University Policy 601.21, Acquisition and Disposition of Real Property by Lease

Executive Summary

This policy provides guidelines for acquiring and disposing of real property by lease to ensure coordinated compliance with applicable laws, regulations, and governing policies. Leases are governed by state statutes and require varying levels of approval. Depending on the annual rent amount, leases may require approval up to and including the Council of State and execution by the Governor. All lease requests must be evaluated by the UNC Charlotte Real Estate Office and approved by the Property Review Committee. If the need for leased space is appropriately justified, funded, and approved, the Property Officer will process the request to seek the approvals required by applicable State Law and UNC System policies and procedures. The UNC Charlotte Real Estate Procedures Manual serves as supplemental instruction for this policy and provides detailed procedures.

I. Policy Statement and Purpose

The purpose of this policy is to provide guidelines for acquiring and disposing of real property by lease to ensure coordinated compliance with applicable laws, regulations, and governing policies. Leases are governed by state statutes and require varying levels of approval.

II. Definitions

a. **Lease:** A written agreement in which the owner of real property (lessor) grants the right of possession and use of that property to another (lessee) for a specified period of time (term) for specific periodic payments (rent) under specific terms and conditions.

b. **License:** A revocable grant of right by the owner of real property to enter and use that property for a specific purpose and duration (e.g. special event or parking)

c. **Departmental Sponsor:** The department head responsible for approval of funding associated with leased space (rent, renovations, utilities etc.).

d. **Space Request Form:** The online administrative form utilized by the Space Office to manage and initiate a divisional level request for space.

e. **Lease Request Form:** The online administrative form used by the Real Estate Office to manage and initiate a divisional level request for off-campus spaces. This form provides a means to initiate the lease request and a method to document internal funding approval.

f. **Property Officer:** The Property Officer, designated by the Chancellor, is charged with evaluating, developing, negotiating and managing lease transactions within the laws, regulations, and procedures of the State of North Carolina.

g. **Millennial Campus:** A Millennial Campus, established by the UNC Board of Governors pursuant to NCGS 116.198.34(8b), enhances the institution's research, teaching, and service missions as well as the economic development of the region served by the institution. At UNC Charlotte, the Charlotte Research Institute (CRI) is a Millennial Campus.
h. **Real Estate Procedures Manual**: The Real Estate Procedures Manual provides detailed instructions to ensure coordinated compliance with applicable laws, regulations, and governing policies to acquire or dispose of real property by lease. The Manual provides information on approval thresholds, advertising requirements, procedures, and steps to acquire or to dispose of real property by lease. The Procedures Manual is available on the UNC Charlotte Real Estate Website (future link).

**III. Applicability**

This policy applies to any University unit desiring to acquire or dispose of real property by Lease or License.

**IV. Roles and Responsibilities**

a. **Sponsoring Unit**: The administrative unit of the University requesting a lease.

b. **Property Review Committee (PRC)**: The PRC has the responsibility to approve lease transactions, set priorities, establish standards, and provide strategic direction for real estate transactions. The PRC is responsible for administrative and compliance oversight for all lease requests. The PRC oversees the acquisition, disposition, and management of all real estate and lease transactions, including transactions within areas designated as the Millennial Campus.

c. **University Real Estate Office**:

   1. Establishes and enforces procedures and protocols to ensure coordinated compliance with applicable laws, regulations, and governing policies and incorporates best practices to acquire or dispose of real property by lease.

   2. When appropriate, coordinates with the Director of Space Management to establish and enforce procedures that ensure transactions are in accordance with University of North Carolina Space Planning Standards.

   3. In accordance with applicable state law and regulations, secures the technical and professional services needed to assist with real estate transactions. (e.g. attorneys, brokers, architects, surveyors etc.)


   5. Schedules and coordinates a building code/occupancy inspection by the Department of Insurance or other code enforcement official certified by the North Carolina Code Officials Qualification Board to ensure that the proposed lease space is in compliance with applicable local, state, and federal codes.

   6. Coordinates with North Carolina Department of Insurance to ensure that leased property is insured.

   7. Coordinates with the Office of Legal Affairs (OLA) to ensure complete legal review of all agreements, leases, or contracts.
8. Reports transactions to the Secretary of Administration and UNC General Administration.

d. Office of Legal Affairs: As required by applicable state policies and procedures, coordinates with the University Real Estate Office, State Property Office (SPO) and the Attorney General’s office to review and/or draft all leases and related real property agreements.

e. Office of Space Management: Coordinates with the University Property Office to ensure acquisition leases are justified and required by the requesting unit. Investigates and proposes alternatives to leasing off-campus property.

V. General Procedures

a. Acquisition Leases

1. Space needs should be accommodated within existing divisional assets whenever possible.

2. If divisional assets are unavailable or otherwise inadequate, the Sponsoring Unit’s divisional space coordinator should consult with the Director of Space Management, to determine if alternative space is available within University assets throughout campus. (See University Policy 601.4, Integrated Space Management.)

3. Once the Director of Space Management validates the need for a lease, the Sponsoring Unit submits a Lease Request Form to the Real Estate Office.

4. The Sponsoring Unit requesting a lease must first have the proposed lease request and funding approved by its department head.

5. The Property Officer presents the request to the Property Review Committee for approval.

6. As required by state law, the Property Officer will first try to find the appropriate space within another state agency. If no appropriate space is available Property Officer will coordinate efforts with the divisional representative and Sponsoring Unit representative to find appropriate space within the local real estate market.

7. In accordance with North Carolina law, and dependent on the annual rent amount, the Real Estate Office will coordinate and seek the required statutory approvals.

8. Divisional occupants (tenants) are not authorized to alter leased spaces or negotiate with the lessor (or its designee) to make alterations, improvements or modifications to the leased premises on behalf of the University. Renovation requests must be coordinated through the Office of Space Management and routed through the Real Estate Office for subsequent approvals.

b. Disposition Leases (or Licenses)

1. Units desiring to lease out University property to a Third Party (governmental, nonprofit, or private entity) must first consult with the Director of Space Management and the Real Estate Office.
2. When appropriately justified, the Property Officer will present the request to the Property Review Committee for review and approval. Disposition leases must be in the best interest of the University as determined by the Property Review Committee.

3. Upon Property Review Committee approval, the Property Office will negotiate terms of the lease with the prospective Tenant, process the lease documents through the Office of Legal Affairs, and obtain State approvals as required.

c. Millennial Campus and Charlotte Research Institute (CRI):

1. The Director of the Charlotte Research Institute (or a designated representative) is granted delegated authority to negotiate disposition of property by lease or license except in cases that involve, renovations or systems alterations (IT, HVAC, Electrical, etc.) in excess of twenty-five thousand dollars ($25,000). In situations that require modifications to the proposed space, the divisional representative shall coordinate renovations with the Space Management Office and Design Services.

2. Leases negotiated by the CRI Director (or a designated representative) must be reviewed by the Property Officer and the Office of Legal Affairs and approved by the Property Review Committee (and annotated) prior to execution.

3. In order to meet state-required reporting, the CRI Director must submit a consolidated report of Millennial/CRI lease activity, no less than once annually. Executed leases (and/or licenses) must be reported and delivered to the Real Estate Office within (10) ten days following execution.

d. Supplemental Instructions: Real Estate Procedures Manual (link).

REVISION HISTORY

Initially approved: __________________

Authority: Chancellor

Responsible Office: Business Affairs

Related Resources:
- University Policy 601.4, Integrated Space Management
- NCGS § 146-29.1. Lease or sale of real property for less than fair market value.
- NCGS § 116-198.33. Definitions (Millennial Campuses Financing Act)
- NCGS § 116-198.34 (8b). General powers of Board of Governors.
- UNC Board of Governors Policy 600.1.3.1[R], Regulations for Acquisition and Disposition of Real Property by Lease
- UNC Board of Governors Policy 600.1.4[R], Regulations on Required Clearances for Real Property Transactions