

THE INSTITUTE FOR ADVANCED STUDY

M I N U T E S

Meeting of the Housing Committee

April 13, 1985

Princeton, New Jersey

- Present:** Messrs. Brown (Chairman), Dilworth, Taplin, Woolf; Professors Hirschman, Selberg. Also Mrs. Labalme and Mr. Rowe.
- Housing needs:** Dr. Woolf opened the discussion by describing the immediate needs of the new Faculty members, that is, Professors Deligne, Scott, Hut, and the Mellon Professor who will be appointed next year. Several retirements were forthcoming, including Albert Hirschman's and three members of the School of Historical Studies.
- Properties available:** Available properties included Carl Pope's former house, the Zworykin property, and two houses on the campus, that is, the Adler house and the Setton house. We were still waiting for a decision on our application for a variance which would permit duplexing the Adler and Setton houses. The Environmental Design Review Committee has approved the site plan, but the Planning Board has yet to meet to give its opinion on duplexing.
- If the permit comes through, Dr. Woolf thought the Adler house could be ready as a duplex by the fall.
- Apartments:** Also still under consideration was the apartment house which, as conceived, would provide eight two-bedroom units, although some concern was expressed that, as designed, these units were too expensive to appeal to enough people to make the investment worthwhile.
- Professor Hirschman said that the apartment idea was attractive to emeriti as a general idea, although each individual Faculty member might feel differently about moving into such an apartment himself.

Alternate

locations:

Mr. Brown mentioned Constitution Hill as an attractive alternative. The Institute might purchase certain properties there, or elsewhere, and turn them into condominiums. The need to be within walking distance of the Institute facilities was discussed, although some might prefer to be further off from the campus.

Prices and capital gains:

Mr. Dilworth expressed his concern about the escalation of real estate prices. The Setton house was now in the range of \$475,000 to \$500,000. In four or five years, how would new Faculty be able to afford houses at the price they will command? A new Faculty member would have no choice but to accept whatever the Institute could provide in terms of housing, and that might affect the prospective Faculty member's decision about coming to the Institute.

Mr. Brown thought that assuming 1) a steady state for the size of the Institute and 2) the continued escalation of real estate prices, the only solution was for the Institute to purchase enough properties and hold their prices steady. But one problem with that program was that the incoming Faculty member might not wish to be shut out of capital gains. It was suggested that one solution to this might be a plan similar to that developed by Stanford University, whereby the capital gains were divided between the institution and the individual.

Mr. Rowe raised for consideration the original formula for Institute housing, whereby the Institute provided 1/3 of the market value of housing as a subsidy and then would share in the appreciation, that is, 1/3 plus unpaid mortgage. The 2/3 market price should be affordable to incoming Faculty whose income would probably experience a large increase by virtue of their transferring here and who might well have liquid assets from the sale of their former homes.

Condominium plans:

Dr. Woolf thought that Mr. Brown's proposal could be implemented as a type of condominium arrangement in which the Institute would really control and maintain the properties. New properties could be acquired by deed or purchase, as had happened with the Du Vivier house and was currently being considered for another property. One could take the present pool of houses and devise a plan for their continuous ownership. Even if we fixed a capital gains of only 5%, whenever the property changed hands, if the maintenance costs were low, the owner would still be ahead. Dr. Woolf said that he would try to put together a plan which would comprise some of the ideas broached in the meeting.

Mr. Dilworth suggested that an experienced real estate lawyer might be of help here, in advising us on how to put such a plan together.

Princeton University
practices:

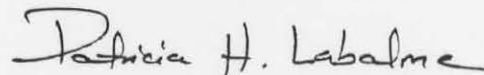
Mr. Taplin said he would make inquiries as to how Princeton University is handling its housing needs.

Tax relief:

Dr. Woolf mentioned that we have applied for tax relief for the members' housing but were turned down on the first round. The delicacy of our position vis-a-vis the township was pointed out, since we are a petitioner in two different matters, one of which was not to the township's financial advantage.

There being no further business, the meeting was adjourned at 2:15 p.m.

Respectfully submitted,



Patricia H. Labalme