

Housing Allowance Program

Summary Description

The Housing Allowance Program (HAP) is a taxable fringe benefit that, under specified conditions, provides additional compensation to newly hired faculty and senior staff for a fixed period of time starting with their home purchase. HAP, together with Stanford's other housing purchase programs, is a program that is intended to address the difference in the cost of home ownership between the Stanford area and areas in proximity to other major research universities.

HAP may increase or decrease. Changes are made in response to current market conditions. The programs will be reviewed each year.

Information regarding all of Stanford's housing programs is available at fsh.stanford.edu, or by email to fshousing@stanford.edu, or by calling 650-725-6893.

ELIGIBILITY

HAP has limited eligibility for some Eligible Persons, as defined in Exhibit A to this brochure, who are buyers of a Qualifying Residence located within the area described in Exhibit B to this brochure (Qualifying Area). Eligible Faculty who are employed 50% time or more and Eligible Staff who are employed 100% time may apply for HAP.

The eligibility period begins with the approval of the appointment by the President (faculty only) or the start of employment in the HAP eligible position, whichever is later.

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QUALIFYING RESIDENCE

HAP is for the purchase of a single family home, condominium, or townhome that is a for sale dwelling unit suitable for housing one family (the Qualifying Residence). Vacation homes, investment properties, commercial properties, properties zoned as commercial, multiple family dwellings (for example, duplexes and properties zoned for multiple units), Tenant in Common (TIC), and life care facilities are not Qualifying Residences. Personal property purchases such as mobile homes or houseboats are not Qualifying Residences.

The Eligible Person must occupy the Qualifying Residence as his/her principal residence. The home purchased (the Property) must be located within the Qualifying Area.

ALLOWANCE AMOUNT

The first year allowance amount is \$30,770.00.

INITIATING HAP

HAP commences after all of the following conditions are met: (i) Presidential approval of the appointment (faculty only); (ii) start of employment (e.g. receiving regular Stanford salary payments through the Stanford University payroll system) in the HAP eligible position; (iii) submittal of a completed application to Faculty Staff Housing (FSH) prior to the close of escrow, and (iv) the close of escrow on a Qualifying Residence. To comply with condition (iv), buyers of off campus homes who do not use the Stanford loan programs must provide FSH with certified or recorded copies of the Grant Deed and the Final Closing Disclosure. These documents are issued by the title company handling the escrow. Documents may be submitted to FSH via email to: fshdocuments@stanford.edu.

TERM

The maximum term of the allowance is twelve years, and the allowance declines on a linear basis by one-twelfth of the first year amount each year throughout the duration of the term. The maximum total allowance paid over the twelve-year term is \$200,000.00. Under certain circumstances, HAP is subject to earlier termination, as provided below.

TERMINATION OF ELIGIBILITY

The housing allowance shall terminate if the individual:

1. Ceases to own or occupy the residence;
2. Ceases to be an Eligible Person;
3. Ceases to be employed at 50% time or more (faculty) and 100% time or more (staff);
4. Becomes eligible for HAP II;
5. Becomes emeritus or retires; or
6. Defaults on any term or condition of a Stanford University lease or loan including his/her loan payments.

It is the responsibility of the HAP recipient to notify Faculty Staff Housing if his/her eligibility changes, even temporarily. This notice is to be provided to Faculty Staff Housing, in writing, before the recipient's change in employment status occurs. Examples of changes in status which could affect program eligibility can be

changes to employment percentage, position or classification. Any financial assistance received after the eligibility has changed must be repaid.

Decisions concerning termination or suspension under particular circumstances (e.g. divorce) will be made by the University in its sole discretion.

TITLE/OCCUPANCY

Beneficial ownership and title to the home may only be in the name of the Eligible Person and his/her spouse or registered domestic partner. No other persons can hold title to the home. The home must remain owner occupied by the Eligible Person. Proof of such ownership and/or occupancy must be provided to the University upon request. Under certain circumstances, the allowance may be discontinued if the home is rented. If two Eligible Persons share ownership of one residence, only one allowance is paid.

LEAVE AND OTHER SPECIAL CIRCUMSTANCES

HAP Payments are paid together with regular Stanford salary payments made only through the Stanford payroll system. If regular salary payments cease for any reason, HAP payments will also stop. HAP payments can resume based on the original schedule when regular salary payments made through the Stanford payroll system resume.

1. Sabbatical and other University approved paid leave: The allowance will continue without interruption for a paid sabbatical or other paid University approved leave.
2. Approved unpaid leave: The allowance will be suspended during any unpaid leave. The allowance will resume upon the return of the HAP Eligible Person only upon notification to and approval by FSH, only if regular Stanford salary payments are being made through the Stanford payroll system.
3. Short Term Disability: The allowance will continue only if the Eligible Person is paid regular salary payments made through the Stanford payroll system. Salary payments made by insurance companies do not qualify as regular salary payments.
4. Long Term Disability: The allowance will continue as long as the Eligible Person occupies the home.
5. Part Time Employment: The allowance is prorated (decreased) according to the percentage of full time salary, regardless of when the part time status begins.
Note: Eligibility for HAP ends when employment changes to less than 50% time (faculty) and 100% time (staff).
6. Major Remodel: The allowance will continue during a construction period of not more than eighteen months while the Eligible Person is not living in the home. After eighteen months, if the Eligible Person has not moved back into the home, the allowance will stop. Payments will resume when proof of occupancy is provided to FSH.
7. Special Circumstances: Decisions concerning termination or suspension under particular circumstances will be made by the University in its sole discretion.

HAP II

HAP II is a taxable fringe benefit. Terms and conditions for HAP apply to HAP II. HAP payments cease upon payment of HAP II.

HAP II is available after promotion to those Faculty who have been employed 50% time or more by Stanford as an Eligible Person for three years or more before promotion: (a) to tenure for tenure line faculty, (b) to continuing term for University Medical Line Professoriate, (c) to continuing term for nontenure line faculty, and (d) to continuing term for Senior Fellows at special policy centers and institutes.

Those eligible to receive HAP II are those who:

1. Are promoted on or after September 1, 1997, and:
 - i. Purchase a new home of equal or greater value of the current home or for a first purchase. The new home purchase must occur after the date of promotion. A completed HAP II application must be submitted to FSH prior to the new home purchase.
 - ii. Remain in their current home and complete a major remodel. The major remodel must commence after the promotion date and not before January 1, 2001. A completed HAP II application must be submitted to FSH prior to the beginning of the major remodel.

A major remodel must meet the following conditions:

(a) In a single project, the owner adds at least 250 square feet of permanent living space and (b) the cost of the remodel is at least \$200,000.00.

The following documents must be submitted to initiate HAP II:

- a. a completed HAP application
- b. a copy of the building plans
- c. a fully executed (signed) copy of the contract with the builder
- d. a copy of the building permit
- e. proof of payment to the contractor for actual construction work completed - proof of payment is a credit card receipt or a copy of a cancelled check from your bank, an invoice marked paid is not proof of payment.

Buyers promoted on or after September 1, 1997 are eligible for only one HAP benefit. Those eligible to receive HAP II and meet the criteria in i and ii above may only apply for HAP II within ten years of the eligible date.

2. Are promoted on or after September 1, 2004 and:

Remain in their current home and make minor improvements which total \$10,000.00 or more. The improvements must commence after the promotion date and not before July 1, 2006. Those who make minor improvements are eligible for HAP II. A completed HAP application must be submitted to FSH prior to beginning the minor improvements.

3. Examples of minor improvements are a new roof, a kitchen or bathroom remodel, deck replacement or addition, landscaping and utility upgrades.

The following documents must be submitted to initiate HAP II:

- i. a completed HAP II application
- ii. a list of the improvements made, including the itemized costs
- iii. proof of payment for the improvement - proof of payment is a credit card receipt or a copy of a cancelled check from your bank, an invoice marked paid is not proof of payment.

Buyers promoted after September 1, 2004 are eligible for only one HAP benefit. Those eligible to receive HAP II and meet the criteria above may only apply for HAP II within ten years of the eligible date.

ALLOWANCE AMOUNT

The first year allowance will be the same as the HAP first year amount in effect at the time of the new purchase, or the major remodel, or the minor improvement.

SUBSEQUENT PURCHASE

HAP applies to the ownership of a Qualifying Residence within the Qualifying Area as long as the eligibility criteria is met. Therefore, if an Eligible Person sells a HAP qualified home and purchases another HAP qualified home, the HAP or HAP II benefit will continue.

The HAP Program is established on an annual basis, subject to discontinuation or modification at any time. Persons already receiving the allowance at the time of such discontinuation or modification will continue to receive it for the remainder of their term, subject to their continuing eligibility.

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