

Administrative Policy No. 6.17

Subject: State-Owned Employee Housing

Information Contact: Operations Support and Services Division
MS 45848 (360) 664-6155

Authorizing Source: Chapters [43.81](#), [59.18](#), and [72.01](#) RCW

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Approved By: Original signed by Pat Lashway
Senior Director, Policy & External Relations

Purpose

To provide direction to Department of Social and Health Services (DSHS) Institution Superintendents and state hospital Chief Executive Officers (CEOs) and their supervisors regarding the use of state-owned living facilities for employee housing.

Scope

This policy applies to all state-owned living facilities managed by Department of Social and Health Services (DSHS).

Definitions

Contract rent as defined under RCW [82.29A.020](#)(2)(a) “shall mean the amount of consideration due as payment for a leasehold interest. . .”

Leasehold excise tax as defined under [RCW 82.29A.030](#)(1) is the tax collected “. . . on the act or privilege of occupying or using publicly owned real or personal property through a leasehold interest . . .”

Leasehold interest as defined under [RCW 82.29A.020](#)(1)(a) “shall mean an interest in publicly owned real or personal property which exists by virtue of any lease, permit, license, or any other agreement, written or verbal, between the public owner of the property and a person who would not be exempt from property taxes if that person owned the property in fee, granting possession

and use, to a degree less than fee simple ownership. . . The term “leasehold interest” shall include the rights of use or occupancy by others of property which is owned in fee or held in trust by a public corporation, commission, or authority created under [RCW 35.21.730](#). . .”

Persons qualified to perform real estate appraisals means persons licensed or certified under [RCW 18.140.010](#)(24)-(26).

Executive Officer, or their supervisor feels is necessary for a particular state-owned facility to remain in a condition that provides safe and healthful shelter (see [RCW 43.81.040](#)).

State-owned living facility means apartments, duplexes, multiple-unit dwellings, and single-family dwellings on state-owned institutional property that is used for employee or other interested persons' housing.

Superintendent or CEO's Supervisor means the person in the chain-of-command who supervises a state hospital Chief Executive Officer or Institution Superintendent.

Taxable rent as defined under [RCW 82.29A.020](#)(2) “shall mean contract rent as defined in subsection (a) of this subsection in all cases where the lease or agreement has been established or renegotiated through competitive bidding or negotiated or renegotiated in accordance with statutory requirements regarding the rent payable, or negotiated or renegotiated under circumstances, established by public record, clearly showing that the contract rent was the maximum attainable by the lessor.

Policy Requirements

- A. State Institutional Superintendents and facility CEOs shall be delegated responsibility for the efficient management of on-site living facilities, except when the CEO or Superintendent is the person occupying the living facility. The Superintendent or CEO’s supervisor shall make on-site facility management decisions, when the Superintendent or CEO is occupying the on-site housing involved.
- B. When considering the use of on-site living facilities, Superintendents or CEOs shall give first consideration to the needs of the department's clients.
- C. If a Superintendent or CEO determines there is no client need served through the use of on-site facilities, the facilities may be made available to department employees. Facilities may only be made available when it is to the department’s benefit to have the facility occupied by the employee due to responsibilities associated with the work place. If no department employees opt to reside in the facility, the Superintendent or CEO may make the facility available for occupancy to other interested parties whose presence on-site would provide a significant benefit to the efficiency of DSHS operations.
- D. A state-owned facility shall not be made available unless the Superintendent or CEO involved determines that there are adequate financial resources available to maintain the

living facility in reasonable repair for the upcoming fiscal period.

- E. If the department requires an employee reside in state-owned or leased housing as a condition of employment no rent shall be charged and no leasehold excise tax shall be collected. See RCW [82.29A.130](#)(5). All others residing in on-site facilities shall pay the department a reasonable rent. DSHS shall charge rent by determining fair market value. Persons qualified to perform real property appraisals in the state of Washington shall appraise the housing. The appraiser shall take into account the proximity to other on-site facilities, availability of public services, isolation from other residential properties and any other factors applicable due to the location of the property.
- F. Where possible, employees shall pay for all utilities costs associated with their occupancy of a state-owned facility. If the facility is not separately metered, utilities will be factored into the rent.
- G. Monies received from rental of a state-owned living facility that do not exceed the portion of rent attributable to the maintenance of the facility shall be deposited in the general fund as recoveries. The remainder of the rent shall be deposited in the general fund as revenue. See [RCW 72.01.282](#).
- H. Any person occupying state-owned facilities shall do so with the understanding that the person shall conform to all reasonable obligations and/or responsibilities as directed by the Superintendent, CEO, or supervisor and as outlined in the rental agreement. Any occupant/tenant is responsible for damage to the premises or personal belongings and for loss due to theft. Renter's insurance is encouraged and is the responsibility of the occupant/tenant.
- I. The Superintendent, CEO or supervisor involved shall ensure that a rental agreement approved by the Office of the Attorney General is fully executed between the department and any person intending to occupy the state-owned facility. Such agreement shall protect the best interests of the department, establish a month-to-month tenancy and conform to the requirements of the Residential Landlord Tenant Act, Chapter [59.18](#) RCW.
- J. The Superintendent or CEO shall ensure there is no discrimination in the provision of employee housing in accordance with Washington Housing Policy Act of 1993, Washington State Law Against Discrimination, Chapter [49.60](#) RCW, [Federal Fair Housing Act Amendments of 1988](#), [42 U.S.C. Sec. 3602](#), and related state and federal laws.
- K. Each Institution is responsible for ensuring that all Federal Income Tax regulations are complied with related to employer-provided housing. In most cases, where an employee is allowed to occupy state-owned facilities for less than fair market value, the employee will incur an additional income tax liability. Institutions should consult with the Office of Capital Asset Management, Operations Support and Services Division, [Office of Accounting; may have a new name] Services, and/or their payroll representatives for technical assistance.

- L. Each Institution shall be responsible for collecting leasehold excise tax when due. The revenue shall be reflected in revenue source 0151. The amount of leasehold excise tax due must be listed separately from the amount of contract rent on any statement or other document provided to the lessee by the Institution. See [WAC 458-29A-600\(3\)](#). There are no deductions authorized for contract rent payments allocated to the Institution's expenses or for rental payment credits that are given for performing volunteer work. The leasehold interests subject to exemption from taxes imposed pursuant to RCW [82.29A.030](#) and [82.29A.040](#) are listed under RCW [82.29A.130](#). All exemptions must be renewed annually with the Department of Revenue.

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