**12.5.2 Expensed Lease or Housing Stipend for a Non-University Owned Residence or Apartment**

**Policy Statement**

The University of Illinois System units may expense the lease of, or provide a housing stipend for, apartments or residences used by employees when doing so supports the [Mission & Vision](https://www.uillinois.edu/about/mission#:~:text=The%20University%20of%20Illinois%20System%20will%20transform%20lives,work%20on%20a%20large%20scale%20and%20with%20excellence.) of the University of Illinois System.

**Reason for the Policy**  
Reimbursement for leases or providing a housing stipend may be appropriate for unit employees when it supports the [Mission & Vision](https://www.uillinois.edu/about/mission#:~:text=The%20University%20of%20Illinois%20System%20will%20transform%20lives,work%20on%20a%20large%20scale%20and%20with%20excellence.) of the system.

**Applicability of the Policy**  
When a unit incurs expenses to lease, or provides a housing stipend for, a residence or apartment used by employees in support of the [Mission & Vision](https://www.uillinois.edu/about/mission#:~:text=The%20University%20of%20Illinois%20System%20will%20transform%20lives,work%20on%20a%20large%20scale%20and%20with%20excellence.) of the system.

**Procedure**

**Short Term Residence Expense Reimbursement (One Year or Less)**

Lease of a residence or apartment for employee use of one year or less is reimbursed through Chrome River. A fully-executed lease or a fully-executed license must be obtained before an employee may occupy an off-campus space or before occupation of a University owned on-campus space. Employees should enter leases directly with the landlord whenever possible. Prior to an employee entering into a lease for a non-system owned residence or apartment the employee must:

1. Create a business case document that includes:
   1. An explanation of how the lease supports the [Mission & Vision](https://www.uillinois.edu/about/mission#:~:text=The%20University%20of%20Illinois%20System%20will%20transform%20lives,work%20on%20a%20large%20scale%20and%20with%20excellence.) of the system.
   2. Documentation addressing how the lease of space benefits the unit in relation to its cost when reasonable factors are considered (e.g., convenience, location, function, assistance to the employee in their work for the unit, support provided to the unit, etc.).
2. Submit the business case to their college dean or vice chancellor for written approval. Pending this approval request, the college dean or vice chancellor routes the approval for the additional written approval of the university provost, UIC vice chancellor for Health Affairs, or chancellor, based on the reporting line of the college dean/vice chancellor requesting unit.
3. Approved leases entered into between employees and landlords must be submitted to Chrome River for reimbursement. The reimbursement should use discretionary funds, if possible.

**Long Term Residence Stipend (More than One Year)**

Payments to lease a residence or apartment for employee use for a period of more than one year are paid to the employee as a taxable stipend. Employees should enter leases directly with the landlord when possible. Prior to an employee receiving a housing stipend the employee must:

1. Create a business case document that includes:
   1. An explanation of how the lease supports the [Mission & Vision](https://www.uillinois.edu/about/mission#:~:text=The%20University%20of%20Illinois%20System%20will%20transform%20lives,work%20on%20a%20large%20scale%20and%20with%20excellence.) of the system.
   2. Documentation addressing how the lease of space benefits the unit in relation to its cost when reasonable factors are considered.
2. Submit the business case to their college dean or vice chancellor for written approval. Pending this approval request, the college dean or vice chancellor routes the approval for the additional written approval of the university provost, UIC vice chancellor for Health Affairs, or chancellor, based on the reporting line of the college dean/vice chancellor requesting unit.
3. The approved stipend must be submitted to the applicable system or university Human Resource department. The stipend should be paid using discretionary funds, if possible.

**Leases Entered into By the Board of Trustees of the University of Illinois (Regardless of Duration)**

If is not possible for an employee to enter a residential lease directly with the landlord then the Board of Trustees of the University of Illinois (BOT) may in select instances enter into a lease for use by University employees. Prior to the BOT entering into a lease for a non-system-owned residence or apartment the employee must:

1. Create a business case document that includes:
   1. A clear statement that the purpose of the leased residential property is for official system business purposes only.
   2. An explanation of why it is not possible for the employee to enter a residential lease directly with the landlord.
   3. A clear explanation of the how the lease supports the [Mission & Vision](https://www.uillinois.edu/about/mission#:~:text=The%20University%20of%20Illinois%20System%20will%20transform%20lives,work%20on%20a%20large%20scale%20and%20with%20excellence.) of the University.
   4. A procedure for monitoring access, controlling how the space is used, and maintaining use records. Include specific criteria to determine who will use the space, and how frequently it will be used.

NOTE: Individuals who will use the facility will be on travel status and file travel vouchers to document its use.

1. Submit the business case to their college dean or vice chancellor for written approval. Pending this approval request, the college dean or vice chancellor routes the approval for the additional written approval of the university provost, UIC vice chancellor for Health Affairs, or chancellor, based on the reporting line of the college dean/vice chancellor requesting unit.
2. Submit the written approvals from 2. to the BOT for its written approval to enter into the lease. Once the BOT approves the residential lease between itself and the landlord, contact Real Estate Services to proceed.

**Related Policies and Procedures**

[12.5.1 Enter into Leases or Licenses for Real Property](https://www.obfs.uillinois.edu/bfpp/section-12-property-accounting/enter-into-leases-or-licenses-for-real-property)

# Management of Residences Occupied by Non-Employees

Any exceptions must be approved in writing by the Vice President/Chief Financial Officer and Comptroller, or delegate.

**Lease Agreements and Responsibility** - All university-owned residences occupied by non-employees must have annual written lease agreements using a form approved by University Counsel. The campus unit managing the residence secures these agreements and ensures their compliance.

**Maintenance and Repair** - The campus unit managing the residence is responsible for major maintenance and repair costs. Damage caused by tenant is the tenant's responsibility. The university must give written permission by an authorized agent before a tenant can make repairs and improvements.

**Rent** - Rent paid by non-employees is equal to the fair market value determined by the Office of Real Estate Planning and Services. The campus unit managing the residence must evaluate the amount of the rent at least every three years. The campus unit responsible for managing these residences advertises and uses a standard university application form to fill vacancies. The managing campus unit must approve in writing any subleases.

**Security Deposits** - All rental properties require a security deposit of at least one month's rent.

**Site visits** - The campus unit managing the property must conduct a site visit at least once a year to determine the condition of the property. The unit keeps a written record of the visits and records the findings.

**Utilities** - All tenants occupying university housing pay their own utility costs. Tenants also pay a surcharge developed by the managing unit if a septic system or well is involved. Residences should be individually metered if economically feasible.

**Management of Residences Occupied by Employees**

Any exceptions must be approved in writing by the Vice President/Chief Financial Officer and Comptroller, or delegate.

**Lease Agreement and Responsibility** - All university-owned residences occupied by employees must have annual written lease agreements using a form approved by University Counsel. The campus unit managing the residence secures these agreements and ensures their compliance.

**Maintenance and Repair** - The campus unit managing the residence is responsible for major maintenance and repair costs. Damage caused by tenant is the tenant's responsibility. The university must give written permission before a tenant can make repairs and improvements.

**Residence as a Condition of Employment** - Most employee-occupied residences of university-owned housing are occupied by the employee as a condition of university employment because they need to occupy these residences for security, animal emergencies, monitoring research, or other property management issues. Usually occupancy is rent-free, but there are instances where the employee pays a reduced rent. If the residence is occupied as a condition of employment, all the following must be present to qualify as a non-taxable benefit to the employee (See [Section 18.5 - Fringe Benefits](https://www.obfs.uillinois.edu/bfpp/section-18-taxes/section-18-5)):

* The residence is provided on university business premises
* The residence is provided for the university's convenience
* The residence is accepted by the employee as a condition of employment as supported by the employee's job description.

In all cases, the dean or director of the managing unit must approve the conditions of occupying the residence and these must be clearly stated in the employee's personnel records and lease agreement with the university.

**Residence not a Condition of Employment** - There may be cases of employees occupying university-owned residences when occupancy is not a condition of employment. In those cases, the employee must pay the fair market rental value for the property as determined by the Office of Real Estate Planning and Services and the policies for residence of non-employees apply. Consult [Management of Residences Occupied by Non-Employees](https://www.obfs.uillinois.edu/bfpp/section-12-property-accounting/management-residences-occupied-by-non-employees#:~:text=Lease%20Agreements%20and%20Responsibility%20-%20All%20University-owned%20residences,residence%20secures%20these%20agreements%20and%20insures%20their%20compliance.).

**Security Deposits** - Any employee moving into university housing must pay a security deposit equal to the fair market value of one month's rent. Employees who lived in university housing before July 1, 1994, and continue to live in the housing, keep the same status they experienced before July 1, 1994.

**Site Visits** - The campus unit managing the residence must conduct a site visit at least once a year to determine the condition of the property. The unit must keep a written record of the visits and record the findings.

**Utilities** - All employees occupying university housing pay their own utility costs. They also pay a surcharge developed by the managing unit if a septic system or well is involved. Residences should be individually metered if economically feasible.

**Additional Resources**

[Section 18.5 - Fringe Benefits](https://www.obfs.uillinois.edu/bfpp/section-18-taxes/section-18-5)