

# State-Owned Housing Update

# Agenda

1. Introductions
2. Background
3. Housing Tax Categories
4. Internal Revenue Services Language
5. Where are We Going?
6. Housing Matrix & Duty Statements
7. Discussion and Questions



# Housing Team Introductions

Scott Bayne – Law Enforcement and Emergency Services

Jeff Bomke – North Coast Redwoods District Superintendent

Joan Evers – Gold Fields Administrative Chief

Nathan Harper – Twin Cities Maintenance Chief

Craig Sap – Angeles District Superintendent

Will Schaafsma – Administrative Services

Branigan Schoppman – Facilities Management Division



# Background

## *Why are we Here?*

- IRS Beneficial Tax and Non-Required Housing
  - Protection of Employee Tax Liabilities
  - Better understanding of the fringe benefit tax
- CalHR Housing Regulations
  - We are Required to Bring our Rental Rates to “Fair Market Value”
  - Provisions for Raising Rates in an Incremental Fashion
  - Exceptions to Rates for Required Housing
  - We are One of the Last Departments to Bring Our Housing into Compliance
- Provide Park Operational Needs for:
  - Safety and Enforcement
  - Facility Operations
  - Resource Protection



# Background

## *What Have We Done to Date?*

2007 – 25% rental increase

2009 – First Fair market appraisals Conducted – Not Immediately Implemented

2012 – New Lease Agreements Developed to Meet IRS Rules

2012 – 25% Rental Increase on New Leases

2014– 2009-Fair Market Appraisals Implemented with New Leases Format on  
Housing Move Ins *and* IRS Beneficial Tax

– “Required Housing” Designation on Job Advertisements and Duty Statements

2014 – New Fair Market Appraisal Contract Started

2015 – CalHR Requires Duty Statements for all “Required” Housing Tenants

2015 – New Rental Leases for All Tenants – Being Phased in by District

# Housing Tax Categories

## New Housing Designations

“Required Tax-Exempt” – designation based on IRS rules for fringe benefits. Districts need to establish that as a condition of employment; it is required for the position to live in a state owned residence and the employee would not be able to fulfill all the position’s requirements if the employee were not living in that residence.

“Taxable” – designation used for tenants who are not required to live in state-owned housing. These tenants pay a monthly fringe benefit tax.

IRS does not accept “Beneficial Tax-Exempt” – (*reason for new leases*)

“Beneficial Tax-Exempt” – older designation, we are no longer using. “Beneficial Tax-Exempt” designation did not meet the IRS rules and would be deemed “Taxable” in an IRS audit.



# Internal Revenue Service Language

What Is a Required House?

Three Conditions Need to be Met:

1. Housing is furnished on your business premises

For this exclusion, your business premises is generally your employee's place of work.



# Internal Revenue Service Language

## What Is a Required House?

### 2. Housing is furnished for Departmental Convenience

- Whether or not you furnish lodging for Departmental convenience as an employer depends on all the facts and circumstances.
- It must be for a substantial business reason - other than to provide the employee with additional pay.
- A written statement that the housing is furnished for Departmental convenience is not sufficient.





# Internal Revenue Service Language

## What Is a Required House?

3. The employee must accept it as a condition of employment
  - Housing meets this test if you require your employees to accept this condition due to the fact that they need to live at the park to properly perform their duties.
  - Examples include employees who must be available at all times and/or employees who could not perform their required duties without being furnished the housing (Health and Safety, Facilities Operation, and Resource Protection).



# Where are We Going?

## Need to Develop a New Housing Policy:

- Meets IRS Test of “Required Tax Exempt”
- Satisfies CalHr Requirements of Receiving “Fair Market Value”
- Give the Department Maximum Flexibility to Protect and Provide Needed Stewardship, Services, Health and Safety.

## Inconsistent Data and Lack of Criteria

- District Required Tax Exempt (Old Required and Beneficial) Records Need to be Reviewed and Verified
- Need Uniform but Flexible Criteria for What is a Required House
- District Input to Housing Team for Policy Direction

## First Data Gathering Steps

- Duty Statements for all Required Housing – Complete
- Housing Matrix

# Where are We Going?

## Need to Develop a New Housing Policy:

- Team's Desire is to Move Away from "Position Based" Required Housing - Current Policy
- Move to Operational Need Based Required Housing –
  - The "Housing Unit" Provides the Ability for the District to Place a Skill Set in the House to meet Operational Need
    - Example – We need Visitor Services staff or Facilities staff
    - That Need can be Provided by a Wide Range of Staff who have Appropriate Skills to meet the Need
    - It Does Not Necessarily have to be a "Unit Assigned" Employee.



# Housing Matrix and Duty Statements

Tehachapi District							
				Only Answer For Required Housing			
Housing #	Program	Category	Assigned Work Location	Site Is In a Remote Location	Law Enforcement After Hour Emergency Response Is Frequent	Facilities Maintenance After Hour Emergency Response Is Frequent	Loss Prevention (Building/Site Contains Valuable Artifacts Or Other Items)
341-MOB-01-00	Other	Not-Required/Not a condition of Employment	CASHP				
341-MOB-02-00	Maintenance	Required/Condition of Employment	CASHP	Yes	No	Yes	Yes
350-HOU-01-00	Visitor Service	Required/Condition of Employment	Tule Elk	Yes	Yes	Yes	No
351-HOU-01-00	Maintenance	Not-Required/Not a condition of Employment	Ft. Tejon				
351-HOU-02-00	Visitor Service	Not-Required/Not a condition of Employment	Ft. Tejon				
538-HOU-01-00	Other	Required/Condition of Employment	PMSRA	Yes	Yes	Yes	Yes
538-HOU-02-00	Maintenance	Required/Condition of Employment	PMSRA	Yes	Yes	Yes	Yes
538-HOU-03-00	Visitor Service	Required/Condition of Employment	PMSRA	Yes	Yes	Yes	Yes
577-HOU-01-00	Visitor Service	Required/Condition of Employment	RRCSP	Yes	Yes	Yes	No

# Housing Matrix & Duty Statements

## Colorado Desert

\*\*\* Please add any housing units that may have been missed and highlight in green

Housing #	Program	Category	Assigned Work Location	Only Answer For Required Housing			
				Site Is In a Remote Location	Law Enforcement After Hour Emergency Response Is Frequent	Facilities Maintenance After Hour Emergency Response Is Frequent	Loss Prevention (Building/Site Contains Valuable Artifacts Or Other Items)
617-HOU-03-00							
618-HOU-04-00							
618-HOU-05-00							
618-DOR-01-01							
618-DOR-01-02							
618-DOR-01-03							
618-HOU-07-00							

New Housing Matrices identify each park unit's unique housing needs.

1. Site is in a remote Location
2. Law Enforcement After Hour Emergency Response is Frequent
3. Facilities Maintenance After Hour Emergency Response is Frequent
4. Loss Prevention (Building/Site Contains Valuable Artifacts or Other Items)

These housing matrices should not change, unless the park unit's needs change.



# Discussion Questions?



# Questions

If you have any questions regarding this presentation, please reach out to Branigan Schoppman at [branigan.schoppman@parks.ca.gov](mailto:branigan.schoppman@parks.ca.gov).