

## Introduction

The Department of the Interior (DOI), in cooperation with other Federal agencies, sets rental rates for your housing using regional surveys conducted as specified in OMB circular A-45, and 400 Department Manual or Departmental Quarters Handbook (DQH). These surveys provide BIA with rental rates for each quarters unit. The rates are based upon the rental rates for comparable private rental housing in your area. Rental rates for quarters are established using a 7-step process: (1) inventory; (2) private rental survey; (3) analysis of survey data; (4) setting monthly rental rates & charges; (5) applying administrative adjustments; (6) implementing rental charges; and (7) providing employee appeal rights. The following information will make this process easier to understand.

### 1. INVENTORY OF QUARTERS

#### a. Who conducts the quarters inventory and what data is collected?

The Inventory data verification has already been conducted by BIA housing staff. During an on-site inspection of each quarters unit, information (size, age, number of rooms, bedrooms & bathrooms, condition, etc.) is verified and recorded on the quarters inventory. BIA housing staff should inspect your quarters and verify your inventory data at least yearly to ensure that your dwelling is accurately described.

#### b. How is the inventory data used to set rents for my dwelling?

The inventory data for your dwelling has been entered into an interagency quarters data based identified as the Quarters Management Information System (QMIS). This information is compared with information collected during the survey of private rental housing. That process is described in Section 3 of this brochure.

#### c. Are tenants allowed to check the accuracy of the inventory?

Yes. The inventory should be on file at your housing office. The DQH encourages you to review inventory at annually (you may review it

any time), and to report discrepancies to your housing office. The inventory and, if necessary, rent may be corrected at any time. If your rent does change as a result of an inventory correction, you will be given a **Notice of Rental Rate Adjustment**, which explains any changes.

#### d. When is inventory information updated to reflect change?

Continually, you should notify your housing office immediately when there is a change to the inventory data for your quarters. Your housing office will correct the inventory. If necessary, your rental charge will be changed, and you will be given a Notice of Rental Rate Adjustment, which will explain any changes.

### 2. PRIVATE RENTAL SURVEY.

#### a. Who conducts the private rental surveys?

Rental surveys are conducted by contractors, who are normally real estate appraisal firms. The QMIS Program Office, U.S. DOI, National Business Center, analyzes survey data and prepares survey reports and rental software products.

#### b. What communities are surveyed and how are they selected?

Normally, the communities closest to the Government quarters sites are surveyed. This ensures that your rent reflects the rent changed in your nearest established community similar housing. A list of the communities surveyed is provided in each regional survey report.

#### c. How can contractors pick comparable when they have never seen my quarters? What information is collected about the comparable?

Contractors are told what kind of private housing units to survey, based upon our analysis of the quarters inventory data. In addition, only unsubsidized, year-round rental housing built by HUD standards may be used. You should note that the rental housing does not have to be vacant in order to be included in the survey. Rental samples that are obviously non-comparable, are removed before the analysis. The contractor records the same

information about the comparable as is collected on your quarters: size, age, rooms, bedrooms, baths, condition, etc.

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### **d. When is the regional market rental survey conducted in my area?**

Regional market rental surveys are conducted at least every three years. Your housing office has a copy of the most recent regional survey report for your area. The survey date is printed on the cover. Your area will be resurveyed within three years of the last survey date. The new rental rates are generally implemented

nine months after the market data has been collected.

## **3. ANALYSIS OF PRIVATE RENTAL SURVEY DATA.**

### **a. What is the process for comparing the private rental units with the Government quarters?**

The private sector rental units (comparable) are grouped into four categories for analysis: houses, apartments, mobile homes and trailer pads. They are screened to eliminate data errors and units with unusually high and low rents. Then, they are statistically analyzed to determine which communities and physical characteristics (size, age, condition, number of rooms, etc.) are important in explaining the differences in rents between individual rental units and communities. Results are then applied to corresponding factors in Government quarters (as recorded on the quarters inventory form) to calculate the base rent.

Rental rates for quarters where no market comparables are available (travel trailers, bunkhouses, dorms, etc.) are established by extending the principle of comparability, as provided for in OMB Circular A-45, and DQH.

## **4. ESTABLISHMENT OF MONTHLY BASE RENTAL RATES AND CHARGES.**

### **a. What factors are used in setting the rates?**

When the analysis is completed, relatively few factors are used in setting the base rent for any given quarters. These usually include such factors as community, age, size, condition, bedrooms, bathrooms, garages, etc. As in the use of direct appraisals, each adjustment is made when it is supported by market data.

### **b. Why are there charges for services, furnishings and appliances when some of the comparable rental housing includes them in the rent?**

Prior to analyzing the rental comparables, the rents of the comparables are adjusted to exclude the value of all appliances, furnishings and services... except the values of a refrigerator and a range. Thus, the base rental

rates reflect value of an unfurnished unit with a range and a refrigerator. If your quarters does not contain a range or refrigerator, their value is deducted from your base rent.

**c. What happens if my nearest established community is a tourist center or an energy boom town? Do I get charged these artificially inflated rents?**

No! You will not be charged these inflated rents. However, if you live near a low cost community, rent will be based upon the low-cost market. The base rental rate is always localized to reflect rents in your nearest established community of your area is at or below regional average.

However, we never charge more than the regional average rent; so high rent areas (Aspen, Colorado; Jackson Hole, Wyoming; etc.) are changed typical rent for the regions as a whole, rather than for those high cost locations. No rents are established in excess of the regional average rent. All non- surveyed communities are given the location adjustment (if any) of the nearest surveyed community.

**d. How do I know that the rent I'm charged reflects the local rates?**

**Go into town and see for yourself!** If we are charging rents significantly above those for similar housing in your nearest established community, then tell your housing office to contact the QMIS Program Office immediately and they will examine the data, and, if necessary, collect new data. If an error has been made, your rent will be corrected and a credit will be given for any overpayment.

**e. What is a Consumer Price Index adjustment? Why do rental rates occasionally go up more than the cost of living?**

The cost of rent is only one factor in the Consumer Price Index (CPI) which is used to measure the cost of living. Other component factors of the CPI include the cost of food, medical care, gasoline, clothing, etc.

When we conduct a rental survey, we look only at rents. When we adjust rates between surveys, OMB Circular A-45, paragraph 7.d(5), requires annual adjustments to the base rental rate by applying the percent change in the CPI Rent Series from the month and year that the last regional survey of the private rental market survey was conducted. Annual adjustments are based on the rental series index prepared by the Bureau of Labor Statistics (BLS). This index measures only changes in rents nationwide, and usually differs from the BLS general CPI.

**5. BUREAU APPLICATION OF ADMINISTRATIVE ADJUSTMENTS AND SERVICE CHARGES.**

**a. How are the specific adjustment values set and how often are they changed?**

Several administrative adjustments are authorized by OMB Circular A-45 to account for the location of the Government quarters and, to the extent possible, the living conditions faced by employees. These adjustments are generally percentage based (a multiple of the base rental rate) and may be scaled to allow management to differentiate among the circumstances of each individual tenancy.

The percentage values are fixed by OMB Circular a-45, and are not subject to change. Your local housing officials are **NOT** authorized to exceed percentages in A-45; nor are they permitted to give an adjustment for which you do not qualify. There must be complete documentation in the housing files for any adjustments to the base rents and this must be reviewed every year.

**b. What administrative adjustments are available? Who decides which I get?**

The adjustments allowed by OMB Circular A-45 are as follows:

- (1) Isolation
- (5) Maintenance of two households

- (2) Site Amenities size of quality
- (3) Loss of privacy Inadequate size or quality
- (4) Space devoted to official use
- (6) Excess size of quality
- (7)
- (8) Excessive heating/cooling

The application of administrative adjustments is outlined in detail in the DQH. Eligibility for adjustments will be determined by the circumstances of the individual tenancy. However, in some cases, you are required to produce proof that you are entitled to receive the adjustment (i.e. loss of privacy, excessive heating/cooling). To determine eligibility for any adjustment to which you believe you are entitled, you should contact your housing office.

**6. IMPLEMENTATION OF FINAL RENTS.**

**a. How much notice should we get before new rates are charged?**

Ideally, each bureau should review the proposed rental rates with the tenants prior to implementation. However, this is not always feasible. The regulations provide for a minimum of 30 days written notice prior to implementation.

Important data elements should be reviewed with the tenant when the inventory data is collected or updated. This will assist in resolving discrepancies prior to issuance of the notice of a change in rental charges. If you have a question about your rental rate, contact your housing office as soon as possible.

**b. Is there any limit to how much or how quickly large rent increases are implemented?**

Because rental charge is based upon changes in the rates in the private rental market, there is no limit on the amount of increase. Note that you will never be charged more that you would

pay for a similar dwelling in your nearest established community. Fellow employees living in town are already paying the rates which we charge you. There is no limit on their rents either.

If for some reason your rent increases by 25% or more, the increase will be implemented (phased in) in equal quarterly increments over a one-year period.

**c. Why aren't increases in rental rates tied to salary increases?**

This would amount to a salary subsidy, which is illegal. It would, also, be unfair to other Federal employees who do not live in Government quarters. Other employees, whether living in rental units or housing they own, are subject to changes in the market place independent of any salary considerations. Quote- OMB Circular a-45:

“As intended by the Congress, reasonable value, to the employees or other occupant, is determined by the rule of equivalence; namely, that charges for rent and related facilities should be set at levels equal to those prevailing for comparable private housing located in the same area, when practicable. . .”

**d. Why does the final rent differ from the base rent?**

Monthly base rental rate reflects the value of the unfurnished housing unit with no services, as if it were located in the nearest established community. The final rent actually paid includes for charges for Government provided services, utilities, appliances and furnishings; and the application of administrative adjustments authorized by OMB Circular A-45.

Administrative adjustments are designed to make final rent reasonable in circumstances under which quarters are provided.

**7. EMPLOYEE RIGHT TO APPEAL OF RATES.**

**a. What do I do if I suspect an error has been made in computing my rent?**

You may request reconsideration of any aspect of the rent setting process by sending a written notice of suspected error(s) to the Government official who approved the rental rate. Your notice should specifically ask the official to reconsider the rate, and must be filed within 30 days of receipt of notice of a change in your rent. This written request for reconsideration is the first step in the appeals process, and is a prerequisite to an appeal to the Office of Hearing and Appeals (OHA). Your request should be as specific as possible. Non-Federal tenants may not seek reconsideration or subsequent appeal.

**b. To whom do I appeal and what documentation do I need if I feel that my new rent is too high?**

If your request for reconsideration is denied in whole or in part, or if the approving official fails to respond within 30 days, you may appeal in writing directly to: U.S. Department of the Interior, Office of Hearings and Appeals, 4015 Wilson Boulevard, Arlington, VA 22203

Appeals must be filed within 30 days of receipt of a decision on your request for reconsideration. Specific reasons for your appeal must be listed; failure to be specific is cause for dismissal. You may not appeal an issue which was not raised in a request for reconsideration. It is not sufficient merely to allege that a rental rate is unreasonably high. Proof, in the form of acceptable rental comparables from the nearest established community, or other market based study, is the type of substantive information that OHA requires in order to make an informed judgement on a claim that the rental charge is unreasonably high.

**8. FINAL NOTES:**

This brochure is only a supplement to the DQH. For more Specific information, call your housing office and/or review the appropriate sections of the DQH. The internet address for the DQH is: <http://www.doi.gov/pam/qmhb16.html>

Questions, comments or suggestions concerning this brochure, or the housing program in general, are solicited and welcomed; and should be forwarded to the following Employee Housing personnel:

1. Agency Housing Manager
2. Regional Quarters Management Officer
3. Or directly to the BIA Employee Housing Manager at:

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and Construction  
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