

University-Provided Housing

Approved February 9, 2009

Amended September 16, 2010



Responsible Officer: Executive Vice President–Business Operations

Responsible Office: Business Operations

Effective Date: August 1, 2009

Next Review Date: The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.

Who Is Covered: The President and Chancellors.

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I. POLICY SUMMARY

This policy describes the requirements for the President and the Chancellor of each campus to live in University-provided housing as a condition of employment. It outlines the criteria, procedures and approval authority for requesting alternative housing arrangements when University-provided housing is unsuitable or uninhabitable, and describes the requirements for moving arrangements, both in and out of the residence.

II. POLICY DEFINITIONS

Capital Improvement Project: Land or real property, construction, or capital equipment for construction included as a project in the University of California Capital Improvement Program. A project includes the erection, construction, alteration, repair, or improvement of any University of California structure, building, road, or other improvements.

Exception to Policy: An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.

Executive Officer: The President or the Chancellor.

Members of the Household: The Internal Revenue Service (IRS) Regulations Section 1.217-2(b)(10) defines "members of the household" as other individuals who are members of the taxpayer's household, and who had the taxpayer's former residence and the taxpayer's new residence as their principal place of abode. A member of the taxpayer's household includes any individual residing at the taxpayer's residence who is neither a tenant nor an employee of the taxpayer.

Primary Residence: The dwelling where the Executive Officer actually lives and is considered as his/her legal residence for income tax purposes.

Temporary Housing Allowance: Funds approved by the Regents for an Executive Officer to use in covering temporary housing-related expenses (e.g., furnished temporary lodging, residential parking fees) when University-provided housing is unsuitable or uninhabitable. The terms and conditions for using the allowance will be determined and approved by the Regents.

Top Business Officer: Executive Vice President–Business Operations for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

III. POLICY TEXT

In recognition of the unique roles of the President and Chancellors (Executive Officers) in representing the University, the Regents of the University of California require Executive Officers, as a condition of their employment, to live in residences suitable for

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carrying out their roles and required official duties. As part of their official duties, Executive Officers are responsible for extending official hospitality to important visitors and guests in conjunction with official functions (i.e., campus activities, alumni and development events, etc.).

The University, therefore, provides Executive Officers and members of their households with suitable housing as their primary residence to perform the administrative, ceremonial and social duties required of their respective positions. This policy does not apply to Executive Officers serving in an approved acting or interim capacity.

A. Taxability of Housing Benefit and Reporting Requirements

In accordance with IRS regulations issued under Internal Revenue Code section 119, the value of University-provided housing is not taxable to the Executive Officer because Executive Officers are required to occupy University-provided housing for the convenience of the University. Although housing is not taxable, some housing-related expenses, including those associated with support staff and equipment may be taxable.

Detailed IRS rules determine whether the University must report certain expenses as taxable income. For additional information regarding tax treatment and reporting requirements, as well as information on housing-related expenses that are taxable, refer to [*Business and Finance Bulletin G-45, Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors*](#). Executive Officers should consult a personal tax advisor with questions about these requirements.

B. Renovation and Remodeling of Executive Officers' Residences and Offices

All capital improvements to the President's residence or office in excess of \$25,000 require the prior approval of the Regents. Capital improvements under \$25,000 require the prior approval of the Senior Vice President–Chief Compliance and Audit Officer.

Capital improvement projects of a Chancellor's residence or office under \$25,000 require the prior approval of the Executive Vice President–Business Operations. Capital improvement projects between \$25,000 to \$5,000,000 require the prior approval of the University President. Capital improvement projects greater than \$5,000,000 require the prior approval of the Regents. In approving projects, the approving authority must consider the need and extent of the improvements and their benefit to the University. A list of such capital projects will be reported annually to the Regents.

C. Alternative Housing Arrangements

If the President determines that the University-provided housing is not suitable for supporting the Executive Officer's required range of duties or is not habitable as a personal residence as a result of disrepair or other like reason, the President may recommend to the Regents that the Executive Officer be provided other housing until the University-provided housing is repaired or otherwise improved to suitable standards. The President may make a request to the Regents for an alternative

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housing arrangement on his/her own behalf if he/she deems the University-provided housing is unsuitable for the performance of presidential duties or is not habitable.

In evaluating such requests, the Regents will consider, among other factors, the terms and conditions of the proposed alternate housing, the appropriateness of a temporary housing allowance and the source of funds used to pay for the requested alternate housing.

D. Reimbursement of Expenses Associated with Moving In and Moving Out of University Housing

Upon commencement or termination of an Executive Officer's appointment or, if necessary, due to the nature of renovations to the Executive Officer's University-provided housing, the University will reimburse actual and reasonable expenses, as allowable under the policy, [Senior Management Group Moving Reimbursement](#), related to removing the household goods and personal effects of the Executive Officer and members of his/her household to or from University-provided housing.

The reimbursement of actual and reasonable expenses associated with an Executive Officer's arrival into or removal from University-provided housing requires the approval of the Regents. In recommending reimbursement, the President will provide the Regents an estimate of moving expenses.

Procedures for reimbursement of expenses under this subsection are in accordance with the Implementation Procedures set forth in the policy, [Senior Management Group Moving Reimbursement](#).

IV. APPROVAL AUTHORITY

A. Implementation of the Policy

Executive Vice President–Business Operations is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy. The Office of the President Human Resources, will work with the Responsible Officer of each policy to implement each policy.

B. Revisions to the Policy

The Regents is the Policy Approver for this policy and has the authority to approve any policy revisions upon recommendation by the President.

The Executive Vice President–Business Operations has the authority to initiate revisions to the policy, consistent with approval authorities and applicable *Bylaws* and *Standing Orders* of the Regents.

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the [Principles for Review of Executive Compensation \(Regents Policy 7201\)](#) and other governance policies.

C. Approval of Actions

Approval of proposed actions covered by this policy is provided by the President and the Regents in accordance with Sections III. B., C. and D. of this policy.

V. COMPLIANCE

A. Compliance with the Policy

The following roles are designated at each location to implement compliance monitoring responsibility for this policy:

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) for review by the location's Top Business Officer.

The Executive Vice President–Business Operations establishes procedures to collect and report information, reviews the specified regular compliance reports (such as a monthly compensation compliance report) for accuracy and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has been obtained, and submits a copy of the compliance report to the Executive Officer for signature.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports (such as a monthly compensation compliance report), and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and local resources.

The Executive Vice President–Business Operations is accountable for reviewing the administration of this policy. The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to these policies, and results will be reported to senior management and the Regents.

B. Noncompliance with the Policy

Noncompliance with the policy is handled in accordance with The Regents' [Guidelines for Corrective Actions Related to Compensation Practices](#) and [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#).

Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President–Chief Compliance and Audit Officer and the Regents at least three times per fiscal year.

REVISION HISTORY

As a result of the issuance of this policy, the following documents are rescinded as of the effective date of this policy and are no longer applicable:

- *Regents Policy on University-Provided Housing*, approved in December 10, 1992 and amended September 22, 2005.
 - *Renovation and Remodeling of Chancellors' Residences and Offices*, letter to the Chancellors from President Dynes, dated March 22, 2006.
 - *Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors*, letter and attachment to the Chancellors from former Senior Vice President Mullinix, dated December 15, 2005.
 - *Delegation of Authority 2223 – Transfers of Funds for Minor Capital Improvement Projects*, dated March 22, 2006, with respect to capital projects under \$25,000 involving Chancellors' residences and offices.
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IMPLEMENTATION PROCEDURES

The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.

RELATED DOCUMENTS

- [*Business and Finance Bulletin G-45, Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors*](#) (referenced in Section III.A. of this policy)
- [*Senior Management Group Moving Reimbursement \(Regents Policy 7710\)*](#) (referenced in Section III.D. of this policy)
- [*Principles for Review of Executive Compensation \(Regents Policy 7201\)*](#) (referenced in Section IV.B. of this policy)
- [*Guidelines for Corrective Actions Related to Compensation Practices*](#) (referenced in Section V.B. of this policy)
- [*Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews*](#) (referenced in Section V.B. of this policy)

FREQUENTLY ASKED QUESTIONS

*Q: Is the Executive Officer's spouse/domestic partner considered a member of the household for tax purposes? (Described in the **Definitions** section.)*

A: Members of the household for University-provided housing are defined by the Internal Revenue Service (IRS) Regulations Section 1.217-2(b)(10) as other individuals who are members of the taxpayer's household, and who had the taxpayer's former residence and have the new residence as their principal place of abode. A member of the taxpayer's household includes any individual residing at the taxpayer's residence who is neither a tenant nor an employee of the taxpayer.

*Q: Is the value of University-provided housing taxable to the Executive Officer? (Described in paragraph A. of the **Policy Text** section.)*

A: Because Executive Officers are required to occupy University-provided housing for the convenience of the University, the value of such housing is not taxable to the Executive Officer.

Q: What is the difference between "maintenance" and "construction"?

A: For guidance regarding the difference between maintenance and construction projects, consult the University's Facilities Manual. Definitions of maintenance and construction are in Volume 6, Section 1.3.2 at:

<http://www.ucop.edu/facil/fmc/facilman/volume6/volume6.pdf>

Whenever a residence or office alteration is not "maintenance", the University-Provided Housing policy applies. It is very important to note that many alternations with a very small dollar value which a typical homeowner might consider to be simple maintenance are not considered maintenance pursuant to the Facilities Manual definition of maintenance, and therefore require documented pre-approval under the policy. Questions regarding whether a particular alteration constitutes maintenance or capital improvement subject to the policy should be directed to the Facilities Management unit of the Budget and Capital Resources Office at the Office of the President, or to the Office of the General Counsel. It should also be noted that alternations which are undertaken as part of repair of a defective building system or component of a building system are expressly subject to the policy, no matter how small the dollar value of the repair, regardless of any exigency, and regardless of the nature of the event giving rise to the need for the repair.