlease determined by a purchaser's selection of (i), (ii), or (iii), above, with a maximum amount or "cap" on the rent obligation, said "cap" to apply to all rent payable under the Ground Sublease, excluding homeowner assessments and costs payable as defined by Section 2.03(c) of the Ground Sublease, provided, however, that this option shall be available only to a University-Associated purchaser who receives a mortgage funded through Mortgage Subsidy Bonds or who receives a Mortgage Credit Certificate and that this option must be selected by such purchaser in order to be eligible for said bond-financed mortgage or credit certificate, and, provided further, that the "cap" shall be determined as follows:

-- The capitalized value of all ground rent payable under the Ground Sublease shall not exceed (1) 110 percent of the safe harbor average area purchase price established by the Internal Revenue Service for purposes of the Mortgage

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Subsidy Bond and Mortgage  
Credit Certificate Programs as  
of the "Determination Date,"  
less (2) the acquisition cost  
(as defined in the applicable  
Internal Revenue Service  
regulations for the Mortgage  
Subsidy Bond and Mortgage  
Credit Certificate Programs as  
of the Determination Date) of  
the improvements to the land  
subject to the Ground Sublease;

- The "Determination Date" shall  
be the date on which the  
commitment is made to provide  
financing for the sublessee's  
purchase of the improvements  
or, if earlier, the close of  
escrow for such purchase of the  
improvements;
  
- The capitalized value of the  
rent payable under the Ground  
Sublease shall be the net  
present value of such payments  
(as of the Determination Date)  
determined using a discount  
rate which complies with the  
applicable Internal Revenue  
Service regulations pertaining  
to the purchase price limits  
under the Mortgage Subsidy Bond  
and Mortgage Credit Certificate  
Programs.

\* \* \*

[Action to be released to the public immediately  
following the meeting of the Board]

Approved

Approved as amended

Accepted

Notice served

Deferred

Withdrawn

Disapproved

CX

DA 0915

COMMITTEE ON FINANCE  
November 15, 1985

E. Amendment of Lease of Inclusion Area Land to Irvine  
Campus Housing Authority

The Committee recommends that:

(1) The actions of The Regents in September 1983, June 1984, and September 1985 authorizing a groundlease between The Regents and the Irvine Campus Housing Authority be amended as follows, with the understanding that all other actions of The Regents in September 1983, June 1984, and September 1985 in connection with said groundlease remain unchanged: (deletions shown by strike-out; additions by underscore)

1. The Officers of The Regents be authorized to execute an unsubordinated ~~third~~ fourth amended and restated groundlease between The Regents of the University of California as Lessor, and Irvine Campus Housing Authority (ICHA), a nonprofit California corporation, as Lessee, for approximately sixty acres of Irvine campus inclusion area land located south of South Circle View Drive and southwest of the existing faculty rental apartments, to facilitate the development, construction, and administration of the Irvine Campus Housing Community Program, said lease to include or be subject to the following provisions:

\* \* \*

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- g. A University-Associated person who purchases a For-Sale Housing unit shall choose one of the following alternative plans or such other plan which Lessor may, in writing, approve for payment of land rent to Lessor:
- (iii) (a) No annual rent at the outset of the lease, but after five years pays a rent based on 4 percent of the appreciation, if any, in the initial "imputed land value" as determined by revaluation after the initial five years of the lease and revaluation every five years thereafter, provided that the total amount of any incremental increase in current rent does not exceed 10 percent every year or 50 percent every five years;
- (b) Plus 30 percent of the unit's appreciation and subsequent capital improvements, if any, upon resale; or
- \* \* \*
- i. With respect to a prepaid groundlease of a custom lot, the purchaser/sublessee shall elect one of the following rental payment plans: (i) an option under which the purchaser/sublessee, upon transfer, is obligated to pay to the Lessor an adjusted rent of 66.67 percent of the prevailing market value for a similar lot

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in Orange County as determined by Lessor, plus an additional 10 percent of the appreciation in the value of the home constructed on the site, if any, upon subsequent resale; or (ii) an option under which the purchaser/sublessee pays to the Lessor [A] a capitalized lease payment, to be made at the time of the sublease, equal to the infrastructure and infrastructure financing costs of the Leasehold Parcel as determined by the Lessee, and [B] further rent to the Lessor in accordance with the terms of paragraph 1.g.(iii) above. For purposes of this paragraph 1.i, however, "imputed land value," as used in paragraph 1.g.(iii)(a) above means 66.67 percent of the prevailing market price for similar land in Orange County at the time of the sublease (as determined by the Lessor) less the capitalized lease payment made pursuant to this paragraph 1.i. If this option is selected by the first purchaser/sublessee, the provisions of the lease regarding Maximum Resale Price controls shall apply to any assignment and sale of the Leasehold Parcel and the improvements thereon.

\* \* \*

- (2) The President, in consultation with General Counsel and the Treasurer, be authorized to approve, and the Officers of The Regents be authorized to execute, such future amendments to the groundlease that may be necessary due to changing circumstances and/or unforeseen conditions, as long as such amendments do not contravene the basic meaning or purpose of the groundlease previously approved by The Regents.

[Action to be released to the public immediately following the meeting of the Board]

COMMITTEE ON FINANCE  
May 16, 1986

Approved  
Approved as amended  
Accepted  
Notice served  
Deferred  
Withdrawn  
Disapproved

C  
Item M

DA 0915

P. Amendment of Lease and Approval of Loan, Irvine  
Campus Housing Community Program

The Committee recommends that:

- (1) The actions of The Regents in September 1983, June 1984, September 1985, and November 1985, authorizing and amending a groundlease between The Regents and the Irvine Campus Housing Authority be amended as follows, with the understanding that all other actions of The Regents in September 1983, June 1984, September 1985, and November 1985 in connection with said groundlease remain unchanged:

The Officers of The Regents be authorized to execute a fifth amendment to the amended and restated groundlease between The Regents of the University of California as Lessor, and Irvine Campus Housing Authority (ICHA), a nonprofit California corporation, as Lessee, as amended through the fourth amendment, to add approximately eight acres to the Irvine campus land area covered by the groundlease for a new total of approximately sixty-eight acres.

- (2) The Treasurer be authorized to obtain a commercial loan or loans in an aggregate amount up to \$4.2 million and to make these funds available to ICHA for the purpose of financing the purchase of housing units by ICHA to be constructed in Phases 2 and 3 of the Irvine Campus Housing Community Program, said units to be used as faculty rental housing with the ultimate objective of making these units available for purchase by eligible faculty and academic staff buyers, said loan(s) to be subject to the following conditions:
  - a. Repayment of total principal plus interest shall be from rental income as well as from proceeds derived from the future sale or refinancing of units planned to be constructed under Phases 2 and 3 of the Irvine Campus Housing Community Program for initial use as faculty rental housing;

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- b. If sufficient proceeds from the sources identified in paragraph a. above are not realized, the Chancellor shall provide from otherwise unencumbered discretionary funds an amount necessary to pay the principal and interest when due;
  - c. The general credit of The Regents shall not be pledged.
- (3) In connection with the loan referred to in (2) above, Officers of The Regents be authorized to provide the lender(s) with a certification that interest paid by The Regents is exempt from Federal income taxation under existing law, or under tax legislation pending before Congress with a retroactive effective date, and to indemnify the lender(s) in this respect.
- (4) The Officers of The Regents be authorized to execute documents necessary in connection with the above.