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# 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 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.

Information for all of Stanford's housing programs is available at <http://fsh.stanford.edu>, or by email at [fshousing@stanford.edu](mailto: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. Eligible Persons who are first time buyers of a residential property located within the area described in Exhibit B to this brochure (Qualifying Limit) and buyers who have no ownership interest in a residential property located within the Qualifying Limit at the time of the receipt of an offer of employment from Stanford may apply for HAP.

Nothing in this document should be construed as an offer or commitment of any kind. Programs and eligibility requirements are subject to change or discontinuation without notice at Stanford University's sole discretion.

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.

#### QUALIFYING RESIDENCE

HAP is for the purchase of a single family home, condominium, or any other for sale dwelling unit suitable for housing one family (the Qualifying Residence). Vacation homes, investment properties, multiple family dwellings (for example, duplexes), and life care facilities 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 Limit.

#### ALLOWANCE AMOUNT

The first year allowance amount depends on the applicant's base salary at the time of purchase and the formula and parameters in effect in the year of purchase. The formulas and parameters for the HAP calculation are described in detail in the HAP Calculation section.

#### 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. on the University payroll) 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 HUD-1 RESPA Settlement Statement. These documents are issued by the title company handling the escrow.

#### TERM

The maximum term of the allowance is nine years, and the allowance declines on a linear basis by one-ninth of the first year amount each year throughout the duration of the term. Under certain circumstances, HAP is subject to earlier termination, as provided below.

#### TERMINATION OF ELIGIBILITY

The housing allowance shall terminate if the individual:

- (i) Ceases to own or occupy the residence;
- (ii) Ceases to be an Eligible Person;
- (iii) Becomes eligible for HAP II;
- (iv) Becomes emeritus or retires; or
- (v) 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 her/his eligibility changes, even if temporarily. This notice is to be provided to Faculty Staff Housing, in writing, before the recipient's change occurs. If adequate notice is not provided, the HAP

recipient must repay any amounts paid in error after the date eligibility has changed.

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 must remain in the name of the Eligible Person. 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, based upon the higher of their two starting salaries.

#### LEAVE AND OTHER SPECIAL CIRCUMSTANCES

- (i) Sabbatical and other University approved paid leave: a) The allowance will continue without interruption for a paid sabbatical or other paid University approved leave.
- (ii) Approved unpaid leave: (a) 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.
- (iii) Disability: The allowance will continue as long as the Eligible Person occupies the home.
- (iv) Part Time Employment: The allowance is prorated (decreased) according to the percentage of full time salary, regardless of when the part time status begins.
- (v) 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.
- (vi) Special Circumstances: Decisions concerning termination or suspension under particular circumstances will be made by the University in its sole discretion.

### *HAP Calculation*

#### FORMULA AND PARAMETERS

The individual's first year HAP amount is calculated applying the parameters in effect during the academic year of purchase to the recipient's nine month qualifying salary. Stanford's academic year runs from September 1st to August 31st.

- A. The formula for calculating the first year HAP amount is:

$$\text{First Year HAP Amount} = A + B(S)$$

where A and B are fixed parameters which are reset each academic year, and S is the nine month base salary upon purchase. The maximum amount of S is the maximum qualifying nine month salary. This maximum qualifying salary is reset each year. See Table 1 for current parameters.

TABLE 1 ACADEMIC YEAR PARAMETERS  
TO CALCULATE FIRST YEAR HAP AMOUNT

Maximum Qualifying 9 Month Salary	Academic Year	A	B
\$150,000	2007/08	\$8,500	8.5%
\$150,000	2008/09	\$8,500	8.5%

B. Base Salary: Staff members, and Medical School faculty are paid on a twelve month or full year basis. For purposes of calculating the Eligible Person's qualifying nine month salary for the housing allowance, this twelve month salary amount is multiplied by 75%. Hoover Institution Senior Fellows are paid on an eleven month basis. This eleven month salary amount is multiplied by 82% to calculate the qualifying nine month base salary. The HAP salary base is further limited by the maximum qualifying nine month salary. See Table 2 for examples of first year HAP amounts.

TABLE 2 EXAMPLES OF HAP AMOUNTS FOR PURCHASES

Nine Month Base Salary	HAP Salary Base	First Year HAP Amt
\$50,000	\$50,000	\$12,750
\$70,000	\$70,000	\$14,450
\$90,000	\$90,000	\$16,150
\$100,000	\$100,000	\$17,000
\$120,000	\$120,000	\$18,700
\$130,000	\$130,000	\$19,550
\$140,000	\$140,000	\$20,400
\$150,000	\$150,000	\$21,250
\$160,000	\$150,000	\$21,250

## 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 who have been employed by Stanford as an Eligible Person for three years or more and are promoted: (a) to tenure for tenure line faculty, (b) to associate for the Medical Center 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 time 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. The amount of HAP II is based on the nine month base salary and the academic year at the time of the major remodel. The HAP parameters are used to calculate the first year HAP II amount. Refer to Table 1 above.

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 to an existing house, and (b) the cost of the remodel is at least \$200,000.00.

The following documents must be submitted to initiate a HAP II:

1. a completed HAP application
2. a copy of the building plans
3. a copy of the contract with the builder
4. a copy of the building permit
5. a copy of the receipt for the first payment to the contractor

First time 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:
  - (i) 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:
    - (a) HAP II. The amount of HAP II is based on the nine month base salary and the academic year at the time of the modest improvements. The HAP parameters are used to calculate the first year HAP II amount. Refer to Table 1 above. A completed HAP application must be submitted to FSH prior to beginning the minor improvements.

Examples of minor improvements are painting, 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:

1. a completed HAP II application
2. a list of the proposed improvements, including cost estimates
3. proof of payment

First time buyers promoted after September 1, 2004 are eligible for only one HAP benefit. Those eligible to receive HAP II and meet the criteria in (i) above may only apply for HAP II within five years of the eligible date.

#### SUBSEQUENT PURCHASE

HAP applies to the ownership of a Qualifying Residence within the Qualifying Limit 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.

NOTHING IN THIS DESCRIPTION OF THE HOUSING ASSISTANCE PROGRAM SHOULD BE CONSTRUED AS AN OFFER OR COMMITMENT OF ANY KIND TO A PARTICULAR INDIVIDUAL, OR AS SUBSTITUTING FOR OR SUPERSEDING THE FORMAL PROGRAM DOCUMENTS. HAP AND HAP II ARE SUBJECT TO CHANGE OR DISCONTINUATION WITHOUT NOTICE AT STANFORD UNIVERSITY'S SOLE DISCRETION.

**E X H I B I T   A***Housing Programs Eligibility Criteria*

Stanford University's housing programs (Programs) are made available to employees in a specific and limited number of professional employment categories. To qualify for any Stanford Program, individuals must meet the applicable criteria for an Eligible Person. Notwithstanding these criteria, however, eligibility depends on individual circumstances. That is, someone who is an Eligible Person according to the criteria listed below may nonetheless not be qualified to participate in one or more of the Programs, or may be qualified to participate only to a limited extent. Current information is available in the brochure that describes each Program. Stanford University housing programs include: (i) the option to purchase as his or her principal residence, a long-term residential leasehold on the campus; (ii) a Mortgage Assistance Program (MAP) loan; (iii) a Deferred Interest Program (DIP) loan; (iv) other mortgage programs that may be in effect from time to time; (v) the Housing Allowance Program (HAP); (vi) HAP II; and (vii) campus rentals. Loans are available for purchase only, not to refinance existing mortgage loans. An individual who has defaulted on a Stanford loan will be ineligible for any subsequent University housing program.

Information for all of Stanford's housing programs is available at <http://fsh.stanford.edu>, or by email at [fshousing@stanford.edu](mailto:fshousing@stanford.edu), or by calling 650-725-6893.

*Eligible Persons*

The following categories of employees, who are employed fifty percent (50%) time or more, and whose expected appointment term satisfies the conditions described in each respective category, are qualified as Eligible Persons for one or more Programs.

**FACULTY**

1. Members of the Academic Council who have received tenure, have continuing terms of appointment, or have term appointments of three years or more with the possibility of reappointment. Assistant Professors appointed subject to receiving their Ph.D. qualify as Eligible Persons although they are not members of the Academic Council.
2. Members of the Medical Center Professoriate whose initial appointment is three years or more with the possibility of reappointment.
3. Senior Fellow members of the Academic Council at Special Policy Centers and Institutes whose initial appointment is three years or more with the possibility of reappointment.

**STAFF**

1. University Staff: Senior Exempt Staff assigned to the N11 and 1M5 Grade who have continuing terms of appointment. Only those assigned to the N11 Grade are eligible to participate in the Housing Allowance Program (but not HAP II) and to purchase on the campus.
2. Current or former presidents of the University, regardless of years of service.

3. Stanford Linear Accelerator Staff (SLAC Staff): Certain staff as designated by SLAC Human Resources.
4. Hoover Institution: Senior Fellows

#### EXCEPTIONS

Specific Exception: On the basis of a specific exception granted by the President, the Provost, or the Cabinet (or its predecessor bodies). Specific exceptions may be granted for particular Programs.

#### *Retirees*

1. Retirees, as defined by the University, are not eligible for the University's Housing Programs.
2. Retirees who do not own on the campus are not eligible to purchase on the campus, regardless of whether or not the retiree has ever owned a campus residence.
3. Retirees who own a campus residence may only downsize to a condominium at Pearce Mitchell or Peter Coutts.

## SUMMARY OF ELIGIBLE JOB CATEGORIES BY PROGRAM TYPE

Category	Housing Allowance Program (HAP)	HAP II (for faculty at promotion after 9/1/97, under limited conditions)	Mortgage Assistance Program (MAP) loan	Deferred Interest Program (DIP) loan	On Campus Purchase
<b>I. Faculty</b>					
Faculty members of Academic Council, Tenure Line	Yes, for 1st time buyers*	Yes, at tenure	Yes	Yes, for 1st time buyers*	Yes
Faculty members of Academic Council, NonTenure	Yes, for 1st time buyers*	Yes, at promotion to continuing term	Yes	Yes, for 1st time buyers*	Yes
Senior Fellow members of Academic Council at Special Policy Centers and Institutes	Yes, for 1st time buyers*	Yes, at promotion to continuing term	Yes	Yes, for 1st time buyers*	Yes
Medical Center Line Professoriate	Yes, for 1st time buyers*	Yes, at promotion to Associate Professor(MCL)	Yes	Yes, for 1st time buyers*	Yes
<b>II. Staff</b>					
University N11 Staff	Yes, for 1st time buyers*	No	Yes	Yes, for 1st time buyers*	Yes
University & SLAC Staff: 1M5	No	No	Yes	Yes, for 1st time buyers*	No
SLAC: Certain staff as designated by SLAC Human Resources	Yes, for 1st time buyers*	No	Yes	Yes, for 1st time buyers*	Yes
Hoover Institution Senior Fellows	Yes, for 1st time buyers*	No	Yes	Yes, for 1st time buyers*	Yes

\* within the Qualifying Limit.

