



## **REAL ESTATE FUND POLICY**

### **1. Long Term California State University, Northridge (CSUN) Real Estate Issues**

CSUN's General Fund budget does not provide capital funds to address all the long-term real estate needs of the campus. The University Corporation (*TUC*), in close coordination with the campus, can provide a mechanism to address these future needs. Some of the reasons for establishing a Real Estate Fund include:

#### **A. Maintaining/improving the quality and safety of the neighborhood near the campus**

Many major campuses throughout the country have committed significant funding to reverse the deterioration of their surrounding neighborhoods. TUC can assist CSUN by taking preventative measures, such as purchasing and renovating distressed properties, to avoid a similar situation here in Northridge.

#### **B. Purchasing vacant property adjacent to the campus**

Campus growth over the next several decades could benefit significantly if certain parcels of perimeter real estate are purchased by TUC. UCLA's physical growth is significantly impaired by the high land values in Westwood. CSUN can avoid a similar dilemma by leveraging TUC's real estate purchase strategy. TUC currently owns two vacant lots adjacent to campus.

#### **C. Acquiring space for other campus related needs**

An example is future space requirements for the Office of Research and Sponsored Projects as grants and contracts activity increases or when current on-campus space is lost to expanding academic space needs. In 2015, TUC purchased an off-campus real property on Reseda Boulevard used for academic and administrative purposes.

#### **D. Support of a potential faculty/staff housing program**

As rental prices have continued to rise, the need for affordable faculty/staff housing has become critical for CSUN to recruit and retain these employees. TUC currently owns thirty-three (33) townhomes and ten (10) single family houses as transitional housing. In order to benefit as many faculties and staff as possible, these housing are subject to a maximum tenancy limit as per the Faculty and Staff Housing Tenancy Limits Guideline's Policy.

### **2. Source of Funding and Guidelines for the Real Estate Fund**

As acquisitions are made, additional funds may be added to the Real Estate Fund upon approval of the TUC Board of Directors

A primary guideline for acquiring assets via the Real Estate Fund is that they be operated at breakeven or better. Vacant properties purchased for the University's future needs should be cash purchases, since there is no revenue stream. Properties with a revenue stream may be acquired via a combination of cash plus debt of up to 90% of the purchase price.

As approved by The University Corporation Board of Directors on October 6, 2005, proceeds from the sale of the College Court Townhomes or the single-family houses may be used to pay down any outstanding debts, or may be invested in other real estate for the benefit of California State University, Northridge, via the Real Estate Fund.

### **3. Operating Procedures for the Real Estate Fund**

#### **Identification of properties, approval process and due diligence efforts**

TUC staff will identify desirable properties, in consultation with various campus personnel, and obtain approval from the CSUN President and/or designee prior to any purchase offer. For vacant lots or non-residential properties, purchase offers will be contingent upon a satisfactory environmental site assessment report identifying known or potential risks.

The University Corporation Executive Director or designee is authorized to sign all documents related to purchases made through the Real Estate Fund.

The TUC Board will be advised of all acquisitions at the next regularly scheduled Board meeting. This process allows TUC to act quickly on opportunities that might otherwise be lost. Purchases made through the Real Estate Fund are not subject to The University Corporation Purchasing Policy.

It is understood that the Real Estate Fund, as with surplus allocations to the University, are subordinate to existing and future bond financing agreements.

This plan provides a source of funds to implement a long-term real estate plan for the benefit of CSUN. It also strengthens the real estate asset base of The University Corporation as a tangible inflation hedge while maintaining adequate liquid assets for future strategic initiatives.

*Rick Evans*

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Rick Evans, Executive Director

*Adopted by the Board of Directors, February 28, 2001*

*Revised July 1, 2004*

*Revised October 6, 2005*

*Revised September 30, 2009*

*Revised October 7, 2010*

*Revised December 16, 2022*