**Rental Subsidy and Deductions**

1. The purpose of the rental subsidy scheme is to facilitate the settlement of new staff members and to encourage mobility within the UN Common System. It subsidizes the rental costs of eligible staff members whose rental accommodations are of a reasonable standard but cost significantly more than the average for the duty station.

1. There are two different types of rental subsidy: one for staff members serving ***in*** Europe and North America and another for staff members serving ***outside*** Europe and North America.

# Eligibility

1. Internationally recruited Staff Members who are in the Professional category and above (including Temporary Appointments) governed under the UN Staff Regulations and Staff Rules and who are in receipt of post adjustment.

1. No rental subsidy shall be paid to staff who live in their own homes or who do not pay rent for their dwellings.

# Period of Entitlement

1. Staff members can apply for rental subsidy from the first day of the signed lease agreement following the end of the period during which the staff member was paid the daily subsistence allowance element of the assignment grant received on arrival at the duty station. For staff recruited at the duty station who did not receive an assignment grant on appointment, rental subsidy is payable from the date of initial arrival at the duty station and from the date of the signed lease agreement.

1. Staff members assigned to duty stations in Europe and North America can receive rental subsidy for a maximum of seven years from the date of initial arrival at the duty station. In cases of *force majeure*, rental subsidy can be paid for a maximum of five years counted from the first day of the new lease after the occurrence of the force majeure.

1. When the rental subsidy is payable for part of a month, it shall be prorated in the proportion that the partial month bears to the full calendar month.

1. Rental subsidy is normally payable in United States dollars. Should a staff member request payment of the rental subsidy in another currency, it shall be subject to exceptional approval and shall be payable in accordance with the UN Operational Rate of Exchange prevailing on the date the payment is made. Any fees associated with the payment of subsidy in another currency are the responsibility of the staff member.

# Rent Paid by the Staff Member

1. Rent paid by the staff member is the recurring amount specified in the lease agreement, which the staff member agrees to pay for the right to live in the rented accommodation.
2. This amount does not include other additional recurring expenses. Items that are linked to utilities, consumption, maintenance, finishing, services, fixtures are excluded. Tax on rent may be included if the HR Specialist concludes that the tax is part of the normal rent of space.

# Individual Threshold

1. The individual threshold amount is established by applying the rental subsidy threshold percentage for a duty station to the staff member's income. The rental subsidy threshold percentage is determined together with the post adjustment rates for a duty station by the International Civil Service Commission (ICSC). The threshold amount is determined at either single rate or dependency rate.

1. The staff member is entitled to rental subsidy if the rent exceeds the individual threshold of the staff member. Staff members are expected to bear the rent up to the threshold amount without subsidy.

# Reasonable Maximum Rent Level

1. The reasonable maximum rent level for duty stations in Europe and North America are established by the Secretary-General.
2. At duty stations outside Europe and North America, the reasonable maximum rent level referred to in paragraph 13 shall be established, based on the determination by the authorized official at the duty station as to whether, given the local market conditions, the rental payments are reasonable or substantially higher than rents for dwellings of similar quality and size. Such determination must be certified by the authorized official, in accordance with the criteria set out in the Annex to this policy and shared with the HR Specialist in Copenhagen, that serves the duty station.
3. When it is determined that the rental payments are substantially higher than rents for dwellings of similar quality and size at the duty station, the amount of the subsidy shall be calculated on the basis of the highest of the rents paid by staff members with similar family circumstances for dwellings certified as reasonable at the duty station.
4. In duty stations outside Europe and North America where the United Nations Country Team has established maximum reasonable rental levels, those levels should be used in the rental subsidy application. The Country Office should also inform the HR Specialist in Copenhagen, that serves the duty station, of the UNCT decision and share with him/her the established matrix of reasonable rental levels.

# Reimbursement Rate

1. The reimbursement rate for the rental subsidy at duty stations outside Europe and North America is 80 percent of that portion of the rent paid by the staff member that exceeds the individual rental subsidy threshold, provided that the rent paid by the staff member does not exceed the reasonable maximum rent level.
2. The reimbursement rate for duty stations in Europe and North America is determined based on the following table:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Reimbursement rates  | 1st year  | 2nd year  | 3rd year  | 4th year  | 5th year  | 6th year  | 7th year  |
| Newcomers  | 80%  | 80%  | 80%  | 80%  | 60%  | 40%  | 20%  |
| Force majeure  | 80%  | 80%  | 60%  | 40%  | 20%  |   |   |

1. When electricity charges are included in the rent, the following amounts, or equivalent in local currency, shall be deducted from the total monthly rent payable to determine the amount of rent to be used for purposes of determining the rental subsidy: studio or one-bedroom dwelling, $30; two-bedroom dwelling, $40; three-bedroom dwelling, $50; four-bedroom dwelling, $60; and dwelling with five or more bedrooms, $70.

# Maximum and Minimum Amounts of Rental Subsidy

1. The maximum amount of rental subsidy is 40 percent of the rent paid by the staff member or the applicable reasonable maximum rent level, whichever is lower. However, for specific duty stations outside Europe and North America, ICSC has waived that ceiling or

established a higher ceiling. These countries are referred to as W40.

1. If the payable monthly rental subsidy amount is equal to or lower than US$10 or the equivalent amount in local currency, no rental subsidy shall be paid. No rental subsidy in excess of the determined reasonable maximum rent level shall be payable for the amount of rent paid by the staff member.

# Mission Detail and Temporary Assignments

1. Staff members who travel on mission detail or temporary assignment to another duty station shall continue to receive the post adjustment at their parent duty station, including rental subsidy, provided that all applicable conditions are met. In such cases, the rental subsidy shall not be payable in respect of rented accommodation at the mission area duty station or at the duty station where the staff member is on temporary assignment.

# Both Spouses are UN Staff Members

1. If both spouses are eligible for the payment of a rental subsidy at different duty stations, the rental subsidy shall be payable to each on the basis of his or her respective income. If both spouses are eligible for the payment of a rental subsidy at the same duty station, only one subsidy shall be paid. It shall be computed on the basis of the higher of the two incomes. If only one of the spouses is eligible for the payment of a rental subsidy, only the income of the eligible staff member shall be used for computation purposes.

# Agent's Fee Subsidy

1. A subsidy may be paid to eligible staff members in respect of a one-time payment fee paid to a licensed real estate agent/broker for services rendered in obtaining accommodation at the duty station. The subsidy towards paid agency fee is payable when the amount of rent paid by the staff member does not exceed the amount of reasonable maximum rent level. If the amount of rent paid by the staff member exceeds the amount of reasonable maximum rent level, the agent’s fee shall be reduced in the proportion that the reasonable maximum rent level bears to the amount of the rent paid by the staff member.

1. The subsidy for an agent’s fee shall be calculated by applying the reimbursement rate to that part of the fee (or reduced fee) that exceeds the defined monthly individual threshold amount.

# Combined Rent

1. In cases where eligible staff members are assigned to a duty station outside the capital city of the country of assignment, their rental expenses at the duty station, if any, and the rental paid for the family’s accommodation at another location in the country of assignment may be considered as a single rent for the purposes of the rental subsidy, subject to the conditions detailed in the administrative instruction.

# Sublets

1. Rental of subleased housing may give rise to an entitlement to a rental subsidy if the sublet is legal and the staff member provides appropriate documentation. This normally requires the prior written consent of the landlord or the appropriate legal entity.

# Rental Deductions

1. Staff members who receive housing assistance, including housing provided by the Organization, a government or a related institution, either free of charge or at rents substantially lower than the average rent used in calculating the post adjustment index for the duty station, shall normally be subject to payroll deductions from their salaries.

1. For rental deduction purposes, staff members shall be required to report and certify that they receive housing assistance or free accommodation provided by the

Organization, a government or a related institution at the time of taking up the dwelling. Staff members are obligated to inform the Organization of any changes in their housing situation that may affect their status or entitlements.

1. In accordance with the Staff Rule 3.18 (iv), deductions from salaries and other emoluments may be made if dwellings are provided by the Organization, a government or a related institution. If the dwellings are clearly below standard, the amount of rental deduction may be reduced to one half of the normal rental deduction or exceptionally waived. The determination that the dwellings are below standard is based on the recommendation of the authorized official at the duty station.

# Changes in Factors Used for Computation of a Rental Subsidy

1. When there is a change in any of the factors used in computing the rental subsidy that are accounted for automatically, such as changes in a staff member’s income, the threshold percentage, the reasonable maximum rent level, and/or the reimbursement rate, then the resulting change in the amount of rental subsidy will be effective from the date of the change in the respective factor.

1. When there is a change in other factors such as lease conditions, payable rent, and/or family status, then the effective date of the resulting change in amount of rental subsidy is the date the change of the respective factor took effect.

# Relationship with Other Elements of the System of Salaries, Allowances, and Other Benefits

1. Rental subsidies and deductions have no effect on other elements of the system of salaries, allowances, and grants. The rental subsidy is non-pensionable and is not taken into account in determining separation payments. A staff member’s income for the purpose of determining insurance premiums and subsidies shall not be considered as affected by rental subsidies or deductions.

**Annex**

**Certification criteria for purposes of determining the reasonable maximum rent level at duty stations outside Europe and North America**

For the purpose of certification, at each duty station dwellings are grouped in three categories, as follows:

**A. Reasonable**

If a dwelling occupied by a staff member is similar in quality and size by reference to those occupied by other staff members at the same duty station having similar family circumstances and if the rental follows a general pattern of rents for dwellings of similar quality and size, then the dwelling in question should be certified as “reasonable”. It must be noted, however, that if a staff member has no alternative but to occupy a dwelling that is larger or better in quality in relation to those occupied by other staff members with similar family circumstances or if the rent is very high in comparison to other dwellings of similar size because of unavailability of other suitable accommodations, then the dwelling must still be certified as “reasonable”.

**B. Above average**

If a staff member occupies a dwelling that is substantially larger or better in quality in relation to those occupied by other staff members with similar family circumstances, resulting in higher rental payments, then the dwelling should be certified as “above average”. In this case, the highest rent paid by a staff member from among those with similar family circumstances and living in dwellings certified as “reasonable” must be used for the calculation of rental subsidies.

**C. Substandard**

Dwellings provided either free of charge or at a nominal cost which are of poor quality fall within this category. Dwellings of this type lack the minimum acceptable standard of construction and/or one or more of the basic amenities. It should be noted that the category “substandard” applies also to dwellings in capital or other major cities.