



AGENDA MEMORANDUM

DATE: March 26, 2024

TO: Forest Preserve District Finance & Administration Committee

FROM: Benjamin Haberthur, Executive Director
Jennifer Clough, Human Resources Director

SUBJECT: Presentation and Approval of the District Owned Housing Policy

PURPOSE:

The purpose of this memorandum is to provide the Committee with information to consider adopting a District Owned Housing Policy.

BACKGROUND:

The District has had residential properties nearly since its inception. Truly vacant land is rarely available for sale. Land is more typically sold with associated residences. Currently the District owns twelve (12) residential properties which it lets, or has the capacity to let, to employees, and one (1) property that is being leased to a non-District person.

Currently, six (6) of the available properties have an active lease agreement. The remaining vacant homes are undergoing improvements prior to re-leasing or becoming available to rent following the full commission's review of this policy document.

The following Forest Preserve properties have residential homes onsite:

- Binnie Forest Preserve – staff rental
- Bliss Woods Forest Preserve – staff rental
- Buffalo Park Forest Preserve – vacant/needs repairs
- Burnidge Forest Preserve – non-District rental
- Paul Wolff Forest Preserve – staff rental
- Dick Young Forest Preserve - vacant/needs repairs
- Fabyan Forest Preserve - staff rental
- Johnson's Mound Forest Preserve - vacant/needs repairs
- Jon J. Duerr Forest Preserve – staff rental
- Oakhurst Forest Preserve - vacant
- Stoney Creek Forest Preserve - vacant/use under review
- Tyler Creek Forest Preserve – staff rental
- Tekkawitha Forest Preserve - vacant

As recently as August 2023, members of the District's Board of Commissioners expressed interest in the continuation of the district owned housing program for employees for reasons including, but not limited to, the perceived public value of having a consistent and responsive presence on preserve properties, the opportunity to offer reasonably affordable housing options throughout Kane County, and the responsibility to ensure the use and maintenance of preserve structures that have historical significance or are otherwise valuable to the public. In addition, staff suggests a district owned housing program is a valuable tool for employee recruitment and retention and is convenient for contingency planning purposes.

At the same time at which the Board of Commissioners voiced curiosity about and support for the program, staff was in the process of evaluating the District owned properties used for this purpose and considering the codification of the administration of the benefit.

Best practice in benefit program management requires complete policies be in place to ensure employment law compliance, establish guidelines for ease of interpretation by program users and administrators, and to ensure alignment with organizational goals.

Historically, a standard lease agreement has been used to administer the program. While the residential lease agreement is sufficient to provide the terms that govern the landlord and tenant relationship, staff has identified key terms related to the unique nature of employer provided housing that are generally unaddressed by the document. Further, staff has determined that a fringe benefit program policy is the most appropriate record of this relationship. Among other important program guidelines, the policy as drafted intends to ensure Department of Labor (DOL) and Internal Revenue Service (IRS) compliance related to FLSA exemption status and taxable fringe benefits. The intent of the policy is also to ensure consistent and equitable treatment of eligible participants and to set programmatic parameters related to occupancy, lease rates, inspections, maintenance, safety, related employment policies, and program duration. The policy as presented is a collaborative effort with consideration given to the input of leadership, current employee housing residents, real estate experts, and the District's risk management carrier and corporate counsel.

FINANCIAL IMPACT:

Implementation changes the current practice of leasing District owned residential properties to employees. The new monthly rent will be 25% of the individual property's market value based on a 5-year average provided by an independent licensed realtor. The District will deduct the monthly rent and the applicable fringe benefit taxes from the first and second payroll periods each month. The District is also obligated to pay the employer portion of Social Security and Medicare taxes in the amount of 7.65% of the total fringe benefit value. The lease revenue is posted to the General Fund account 01-00-00-3044, Rental- Properties account. The Revenue that is collected is used to offset the expenses to maintain the housing in account 01-21-24-6105, Rental Property Maintenance

RECOMMENDATION:

Staff recommends the Committee approve the Employee Housing Policy as presented.

ATTACHMENTS:

Draft Employee Housing Policy