

Federal Tenant Brochure



Produced by:

**Quarters Program Office
National Business Center
U.S. Department of the Interior
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INTRODUCTION

The Department of the Interior (DOI), National Business Center (NBC) Quarters Program sets rental rates for your housing unit as specified by OMB *Circular A-45, "Rental and Construction of Government Quarters"* (<http://www.whitehouse.gov/omb/circulars/a045/a045.aspx>.) OMB *Circular A-45* regulates how rental rates are to be established for all federally owned or leased civilian housing in the 50 United States, the U.S. Virgin Islands, Puerto Rico, American Samoa, and Guam.

This *Federal Tenant Brochure* focuses on rent-setting as prescribed by OMB *Circular A-45*. It does not address other housing management issues that may arise, such as housing assignment, pet policies, maintenance or inspections. Your agency should have additional housing policies to cover these management issues, such as the DOI *Housing Management Handbook, 400 DM Chapter 3* (<http://www.doi.gov/pam/HousingMgmtHandbook042108.doc>.) For your agency's housing policy, contact your housing office.

Your employer is one of 20 Federal agencies that participate in the **NBC Quarters Program** to set rental rates. In all, the NBC establishes rental rates for over 20,000 federal housing units. By cross-servicing several agencies, the NBC is able to provide *A-45* rents more efficiently and cost effectively. Regardless of whether or not your agency participates in the NBC's program, rents for your civilian housing still must be set in accordance with *A-45*.

OMB *Circular A-45* bases your rent on **what you would pay for comparable private rental housing in your area**. To determine rental rates, *A-45* mandates a survey of the **private rental market in your nearest community** and region at least every five years. In addition, *A-45* requires annual adjustments for inflation. These changes to your rent are effective every year, starting the **first pay period in March**.

HOUSING INVENTORY

Your agency has conducted an inventory of your housing unit. During an on-site inspection of your unit, the size, age, number of bedrooms, bathrooms, condition, appliances, and other items were verified and recorded on a *Government Quarters Inventory* form (DI 1875). The Inventory data for your unit has been entered into the *Quarters Management and Information System* (QMIS) software, which is provided by the NBC and managed by your local or regional housing office. This Inventory is used to determine your rent, based on the **typical charges for similar housing with the same amenities in your area**.

Your agency should inspect all housing and review this *Inventory* at least annually to ensure that your housing unit is accurately described. You should receive a printed copy of the *Government Quarters Inventory* of your unit each

year for review, but you may request a copy from your housing office at any time. It is your responsibility as a tenant to make sure the *Inventory* is correct and report any inaccuracies.

Nearly every aspect of your Inventory affects the rent, so accurate data is important. For example, the size of your unit, each bedroom, each bathroom, each garage space, each appliance, and each utility provided has value and will increase your rental rate. The charge for each item in your Inventory is printed on the *Base and Net Rent Computation Schedules* (DI Form 1880) and *Tenant Rent Notice* (DI 1882) packet you receive upon assignment to housing, and annually thereafter when rents are adjusted each March.

The *Inventory* of your unit may be corrected at any time, either at your request, or by other agency employees (for example, during an inspection of the unit.) If a change in *Inventory* affects your rental charge, you will be given a new *Base and Net Rent Computation Schedule* (DI 1880) and *Tenant Rent Notice* (DI 1882) packet.

REGIONAL PRIVATE RENTAL MARKET SURVEY

Regional private rental market surveys must be conducted at least every five years, per A-45. The current survey schedule is **every four years**, as approved by the agencies participating in the NBC Quarters Program.

The four-year regional survey schedule is as follows:

- Effective March 2009: Mid-South, Southeast, New Mexico, American Samoa
- Effective March 2010: California, Hawaii, Caribbean (U.S. Virgin Islands, Puerto Rico)
- Effective March 2011: Idaho/Montana, Colorado/Utah/Wyoming, Alaska, Plains
- Effective March 2012: Arizona/Nevada, Oregon/Washington, North Central, Northeast
- Effective March 2013: Mid-South, Southeast, New Mexico, Guam ...etc.

This means that once **every four years, your rent is brought into alignment with what you would pay to rent a similar-sized unit in your nearest community**. In between surveys, inflation is applied to your rental rate.

According to A-45, **the closest community to your housing unit is to be surveyed**. The “nearest established community” must have a U.S. Census population of 1,500 (5,000 in Alaska), a doctor, a dentist, and a private rental market. The NBC surveys communities that are currently used by participating Federal agencies; they do not survey every community in the United States. A list of the communities surveyed is published in each regional rental survey report. The last survey report for your region is available at <http://www.nbc.gov/supportservices/surveys.html>.

To conduct these rental surveys, the NBC selects contractors who have experience in collecting data from the private rental and real estate market through a competitive process. The contractor selects the private rental unit “comparables” and records an Inventory on each, such as address, property owner, monthly rent, size, age, bedrooms, bathrooms, garage, condition, and appliances, furnishings, services or utilities included.

The contractors are required to follow specific requirements while collecting the data. For example, they may only include comparable units from unsubsidized year-round rental housing. The comparables do not have to be vacant in order to be included in the survey. Photos and square foot sketches are also collected.

ANALYSIS OF REGIONAL PRIVATE RENTAL MARKET SURVEY DATA

The NBC reviews each private rental comparable and analyzes the survey data to develop new rental rates. Each housing type is analyzed separately: houses, apartments, mobile homes and trailer pads. Rents are adjusted to exclude the value of all appliances, furnishings, services or utilities provided by the landlord, so only “base rents” are analyzed. Comparables are screened to remove any unusual or unexplainable high or low rents prior to analysis.

For each housing type, **statistical regression methods** are used to determine which physical characteristics (size, age, condition, number of rooms, etc.) and communities are important (significant) in explaining the differences in “base rent” between individual comparables. The regression produces a **new rent “formula.”** This formula provides a charge per square foot, a charge per bedroom, a charge per bathroom, a charge per garage, a charge for each community, and so forth. The formula is thoroughly tested for accuracy against the “base rents” of the private comparables in each community.

The NBC produces a survey report to explain the data analyses and to summarize the results. The rental formula for each housing type is depicted as a “Monthly Base Rent Chart” in the survey report.

MONTHLY BASE RENTAL RATES

The new rent formulas from each survey are programmed into the QMIS software each year, and your housing office calculates and implements your new survey-based rent.

The “Monthly Base Rental Rate,” as printed on your *Base Rent Computation Schedule* (DI 1880,) is the survey rent formula applied to your housing Inventory. This is the “base rent” for your unit, in your community, if furnished with only a range and refrigerator. The “base rent” does not include the value of

any furnishings, appliances, utilities or services that may also be provided to you.

If the nearest community to your housing is a high-cost area, you do not pay local community rents. In the NBC program, **rents do not exceed the regional average**. Rents in high-cost areas are “capped” at the typical rent for the region as a whole rather than increased to reflect the high-cost rental rates in these areas. However, if you live near a **low-cost** community, your rent is decreased to reflect that community’s low-cost rental rates. The location adjustments for each community are printed in the survey report “Base Rent Charts” and on the *Base Rent Computation Schedule* (DI 1880.) Since these “location adjustments” are part of the statistical regression (formula), their values will change from survey to survey. For example, the 2005 survey may have resulted in a -\$145 adjustment for your community, but the 2009 survey resulted in no adjustment for your community.

After a regional rental survey is conducted and implemented, your rents may change significantly. These changes reflect the rental market factors in your nearest community.

If you are unsure whether your rent reflects the nearest community’s rental rates, go into town and see for yourself! If your rent is significantly higher than rents for similar-sized housing in the community, contact your housing office. With compelling evidence, the NBC may review the survey data for that community and your rent may be corrected. However, the best time to conduct this investigation is directly after new survey rates are provided to you. The *DOI Housing Management Handbook* and other agency’s policies provide only a 30-day window to dispute your new survey-based rent.

RELATED CHARGES AND INFLATION

Assuming your Inventory doesn’t change, your “base rent” will not change until the next private rental market survey is conducted. However, inflation is added to the “base rent” each year, as required by *A-45*.

You are also charged for appliances, furnishings, services and utilities provided in your housing unit (“related charges.”) For example, you will pay an additional charge for government-furnished items, such as a washer and dryer, trash removal, water, sewer, etc. Each of these items will be identified on your *Government Quarters Inventory*, and the charge for each item is printed on your *Net Rent Computation Schedule* (DI 1880.) You will want to report any discrepancies in these Inventory items to your housing office immediately.

To determine inflation, the Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) is used. BLS produces national inflation indices for rent, electricity, propane, natural gas, water, sewer, trash removal, washers and dryers, etc. The “base rent” and each item in your Inventory are adjusted annually for inflation using BLS measures.

The best way to identify specific inflation adjustments to your rent is to compare a copy of last year's *Base and Net Rent Computation Schedule* to this year's *Base and Net Rent Computation Schedule* (DI 1880.)

ADMINISTRATIVE ADJUSTMENTS

Several administrative adjustments to your rent are also authorized by *A-45* to compensate for the location of the Government housing and for some of the living conditions you face. Administrative adjustments are reductions to rent, designed to provide a "reasonable rent" in the circumstances under which the housing is provided. They are intended to compensate you for living conditions that you would not typically experience in the private rental market.

These reductions to rent are generally percentage-based and may be scaled by management to differentiate among individual circumstances. Many of the percentage values are fixed by *A-45*, and are not subject to change. Your housing official or supervisor is **NOT** authorized to exceed the percentages in *A-45*, nor are they permitted to give an adjustment for which you do not qualify. In fact, *A-45* and Federal law 5 U.S.C. 5536 specifically prohibit the government from subsidizing your housing costs in any way. If you are eligible for administrative adjustments, there must be complete documentation in the official housing files, and these adjustments must be reviewed every year.

The administrative adjustments allowed by *A-45* include isolation, site amenities, space devoted to official use, loss of privacy, maintenance of two households, excessive size or quality, inadequate size or quality, and excessive heating and cooling. Administrative adjustments are outlined in detail in *A-45* and apply only to Federal tenants. Eligibility will be determined based on individual circumstances. In some cases, the employee is required to produce proof that he or she is entitled to receive the adjustment (i.e., loss of privacy, excessive heating/cooling, inadequate size.) To determine eligibility for any adjustment to which you believe you are entitled, see your agency's written policy or contact your housing office.

As with any Inventory item, administrative adjustments may be added or removed at any time, based on information provided by you or another Federal employee, such as a site visit by a regional manager. Your rent may be changed if you are no longer eligible for an administrative adjustment, for example, if the "poor water quality" is remedied and the condition no longer exists.

IMPLEMENTING NEW RENTAL CHARGES

Although your rent may be adjusted at any time for Inventory changes or other circumstances, it will always be adjusted **once each year in March**, based on new survey rental formulas and inflation, as required by *A-45*.

Your “net rent” – the rent you pay through payroll deduction – is the sum of the inflation-adjusted “base rent,” related charges (furnishings, appliances, utilities and services), and administrative adjustments.

A *Tenant Rent Notice*, or other written notice, should be provided to you at least 30 days prior to a change in your payroll deduction. The biweekly “net rent” is printed on the *Tenant Rent Notice*. If you have a question about your rental rate, contact your housing office.

Because your rent is based on changes in local, regional and national costs, **there is no limit to the amount of your increase**. If for some reason your rent increases by 25 percent or more, then your agency may implement the increase gradually, in quarterly increments over a nine-month period (March, June, September, and December).

APPEAL RIGHTS

Although large increases to your rent may be unexpected or surprising, you cannot appeal your rent simply because it has increased – even if your rent has increased substantially. This is because the **adjustment of your rent to private rental market rates and inflation is required by A-45**. However, you may appeal your rental rate based on factual matters (such as an error in your Inventory or nearest community, etc.) or if you believe that your rent was not set in accordance with OMB *Circular A-45*.

Matters regarding an erroneous Inventory can usually be settled rapidly and informally with your housing office. Any error you discover should be brought to their attention immediately, and your rent recalculated. If your concerns are not resolved by your housing office quickly, or to your satisfaction, you should submit a written request. Typically, tenants must submit any concerns **in writing within 30 days of receipt** of the *Tenant Rent Notice*.

Refer to the DOI *Housing Management Handbook* or your agency’s policy for specific appeal rights and procedures.

You should never be charged more than you would pay for a similar-sized unit in your nearest community. If your preliminary research indicates that your rent is more than similar-sized rental housing in your nearest community, contact your housing officer. For DOI and many other agencies, filing a **written “request for reconsideration”** is the first step.

It is not sufficient merely to allege that a rental rate is unreasonably high, or that the increase is unreasonably high. Proof is required to successfully claim that your rental rate is too high for the community. You must include acceptable rental comparables from the nearest community in your written “request for reconsideration” to prove that your rent is too high.

For DOI employees only, if your “request for reconsideration” is denied, or if the approving official fails to respond to you within 30 days, you may appeal in writing directly to the Department of the Interior, Office of Hearings and Appeals. The appeal must be filed within 30 days of receipt of the denial of your “request for reconsideration.” You may not appeal based on an issue that was not raised in your original request.

YOUR OPTIONS

In any given year, your rental adjustment may exceed your annual “cost of living” and “locality pay” adjustments. Rents are not tied to pay whatsoever. In fact, artificially low rents would be considered a subsidy of pay, which is illegal per Federal law 5 U.S.C. 5536.

Federal employees who do not live in government housing are also experiencing these changes in market prices. Renters in the private market experience annual adjustments; landlords adjust rents with each new lease. If renters cannot afford the new rent, they may choose not to renew their lease. They may choose to relocate to a smaller unit, move in with a family member, or take on a roommate to share expenses.

If a new rental rate poses a financial hardship, you may:

- Request reassignment to a smaller unit;
- Request a roommate (another federal employee only; you may not sub-lease your government unit); or
- Relocate to the private rental market.

In the private rental market, you will have a greater selection in size and type of units available.

Finally, in some agencies where the selection of housing is limited, required occupants may ask that unused bedrooms be locked off and rent reduced accordingly until a smaller more affordable unit becomes available.

CONCLUSION

This brochure is only a supplement to OMB *Circular A-45*, the DOI *Housing Management Handbook*, and your agency’s housing policy. Questions, comments or suggestions concerning this brochure are solicited and welcomed.

For additional information, please refer to your specific agency policy or contact your housing office.

For rent determinations, technical and QMIS assistance, contact the DOI
National Business Center (NBC):

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For policy assistance, contact your national housing office or the DOI **Office of Acquisition and Property Management (PAM):**

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