

<b>Policy Title:</b>	Employee Housing
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<b>Governing Body:</b>	OUS, SOU	<b>Policy Number:</b>	FAD.044
<b>Policy Contact:</b>	Director of Human Resources	<b>Date Revised:</b>	04/12/2012
<b>Custodial Office:</b>	Human Resources.	<b>Date Approved:</b>	07/10/2014
<b>Approved By:</b>	Cabinet	<b>Next Review:</b>	7/10/2017
<b>Related Policy:</b>	OUS Fiscal Policy Manual section 66.300, IRC§119; IRS Publication 15-B		

**A. Purpose**

To establish the circumstance under which campus housing may be provided to employees, and to establish institutional tax reporting responsibilities when housing is provided to university employees at a rate that is below the fair market value associated with the housing being provided.

**B. Definitions**

**Employee Housing:** Any university housing property being made available for university employees for either short-term or long-term, purposes.

**Fair Market Value:** Typical value for which housing would otherwise be rented to a non-SOU employee, or an amount of annualized rent equal to at least 5% of the appraised lodging value of the property.

**IRC:** Internal Revenue Code

**IRS definitions as referenced in IRS Publication 15-B:**

1) **Condition of Employment:**

"Lodging meets this test if you require your employees to accept the lodging because they need to live on your business premises to be able to properly perform their duties. Examples include employees who must be available at all times and employees who could not perform their required duties without being furnished the lodging."

2) **For your convenience:**

"Whether or not you furnish lodging for your convenience as an employer depends on all the facts and circumstances. You furnish the lodging to your employee for your convenience if you do this for a substantial business reason other than to provide the employee with additional pay. This is true even if a law or an employment contract provides that the lodging is furnished as pay. However, a written statement that the lodging is furnished for your convenience is not sufficient."

3) **On your business premises:**

"For this exclusion, your business premises is generally your employee's place of work. For special rules that apply to lodging furnished in a camp located in a foreign country, see section 119(c) of the Internal Revenue Code and its regulations."

### **C. Policy Statement**

University housing is typically not provided to university employees, but if it is, one of the following conditions must exist:

- 1) the employee pays a rent that is comparable to rent charged to students or non-employees, or if the employee pays rent for the taxable year of an amount equal to at least 5% of the appraised lodging value (IRC §119(d)), or
- 2) the employee is required to accept on-campus housing as a condition of their employment, for the convenience of the university, for business related reasons other than to provide the employee with additional pay (IRC §119(a)), or
- 3) the fair market value of the employee housing provided (less any amount the employee is to pay), is approved by the university Human Resource Department as a condition of employment, and processed as a taxable fringe benefit through the university payroll system.

It is essential that all fringe benefits be carefully examined in advance of being provided to ensure that, if not excluded by the IRC, they are being properly processed through the payroll system, included in the employee's income and that required tax withholdings are being made. In general, the amount considered income is the amount by which the fair market value of the benefit exceeds the sum of what the employee paid for the benefit plus any amount the IRC excludes.

To insure compliance with these standards, any employee housing where the employee will be paying a rent that will be less than the fair market value of the rents of the property (excluding approved Housing Resident Assistants, Hall Directors, or campus security officers) must be cleared by the university Human Resources Department and Business Services prior to any terms being conveyed to prospective or current, employees.

This policy may be revised at any time without notice. All revisions supersede prior policy and are effective immediately upon approval.

### **D. Policy Consultation**

IRS Regulations, OUS Internal Audit, OUS Controller's Office, SOU Student Affairs including Housing Operations, Finance and Administration including Human Resources, Business Services and Payroll.

### **E. Associated Procedures or Other Information**

Responsibilities:

- 1) Campus Departments:
  - A) Verify the availability of campus housing options with University Housing.
  - B) Obtain approval from your respective V.P.
  - B) Obtain approval from Human Resources before offering housing options to prospective, and/or current, employees as part of a compensation package
- 2) University Housing:
  - A) Verify the availability of housing space, and that it is not in conflict with student housing needs.
  - B) Verify the Fair Market Value of any housing accommodations.
  - C) Verify that employee housing arrangements have been approved through Human Resources.
- 3) Human Resources:

- A) Verify that the components of the employment offer represent a fair compensation in relation to other comparable compensation packages provided by the university, and
- B) Insure the terms are included as a Condition of Employment where required.

4) Business Services:

- A) Work with OUS Controller's Division to establish standards for applying IRS regulations.
- B) Verify if the offer meets the conditions for being deemed "excluded" from tax reporting requirements (as specified by IRC §119), or
- C) Process the Net Fair Market Value received by the employee as a taxable fringe benefit through the university payroll system.

The Policy Contact, defined above, will write and maintain the procedures related to this policy and these procedures will be made available within the Custodial Office.