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 stateowned 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?

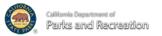
Three Conditions Need to be Met:

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?

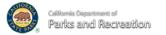
- 2. Housing is furnished for Departmental Convenience
 - Whether or not you furnish lodging for Departmental convenience as an employer depends on all the facts and circumstances.
 - It must be for a substantial business reason other than to provide the employee with additional pay.

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).



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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.





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Housing Matrix and Duty Statements

Tehachapi	District							
	Program	Category	Assigned Work Location	Only Answer For Required Housing				
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 Valueable 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	8,000			737000	
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	t						
*** Please add any housir	ing units that may have been missed an	ıd highlight in green					
				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	Hour Emergency Response Is	Loss Prevention (Building/Site Contains Valuable Artifacts Or Other Items)
617-HOU-03-00					22		
618-HOU-04-00							
618-HOU-05-00					20		
618-DOR-01-01							
618-DOR-01-02				3	- (A) - (2)		
618-DOR-01-03			T				
618-HOU-07-00					- 24	1	

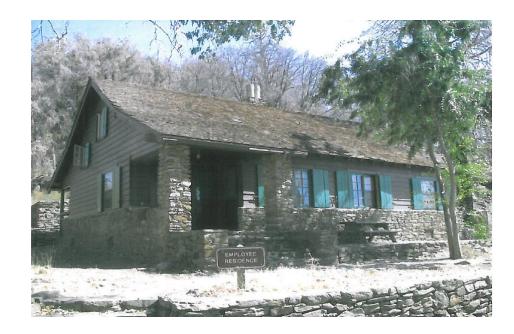
New Housing Matrices identify each park unit's unique housing needs.

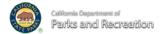
- 1. Site is in a remote Location
- 2. Law Enforcement After Hour Emergency Response is Frequent
- 3. Facilities Maintenance After Hour Emergency Response is Frequent
- 4. Loss Prevention (Building/Site Contains Valuable Artifacts or Other Items

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.