

Extending the Columbia Housing Assistance Program

[June 25, 2010]

For many years, Columbia has served the housing needs of its faculty by providing University-owned apartments for lease. The University will continue to do so and to expand our stock of apartments when possible. To provide faculty with other housing options, the University is extending until June 30, 2013, the housing program that was created to help professorial-rank faculty on the Morningside Campus purchase homes in the New York metropolitan area. [CUMC faculty are covered by a separate program developed specifically for that campus; for information on that program, they should contact their department chair.] This program can also be used on a temporary or long-term basis for renting. The features of the program are described in this document.

What is the purpose of the program?

Faculty should have the opportunity to invest in the private housing market as an alternative to living in Columbia-owned housing. This could have significant short-term and long-term financial advantages for individuals and their families. It is also hoped that the program will reduce demand for University housing and thereby increase availability for faculty for whom purchasing is not an attractive alternative.

Who is eligible?

Professorial rank faculty who are eligible for University housing are also eligible for the housing assistance program. Eligibility, however, is not an entitlement, just as is currently the case for University apartments. Deans will continue to decide whom to recommend for the program, and the same priorities that determine access to University apartments will also shape access to the housing assistance program. For example, faculty who already live outside the Columbia system have a low priority for access to University housing, and they will have a low priority as well for the housing assistance program. Faculty participating in the program may not occupy a Columbia apartment at the same time. Families that include more than one faculty member eligible for University housing are treated as a single unit for the purposes of this program, and the benefits under the program will be determined by the faculty member with the higher faculty rank. Faculty have up to two years from the date of being notified in writing by their deans of having been accepted into the program to begin receiving the payments; new faculty have up to two years from the date of their initial appointment at Columbia. With the approval of the dean, faculty may receive an extension of up to a third year. The commitment will expire if not exercised by that point.

There are several options under which a housing-eligible faculty member can be considered for participation in the program.

- 1) All newly-recruited, housing-eligible faculty whom deans would otherwise recommend for assignment of an apartment within the Columbia housing stock must also be offered the opportunity to participate in the housing assistance program.

- 2) Deans may also recommend for participation in the program faculty living in University housing whom the schools seek to retain in the face of outside offers.
- 3) Other faculty are eligible to participate in the program if they are currently residing in one of Columbia's larger apartments (two bedrooms plus a maid's bedroom or larger). Deans may request a waiver from the apartment size criterion in instances when to do so would serve the particular economic interests or academic needs of the school. In such cases, deans may, at their discretion, request that the annual housing supplement be set at a lower rate to reflect size differentials among apartments.
- 4) Deans may also request a waiver from the apartment size criterion for individuals residing in apartments that Columbia University Facilities has rented on the private market.

The program is available only to support the purchase or rental of a primary residence in the New York metropolitan area. Faculty who leave Columbia housing as participants in the program are not eligible to return to University housing.

What assistance is the University providing under this program?

The University and the schools are providing two kinds of assistance to faculty participating in the program: (1) an annual housing supplement and (2) help in the initial purchase of a home.

(1) The schools will pay an annual housing supplement to each participating faculty member. The supplement will be \$40,000 a year for eligible tenured faculty members and \$22,000 a year for eligible non-tenured faculty members. Participating non-tenured faculty members who are later promoted to tenure will see their housing supplement automatically rise to the level of tenured faculty participants as of the effective date of tenure. Non-tenured faculty who entered the program under one of the waivers described above and who are subsequently promoted to tenure will receive a lower increase in the annual housing supplement reflective of the initial differential. These payments will begin with the first regular payroll check for a newly-appointed faculty member or with the paycheck on the 15th day of the month following the month in which the individual has vacated the Columbia apartment in the case of a current faculty member. Payments will continue until the appointment of the participating faculty member ends, with the exception of those who retire, in which case the payments will continue for an additional three years. Surviving spouses will receive payments for three years after the death of an active faculty member. Surviving spouses of a retired faculty member will receive the remainder of the three-year, post-retirement commitment.

The housing supplement will be taxable income (although, if used to pay mortgage interest, much of it may be deductible). The housing supplement will not be considered in the calculation of University pension contributions or other benefits.

(2) Although faculty may use any bank or other mortgage lender, Columbia has established with several commercial providers who are accustomed to the University's housing assistance program and may be able to provide a higher level of customer support to faculty.. All loans will belong to the faculty member and will follow the faculty member (or his or her

heirs) regardless of any change in University status (e.g., resignation, retirement, or death).

(3) The University and the schools will provide each participant in the mortgage program with a one-time supplement of \$40,000 paid as additional compensation to assist with the purchase. This payment may be used for such things as payment to reduce the interest rate for the life of the loan beyond the favorable rate referred to above; a down payment on the purchase price; payment of closing fees, mortgage recording taxes, transfer and title fees, “mansion” tax, legal fees, etc.

The one-time supplement, like the ongoing housing supplement described above, will be taxable income and will not be considered in the calculation of University pension contributions or other benefits.

What assistance is available for others currently residing in Columbia housing who might wish to move?

The University will reimburse up to \$3,000 in moving costs when a current employee on a continuing appointment who is not a participant in the housing mortgage assistance program decides to move out of a University apartment. A similar benefit is available to retirees currently residing in Columbia housing who decide to move, but it is not available to those who must leave University housing because their appointments have ended for any reasons. Those wishing to take advantage of this assistance will work with the Office of the Provost to provide documentation of the moving costs and evidence of having vacated the Columbia apartment in order to receive this support.

Attachment 1: Procedures

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While individual circumstances may vary, the following notes should cover most transactions.

RECURRING ANNUAL SUPPLEMENT

Documentation Required: New faculty members need not provide any documentation. For those faculty members moving out of a University apartment, evidence of having vacated the apartment will be required.

Timing of Payment: Payments will begin with the first regular payroll check for a newly-appointed faculty member. For current faculty members, the recurring supplement will first appear in the semi-monthly paycheck on the 15th day of the month following the month in which the individual has vacated the University apartment.

Method of Payment: The recurring supplement will be paid through payroll and added to the semi-monthly paycheck as additional compensation.

Tax Withholding: The amount of taxes withheld from the paycheck will be calculated on the basis of the combined total income, including base salary and the housing supplement described in this policy. It will also depend upon the tax filing status and number of exemptions claimed on the W-4 form filed by the faculty member. Faculty members may want to update the W-4 form to reflect mortgage interest and other tax deductions that often result from home ownership. The payroll office will not make these calculations; faculty members should consult a tax advisor or one of the W-4 “withholding calculators” available on the web, such as the one maintained by the Internal Revenue Service:

<http://www.irs.gov/individuals/article/0,,id=96196,00.html>

LUMP-SUM \$40,000 SUPPLEMENT

Documentation Required: All recipients, regardless of whether they are current officers of the University or newly-hired, must provide a copy of a signed real estate purchase contract. In addition, newly-hired officers must submit a copy of the signed offer letter indicating their acceptance of the Columbia appointment.

Timing of Payment: Newly-hired officers may receive the supplement even before their appointments begin by submitting to the Office of the Provost (or the Office of the Executive Vice President if the individual is a faculty member in the Arts and Sciences) the documentation described above. For current faculty members, it will be included in the next possible semi-monthly paycheck after they have provided the Office of the Provost with a signed real estate purchase contract.

Method of Payment: The lump-sum supplement is paid directly to the faculty member as additional compensation. If a payment to a new faculty member is needed before the appointment start date, it will be paid as a separate check.

Tax Withholding: The University is required by law to immediately withhold Federal, State, City, FICA and Medicare taxes at the mandated “lump sum” rates. Therefore, unless the calendar year-to-date salary has already exceeded the maximum wage base for FICA withholding, the net proceeds of the \$40,000 payment is estimated to be approximately \$21,000.