



Secretariat

ST/AI/275/Rev.1
5 April 1984

ADMINISTRATIVE INSTRUCTION

To: Members of the staff

From: The Controller

Subject: RENTAL SUBSIDIES AND DEDUCTIONS FOR STAFF AT DUTY
STATIONS OUTSIDE EUROPE AND NORTH AMERICA

1. The purpose of this revision is to consolidate the various amendments, additions and deletions made to the provisions of administrative instruction ST/AI/275 since its issuance in July 1980. In addition, the illustrations of the calculation of rental subsidies or deductions have also been revised to reflect changes which have taken place in the salaries and other emoluments as well as the modifications made by the International Civil Service Commission (ICSC) in the rental subsidy scheme applicable at duty stations outside Europe and North America. ST/AI/275 is hereby superseded.

I. ESSENTIAL FEATURES OF THE REVISED RENTAL SUBSIDY SCHEME

2. Rental subsidies shall continue to be available to eligible staff serving in locations OUTSIDE Europe and North America, 1/ i.e., at those duty stations at which the higher rates of assignment allowance are payable under staff rule 103.22 (g) (ii) or 203.11 (a) (ii). By "eligible staff" is meant staff members who are receiving post adjustment of the place of assignment or a monthly mission allowance that is directly linked to the post adjustment classification of the mission area. In general, the term covers all technical co-operation project personnel, Field Service staff and staff in the Professional and higher categories other than those who are detailed to United Nations missions while continuing to receive the emoluments of their official duty stations.

3. In order to avoid double compensation for the same element of expenditure, there shall be no payment of rental subsidy during the first 30 days after the arrival of the staff members concerned at the duty station, as they are receiving the daily subsistence allowance (DSA) portion of the installation grant for that

period. Similarly, no rental subsidy shall be paid during the period for which the installation grant has been extended.

4. The amount of subsidy shall be 80 per cent of that portion of the rent which exceeds a threshold amount, calculated individually for each staff member based on the threshold percentage figure established by ICSC for each duty station. As a disincentive to acquiring unnecessarily expensive lodging because subsidies exist, no subsidy shall, in general, exceed the value of 40 per cent of the rent; i.e., the staff member shall always be responsible for at least 60 per cent of the rent. Some exceptions to this rule are made by ICSC for those duty stations where the majority of staff members are in government-provided housing and where the rental component of the post adjustment index, based exclusively on government rents, is relatively low, and commercial rents are considerably higher. Furthermore, at certain duty stations a modified formula shall apply as follows: in exceptional cases where rental thresholds are based on low government housing costs, those staff members who are forced to pay extremely high rents on the commercial market shall be reimbursed the sum of (i) 80 per cent of the difference between the average commercial rent and the rental threshold applicable and (ii) 90 or 95 per cent of the difference between the actual rent paid and the average commercial rent. The ICSC monthly circulars on post adjustment classifications and threshold figures (ICSC/CIRC/PAC) show the duty stations at which the modified formula is to be applied and the percentage rate at which the reimbursement at (ii) above shall be made.

5. For reasons of administrative economy, any calculated subsidy of less than \$10 per month shall be disregarded.

6. The subsidy, as a rule, is payable in local currency at the United Nations official payroll rate of exchange for the month concerned. However, if staff members are obliged to sign a lease requiring payment in another currency, the subsidy may be paid in that currency or in United States dollars.

II. ESTABLISHMENT OF THRESHOLDS AND CALCULATION OF SUBSIDIES

7. The ICSC secretariat, establishes for each duty station two thresholds expressed as percentages of the ratio of gross rent to income: the threshold for staff with dependants (Td) is 25 per cent above the average ratio of gross rent to income; the threshold for staff without dependants (Ts) is 39 per cent above the average ratio of gross rent to income. For example, if the average "gross rent to income" ratio in a given duty station is 20 per cent, Td will be $0.20 \times 1.25 = 0.25$, or 25 per cent and Ts will be $0.20 \times 1.39 = 0.28$, or 28 per cent. The threshold amount applicable to each staff member varies according to his or her income defined to comprise net base salary, including special post allowance, if any, post adjustment or monthly mission allowance and assignment allowance. Assuming the case of four staff members at that duty station, with thresholds established by ICSC at Td=25 per cent and Ts=28 per cent, the individual threshold amounts and rental subsidies are calculated as follows:

<u>Monthly amounts</u>	<u>P-3/V (D)</u> \$	<u>P-3/V (S)</u> \$	<u>D-1/II (S)</u> \$	<u>FS-5/VII (D)</u> \$
(a) Net base salary	2 139.18	1 993.48	2 897.34	1 799.17
(b) Post adjustment (M=65)	1 221.89	1 136.63	1 599.81	1 326.10 2/
(c) Assignment allowance	250.00	200.00	237.50	-
(d) Total (a) + (b) + (c)	3 611.07	3 330.11	4 734.65	3 125.27
(e) Threshold percentage	0.25	0.28	0.28	0.25
(f) Threshold amount (d) x (e)	902.77	932.43	1 325.70	781.32
(g) Net rental in dollars	1 000.00	900.00	1 000.00	800.00
(h) Portion of rental in excess of threshold				
(g) - (f)	97.23	(32.43)	(325.70)	18.68
(i) Rental subsidy: 80% of (h)	77.78	Nil	Nil	14.94

8. The ICSC monthly circulars on post adjustment classifications and threshold figures (ICSC/CIRC/PAC) show, for the duty station concerned, the applicable figures and any changes that may occur, normally as a result of a cost-of-living survey.

9. ICSC promulgates threshold revisions only if the new threshold is at least one whole percentage point above or below the existing threshold. Furthermore, all thresholds, which are expressed in terms of a percentage of the ratio of gross rent to income, are announced to the nearest whole number, i.e., decimals are rounded; e.g., a threshold calculated as 20.5 per cent is reported as 21.

III. APPLICATIONS FOR RENTAL SUBSIDIES

10. Eligible staff members who wish to apply for the rental subsidy should fill out an application form in five copies, a sample of which is attached as annex I. A new application form must be submitted by the staff member concerned on the occasion of a change of either dwelling or rent. A copy of the lease or of a receipt for the monthly rent should be submitted with each application.

11. All applications for rental subsidy must be certified by an authorized official at the staff member's duty station. The certification criteria are given in annex II to this instruction. Additionally, at those duty stations where security represents an important factor in the selection of an accommodation, certifying officials should take that element into proper account when certifying a rent as reasonable. The certifying official at a particular locality will normally be a senior official of the organization which has the responsibility for co-ordinating the local post adjustment surveys on behalf of ICSC. Where a United Nations office is responsible for such surveys (e.g., the Economic Commission for Africa, the Economic Commission for Western Asia, the Economic Commission for Latin America, the Economic and Social Commission for Asia and the Pacific and the United Nations Environment Programme), the Chief of Administration will designate the

official responsible for the certification. The certifying official shall be responsible for maintaining a sufficient supply of the application forms at the duty station.

12. The application form for rental subsidy is divided into three sections. Section A is to be completed by the staff member concerned, section B by the senior certifying official at the staff member's duty station, as defined in paragraph 11 above, and section C by the office which assumes the administrative responsibility for processing personnel and pay transactions for the staff member concerned. That office should normally be the Administrative Section, Department of Technical Co-operation for Development, for technical co-operation project personnel; the Office for Field Operational and External Support Activities for staff serving with United Nations missions; the Centre Administrative Unit, the Department of Public Information, for staff serving with United Nations information centres; and the Division of Administration for staff serving with the regional commissions and the United Nations Environment Programme.

13. The office concerned shall be responsible for calculating and authorizing the initial subsidy and subsequent revisions thereof. Such revisions will be made on the initiative of the office concerned whenever there is:

(a) A change in the rental threshold percentage affecting all eligible staff at the duty station;

(b) A change in the staff member's income due to:

(i) A change in the base salary scale;

(ii) A change in the post adjustment classification of a duty station;

(iii) A change in the staff member's grade and step;

(iv) A change in the payment of assignment allowance or the monthly mission allowance applicable to Field Service staff.

ICSC announces in its post adjustment circulars (ICSC/CIRC/PAC) whether or not the rental subsidies need to be recalculated under (a) and (b) (ii) above. The subsidy must be recalculated in the case of a change of dwelling within the duty station or a change of rent within the same dwelling.

14. After the subsidy has been authorized, one copy of the completed form should be retained by the authorizing office, one copy each sent to the official who completed section B and the appropriate payroll unit, and two copies to the Salaries and Allowances Section, Division for Policy Co-ordination, Office of Financial Services, which will, in turn, transmit one of them to ICSC. As ICSC is interested in detailed information on each subsidy authorized, it is essential that the office responsible for completing section C maintain a complete and easily accessible record of all subsidy transactions.

IV. RENTAL DEDUCTIONS

15. Staff members whose housing is provided by the Organization, by the Government or by a related institution either free of charge or at rents substantially lower than the average rents used in calculating the post adjustment index for the duty station will normally be subject to payroll deductions from their salaries so as to maintain equity in the application of the post adjustment system among staff members at the duty station. The rental deduction will be calculated as 80 per cent of the difference between the average rental cost and the actual rent paid, excluding utilities. The average rental cost will be established as 80 per cent of the staff member's income multiplied by the percentage threshold applicable to staff members with dependants at the particular duty station (see para. 7 above). The following examples will illustrate the calculation of a monthly rental deduction:

	<u>P-3/V (D)</u>	<u>D-1/II (S)</u>
	\$	\$
(a) Net monthly income ^{3/}	3 611.07	4 734.65
(b) Threshold percentage at dependency rate	0.25	0.25
(c) Personal threshold amount	902.77	1 183.66
(d) Average rental costs - 80% of (c)	722.21	946.93
(e) Actual rent paid	150.00	180.00
(f) Difference between (d) and (e)	572.21	766.93
(g) Rental deduction - 80% of (f)	457.77	613.54

Deduction amounts of less than \$10 per month shall be disregarded.

16. Staff members who are subject to rental deductions but whose agency or government-provided dwellings are certified to be clearly below standard in terms of the criteria given in annex II may have the amount of rental deduction reduced to one half of the normal rental reduction calculated, using the rental formula given above. The office concerned should send all cases of rental deductions, with any requests for reductions in the amount of the rental deduction, to the Salaries and Allowances Section, Division for Policy Co-ordination, Office of Financial Services. In very exceptional circumstances, the Chairman of ICSC may authorize waiver of the total amount of the calculated deduction.

Notes

^{1/} The rental subsidy scheme for staff at duty stations in Europe and North America is the subject of administrative instructions ST/AI/304 of 25 May 1983, ST/AI/304/Corr.1 of 16 June 1983 and ST/AI/304/Add.1 of 30 September 1983.

^{2/} Monthly mission allowance.

^{3/} See para. 7, item (d) above.

Annex I

RENTAL SUBSIDY APPLICATION FORM

ORGANIZATION: _____ DUTY STATION (city/country): _____

A. TO BE COMPLETED BY STAFF MEMBER

1. _____ Name (last name, first name, initial)	2. _____ Date of arrival at duty station:	
3. _____ Grade/step	4. _____ Marital status	5. _____ Number of dependent children
6. Net monthly rent:		
a. Currency of payment:	c. Do you receive any subsidy for this rent	
b. Rent, excluding utilities:	i. from the organization? Yes [] No []	
	ii. from another source? Yes [] No []	
	Amount:	
	Source:	
7. Comments: _____		
8. I certify that the above information is correct and up to date		
_____	_____	
Date	Signature of staff member	

B. TO BE COMPLETED BY THE SENIOR CERTIFYING OFFICIAL

9. Certification (check one)	
<input type="checkbox"/> I certify that the dwelling occupied by the staff member is appropriate to the circumstances and family status of the staff member and that the rent is reasonable given local market conditions. To the best of my knowledge all the information recorded is up to date.	
<input type="checkbox"/> In view of the staff member's family status and/or the conditions prevailing in the local housing market, the rent shown under 6 (b) above is inappropriately high. It is, therefore, recommended that a rental amount of _____ be used for the calculation of rental subsidy.	
<input type="checkbox"/> (Not applicable to dwellings in capital or other major cities) I certify that the dwelling provided to the staff member is of substandard quality and that the calculated deduction be reduced by one half.	
_____	_____
Date	Name and title

	Signature of certifying official

C. TO BE COMPLETED BY ADMINISTRATION

<u>(i) Rental subsidy calculation</u>		
10. Total monthly net income (United States dollars):		
a. Net salary, including any special post allowance		_____
b. Amount of post adjustment		_____
c. Assignment allowance		_____
d. Total		_____
11. ICSC threshold percentage: _____		
12. Threshold amount: $\frac{\text{line 10 (d) times line 11}}{100}$		_____
13. Monthly rent paid by staff member (line 6 (b) minus 6 (c) (ii))		_____
14. Operational exchange rate		_____
15. Monthly rent in United States dollars (line 13 divided by line 14)		_____
16. Personal threshold in United States dollars (line 12)		_____
17. Excess of rent over threshold (line 15 minus line 16)		_____
18. Eighty per cent of excess rent (0.80 times line 17)		_____
19. Maximum subsidy allowable (0.40 times line 15)		_____
20. Subsidy in United States dollars (smaller of lines 18 and 19)		_____
21. Subsidy in local currency (line 20 times line 14)		_____
22. Personal transitional allowance in local currency (see instructions)		_____
<u>(ii) Rental deduction calculation</u>		
23. a. ICSC threshold percentage at dependency rate: _____		
b. Personal threshold in United States dollars		
$\frac{\text{line 10 (d) times line 23 (a)}}{100}$		_____
24. Rent included in post adjustment (line 23 (b) times 0.80)		_____
25. Monthly rent paid by staff member (line 6 (b) minus 6 (c) (ii))		_____
26. Operational exchange rate		_____
27. Monthly rent in United States dollars (line 25 divided by line 26)		_____
28. Excess of rent in post adjustment over rent paid (line 24 minus line 27)		_____
29. Eighty per cent of excess (0.80 times line 28) = rental deduction in United States dollars		_____
30. Rental deduction in local currency (line 29 times line 26)		_____

Verified and authorized

Name and title: _____

Date: _____

Signature: _____

Administrative Officer

/...

Annex II

CERTIFICATION CRITERIA

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 which is bigger or better in quality in relation to those occupied by others 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 that dwelling must still be certified as "reasonable".

(b) Above average

If a staff member occupies a dwelling which is substantially bigger or better in quality by reference 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 to certain outposted staff members, either free of charge or at a nominal cost, which are of poor quality fall within this category. Judging from past experience, dwellings of this type lack either the minimum acceptable standard of construction and/or one or more of the basic amenities. It should be noted that the category "substandard" is not applicable to dwellings in capital or other major cities.