

Governing Body:	Southern Oregon University	Date Approved:	November 7, 2025
Policy Contact:	Director of Human Resources	Approved By:	President
Custodial Office:	Human Resources		
Related Policy:	(FAD.053) Housing for SOU President; (FAD.063) Student Apartment & Family Housing; SOU Procedure on Employee Housing.		

A. Description

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. Definition(s)

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

Fair Market Value (FMV): 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 (IRC)

Internal Revenue Service (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. ..."

C. Policy Statement

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

- 1) The employee pays rent for the taxable year of an amount equal to at least 5% of the appraised lodging value (FMV) (IRC §119(d));
- 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 FMV of the employee housing provided (less any amount the employee is to pay), is approved by the university Human Resource Services 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 FMV of the benefit exceeds the sum of what the employee paid for the benefit plus any amount the IRC excludes.

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

Employees who rent university owned housing will be limited to a maximum rental period of two years unless housing is required by their position.

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

D. Relevant Authority

Internal Revenue Code §119; Internal Revenue Service Publication 15-B.

E. Other Information

Human Resources, University Housing, Business Services, and Policy Council were consulted on November 7, 2025. Policy remains current and is ready to post.

Initial Version (April 12, 2012); Updated (July 2020); Reviewed (July 2023); Reviewed (November 2025)

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.