

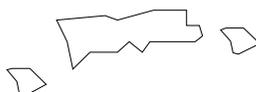
# REGIONAL QUARTERS RENTAL SURVEY



COVERING  
GOVERNMENT-FURNISHED QUARTERS  
LOCATED IN

## CARIBBEAN SURVEY REGION

(CARIBBEAN SURVEY DATE: FEBRUARY 2002)  
(EFFECTIVE DATE: MARCH 9, 2003)



CARIBBEAN

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## I. SURVEY BACKGROUND

The Quarters Management and Information Systems (QMIS) Office coordinated a contractor-conducted field survey of the private rental housing market in the U.S. territories and possessions of Puerto Rico and the Virgin Islands, from January 2002 through February 2002. This survey was undertaken as specified in the Office of Management and Budget (OMB) Circular No. A-45, and the U.S. Department of the Interior's Departmental Quarters Handbook. OMB Circular A-45 provides for reconfirmation of the market based rental rates at least once every five years, or sooner, if conditions warrant.

The collection and analysis of rental housing data were accomplished employing methods similar to those used in previous surveys. Automated and manual analytical procedures were used to establish base rental rates for houses (including plexes) and apartments. Rental rates for dormitories, bunkhouses and transient quarters were established by extending the principle of comparability, as provided for in OMB Circular A-45.

The objective of regional surveys, as set forth in OMB Circular No. A-45, is to develop reasonable rental rates based upon the ". . . typical rental rates for comparable private housing in the general area in which the Government quarters are located . . ." The policy set forth in OMB Circular A-45 is as follows:

"Rental rates and charges for Government quarters and related facilities will be based upon their "reasonable value...to the employee...in the circumstances under which the quarters and facilities are provided, occupied, or made available."...reasonable value to the employee 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..."

The regional survey method uses regression analysis techniques to establish a base rental rate for a given type of quarters that reflects the typical rate for that type of housing in the survey area. Regression analysis allows the QMIS Program Office to establish adjustments that reflect: (1) the contributory value (+ or -) of housing features that the private rental market indicates are significant; and (2) relevant social and economic factors that are manifested in the rent levels of individual communities.

In particular, the impact of significant recreational or industrial uses (ski areas, lakes, mining, etc.) can be assessed, compared with the region, and accounted for.

Because regression analysis permits assessment of (and adjustment for) different locations, as measured by market rents, several localities or states can be surveyed at a time to minimize data collection costs and the rates can be individualized for communities significantly at variance with the regional rent pattern.

The resulting product (finalized rental rates), when derived from carefully applied automated statistical analysis, provides a logical and equitable base rental rate structure supported by the market rental rate pattern of the region and the community.

## II. INVENTORY OF GOVERNMENT-FURNISHED QUARTERS

This survey was initiated with an inventory of Government-furnished quarters (GFQ) managed by the agencies and bureaus that participate in the QMIS program.

All agencies and bureaus are now using the QMIS database software to manage their inventories. The QMIS Program Office in Denver developed this software. The database software allows an installation or region to maintain its own housing inventory. Rents can be calculated in just minutes, even for hundreds of quarters. This decentralized system provides local control of the housing inventory. As always, the key to accurate rents is accurate, up-to-date inventory information. Software with the new housing rental rate formulas and new utility rates is distributed from Denver whenever new regional surveys are conducted or at CPI time. If you do not receive new CPI software by approximately January 1st of each year, please contact the QMIS Program Office (303-969-7240). It is important that all agencies and bureaus submit (on diskettes or via electronic mail) updates to their housing inventories at least once a year. This information is used to determine the communities and characteristics to be sampled in new Regional Surveys. The information is also used for various general management reports.

## III. CONTRACTING FOR THE PRIVATE RENTAL SURVEY

### A. DETERMINATION OF THE COMMUNITIES TO BE SURVEYED

Selection of the communities to be surveyed was initiated with a review of the nearest established communities identified in the quarters inventory process. Their geographic locations and populations were determined to enable selection of established communities nearest to concentrations of Government housing.

Inclusion of these communities enables a comparison of the community rental rate structure with that of the survey region. This permits a ready determination of whether the local or the regional rental rate structure should be utilized to establish the GFQ base rents. A complete discussion of this process is contained in section IV of this report.

The communities surveyed represented broad geographic and population ranges. The largest community surveyed, San Juan, Puerto Rico had a 2000 population of 421,958. The smallest community, Christiansted, VI, had a population of 2,637. A list of the surveyed communities appears as Table 1. In accordance with OMB Circular A-45, communities with 2000 census populations below 1,500 were not analyzed.

TABLE 1 COMMUNITIES SURVEYED

	2000 CENSUS
<u>STATE AND COMMUNITY</u>	<u>POPULATION</u>
PUERTO RICO	
Cayey, PR	19,940
Isabella, PR	12,818
Luquillo, PR	7,947
Mayaguez, PR	78,647
Rio Grande, PR	13,467
San Juan, PR	421,958
VIRGIN ISLANDS	
Charlotte Amalie, VI	11,004
Christiansted, VI	2,637
St. John, VI	4,197

B. DETERMINATION OF THE HOUSING CLASSES TO BE SURVEYED

In order to determine which housing classes to survey, the inventory data for the agencies participating in the QMIS system were separated into housing classes shown in Table 2, below. Analysis of the data revealed the following numbers of units per housing class:

TABLE 2 GOVERNMENT-FURNISHED QUARTERS - (BY HOUSING CLASS)

Housing Class	# of Units	Avg Age	Age Range	Avg. SQFT	SQFT Range
Houses					
4+ Bedrooms	0				
3 Bedrooms	6	60	(11 – 202)	1,983	(910 – 2,700)
2 Bedrooms	16	38	(11 – 152)	1,322	(770 – 2,790)
1 Bedroom	4	94	(43 – 152)	1,049	(312 – 2,000)
Apartments					
3+ Bedrooms	6	29	(16 – 43)	1,614	(1,383 – 1,900)
2 Bedrooms	34	21	(12 – 43)	1,202	(850 – 1,500)
1 Bedroom	21	19	(15 – 28)	922	(765 – 1,518)
Efficiency	1	35	(35)	1,064	(1,064)
Cabins	0				
Mobile Homes	0				
Bunkhouses/ Dormitories	0				
<hr/>					
TOTAL UNITS	88				

As with other regional surveys, the contractor was directed to survey only those housing classes for which a representative sample could be readily obtained in the private rental market. Thus, comparables were not obtained for cabins or lookouts, temporary housing, travel trailers, bunkhouses/dormitories, transient quarters or tents.

Two housing classes (houses/plexes and apartments) were ultimately selected for field survey and computer analysis. The contractor was instructed to select comparables, built to Housing and Urban Development (HUD) minimum housing standards, wherever possible. The number of observations obtained for each housing class in each community surveyed varied depending upon the number of nearby Government quarters of that class. The inventory data for each of the housing classes was analyzed to determine frequencies and age and size ranges for major construction elements. The information in Table 2 was used to guide the contractor in the conduct of the survey.

#### C. COOLING FUELS AND UTILITY CHARGE SURVEY

To ensure reliability of the energy consumption estimates for housing where consumption is neither metered nor measured, this report uses a series of contractor-developed cooling consumption tables for each general type of housing represented in the survey. The tables are based upon energy consumption studies that use a methodology meeting housing industry standards. The results reflect energy consumption for variously sized single-family houses (with and without basements) and apartments. A complete discussion of the energy consumption/cost methodology is contained in Section VI.

#### D. CONTRACTOR SELECTION

The National Business Center, Products & Services provided procurement support and project coordination for this Private Rental Survey. Reimbursement for survey expenses was underwritten by the agencies and bureaus that participate in the Quarters Management Program.

The private rental survey was completed by Delta-21 Resources, Inc. of Oak Ridge, Tennessee during the months of January 2002 through February 2002. A total of 213 private rental housing comparables were sampled. In addition, electrical, heating fuel, utility, appliance, and other related service charges were collected in each of the communities surveyed. The private rental housing costs that were obtained reflected current rental costs and required no adjustment for time.

### IV. REGIONAL SURVEY PRINCIPLES AND PROCEDURES

#### A. SURVEY PRINCIPLES

The purpose of a regional survey is to determine and establish reasonable quarters rents, through an analysis of the market rents of comparable private housing in established communities nearest to concentrations of Government housing. The process of arriving at the base rent of a structure is influenced by real estate appraisal principles, statistical limitations, and administrative considerations. Often there may be a conflict among these three interests, which necessitates a trade-off.

1. Real estate appraisal principles include matching comparables as closely as possible to the specific subject properties in physical characteristics and location, and adjusting in a logical direction for all significant differences.
2. Statistical principles involve: (a) trying to minimize the standard error of the estimate (unexplained variation); (b) getting a good match of characteristics between the properties analyzed and those the analysis is applied to; (c) obtaining a large and diverse sample; and (d) making adjustments for factors that are significant in explaining variation. Ideal samples may not always be available in the market; and the market search may be limited (like an appraisal) because of time and budget constraints.
3. Administrative considerations recognize that Government housing is usually not located in established communities, and that physical characteristics (such as in historical houses, one-room cabins, lookouts or dormitories) are difficult to match in the market. Government quarters are often found in areas influenced by tourism or boom/bust natural resource development that may produce unreasonable rents. Consistency and relative reasonableness, as well as time and budget constraints must also be taken into consideration.

While trade-offs among these three considerations may result in a less than ideal application of any one of the three principles, the goal is still to produce "reasonable" Monthly Base Rental Rates (MBRR) for quarters that are relatively consistent with the local market rents for similar housing, internally consistent and logical from one unit to another, and represent reasonable value to the employee.

## B. MULTIPLE REGRESSION PROCEDURES USED IN RENTAL RATE COMPUTATIONS

There are several reasons for using the regional survey method to arrive at quarters rental rates. These include accuracy, consistency, fairness, cost effectiveness/economy, and the provision in OMB Circular A-45, that regional surveys are the preferred method.

Prior to the use of the regional survey method, quarters Monthly Base Rental Rates (MBRR's) were reset every five years by individually appraising each quarters unit. The appraisal process normally relied upon the use of a small number (2-4) of comparables for each subject Government quarters unit and made logical or market abstracted adjustments to each comparable. In many instances the same comparables were used to establish rental rates for several quarters. Thus the selection of comparables became critical. Individualized appraisals often led to inconsistencies among units in the same area. Many times different agencies, managing similar or identical housing units in the same area, had substantially different rents after analyzing the same rental market. Appraisers valuing several different units using separate sets of comparables and adjustments can also sometimes arrive at rents not logically related to one another. Finally, the appraisal process required a considerable amount of travel, and individualized writing, typing and editing of appraisal reports, which was expensive and very time consuming.

Alternatively, the regional survey method relies upon much larger samples of comparables. These are analyzed, statistically, to objectively determine those factors that are significant in explaining variations in the adjusted rent of each class of comparables. Each class of comparables (houses, apartments and mobile

homes) is analyzed separately to determine which locations and physical characteristics are important in explaining the differences in rents among individual rental units and communities. The computer program independently and objectively determines the best set of characteristics (formula) to explain the rental pattern. This formula varies for each survey region and housing class.

The rental rates are based upon an analysis of regional data and local data. The rents in all surveyed communities for each housing class are tested for statistical significance. All significant negative location adjustments are applied to the quarters using that community as their nearest established community.

**Positive location (community) adjustments are not applied; so Government housing units near high-rent communities are charged the typical rent for the region as a whole, rather than the typical rent for that high cost location.**

The statistical process used is called forward in-and-out, step-wise multiple regression analysis. It takes all of the variables considered and forms a matrix or grid showing how every variable is related to every other variable (cross-correlation matrix). In this phase of the analysis, significant inventory items relating to the dwelling structure are coded into the computer as variables to be tested for their impact, if any, on rent. The variable to be explained (in this case rent) is called the dependent variable, because its value is determined by that of the other (independent) variables.

In forward in-and-out step-wise multiple regression analysis, the independent variable that explains the most variation in the dependent variable (rent) is selected first by the computer and entered as Step 1. The remaining variation is then recomputed, and the independent variable that explains the largest portion of the remaining variation is selected by the computer and entered as Step 2. As each new variable is added, the coefficients of all the previously entered variables are recomputed to take into account relationships among the independent variables. If a previously entered variable no longer meets the test of significance, it is removed.

As this procedure uses the variation squared, it is highly sensitive to cases with extreme variations from the norm. Since the purpose of a regional survey is to find the typical rent for housing with certain characteristics, it is useful (and mandatory) to cull comparables with unusually high or low rents that are apparently unrelated to their characteristics. Such non-conforming rentals tend to obscure the typical pattern. To accomplish this culling, the following steps are normally taken.

**Step 1.** A listing of all the comparables is checked to see that the program has proper decodes, that no rental has been entered twice, and that the data is complete for each variable to be tested. The range for each rent class is also checked.

**Step 2.** Regression Run 1 (square foot base formula): The purified data base is analyzed for the best fit of adjusted rent versus square feet and the logarithm of square feet. This comparison is undertaken because square footage in buildings is generally the variable that explains the most variation of adjusted rent. It is also a universal variable (one that applies to all cases) and a continuous variable (one that changes in many small increments).

**Step 3.** A listing is produced which shows by community the rent/predicted rent ratio of each private rental sample. The predicted rent is one computed using the square foot base formula derived in step 2.

The purpose of this listing is to screen out individual rentals whose ratios are far out of line relative to other rental comparables in the same community.

**Step 4.** A scattergram of rentals for each class, showing adjusted rent by square feet, is produced to visually display the data. These scattergrams, and the listings produced in Step 3, above, are used to remove samples with unusually high or low rents in each size grouping. A separate variable for each of the remaining communities is then entered into the next step, the full regression analysis, to see if it has a statistically significant location adjustment after other adjustments have been made. This run and a crosstab run of physical features allows for selection of other variables that are significantly represented and widely (geographically) distributed. These variables are turned into dummy (yes/no) and combination variables. Continuous and discrete variables are entered as simple variables, logarithmic transformations, and in logical combinations.

**Step 5. (First Full Regression Run).** The screened samples for each housing class to be analyzed, along with the variables to be tested, are analyzed to find coefficients for the significant variables. The results are checked for logic and cross-correlation; normally only one form of a variable is allowed to stay in the equation. Variables with illogical results are checked to find reasons for such deviation from expected results. Such variables are normally dropped from subsequent regression runs. Sometimes the samples containing such variables are culled; however, that action (culling samples) is uncommon.

**Step 6. (Other Full Regression Runs).** The full regression analysis is rerun without the illogical variables and/or dropped cases. If the end results look reasonable, the coefficients determined by regression analysis are used to compute Monthly Base Rental Rates (MBRR's) for individual Government-furnished quarters.

**Step 7. (Predicted Rent Tables).** The coefficients of each satisfactory regression run are put into a computer program which produces a table of predicted quarters MBRR's. The base values and all possible combinations of adjustments are reviewed to ensure the results are reliable for the full range of values. If not, the cause of the problem is diagnosed and corrected, and the regression analysis is rerun, producing a revised set of coefficients. Then Step 6 is repeated, and a new set of rent tables is produced.

## V. ESTABLISHMENT OF MONTHLY BASE RENTAL RATES (MBRR)

### A. USE OF BASE RENT CHARTS

Although rental computations have been automated, producing Monthly Base Rental Rates (MBRR's) and final Net Rents for most quarters, housing managers should understand the methodology used in determining the rental rates. Therefore, a set of charts has been prepared to allow the manual computation of the MBRR's for each class of rental housing. The charts have been constructed as size/age tables for the two major categories of housing (houses and apartments). By knowing the gross square feet of the livable area (size), the age, and the housing class of a building being used as quarters, one can determine the base rent from the proper table. The charts also contain columns and/or footnotes of rent adjustments which modify the rent from the size/age table to produce a MBRR for an individual quarters unit. **The value of one refrigerator and one stove is included in the rents listed in Tables 3a and 4a.** Therefore, if the

Government does not provide a refrigerator or a range in the quarters, the value of each non-provided appliance should be subtracted from the monthly rent. The current values of a refrigerator and range are shown in Table 11 of this report, and may be adjusted annually by the QMIS Program Office to reflect changes in the Consumer Price Index (CPI) which may occur following the issuance of this report. In selecting the appropriate rent table, it is important to remember that the **design of the quarters, not its use, determines its category**. Thus, a house or an apartment unit **designed** to be occupied by an individual or a family, but which is actually used to house unrelated individuals, would be valued by the category for which it was designed to be used, rather than as a bunkhouse/dormitory. Where, however, a structure is not designed for occupancy by an individual, or family, or has been substantially modified to house individuals on a dormitory basis, it would be appropriate to apply bunkhouse/dormitory rates. Thus, an unmodified three-bedroom house with a **planned occupancy** of six unrelated individuals (normally two persons per bedroom) would have a rental rate determined by calculating the rental rate for a three-bedroom house and then dividing that rate by six. This rate would change if the number of **planned** occupants changed. If the house were later **structurally modified** to be used as a bunkhouse/dormitory, the rate then would be the dormitory rate.

Based upon information provided by the contractor, deductions from the monthly contract rental rate of each rental sample were made for the contributory costs of utilities, appliances, furnishings and services, provided and included in the contract rent. No deductions were made for central air conditioners, refrigerators or ranges; however, if a refrigerator or range was missing, the value was added to the adjusted rent. Central air conditioners are valued at their contributory value, if any. The resulting adjusted monthly contract rental rate represents the contributory value of the dwelling structure equipped with a refrigerator and a range.

The establishment of final monthly quarters rental charges for houses and apartments requires the addition of charges for Government-provided utilities, services, appliances and furnishings. Conversely, **deductions** are required for the values of ranges and refrigerators when they are not provided by the Government.

There are a total of two rental rate charts: one chart for single-family housing and one chart for apartments. Instructions for computing rental rates for bunkhouses and dormitories, transient quarters are found in Sections V.D, V.E, and V.G., respectively. Because OMB Circular A-45 excludes tents from the definition of "rental quarters," there is no charge for the provision of tents.

The use of the charts is fairly simple. First, find the chart for the category into which the GFQ fits. Next, round the square feet **down** to the nearest hundreds of square feet. Thus, if a unit has 980 square feet, the row labeled 900 SQFT would be used. Then the age should be rounded **up** to the nearest age increment. If the dwelling at issue was built in 1980, its age would be computed as 2002 (the current year) minus 1980 (the year built). Thus, in this instance, the unit is  $2002 - 1980 = 22$  years old; and the column headed by "25 YEARS OLD" should then be followed down to the 900 SQFT row to obtain the size/age adjusted rent.

The rent charts also have various location adjustments, as well as adjustments for physical features such as the number of bathrooms, the type of garage facilities, the condition of the housing, etc. These should be subtracted from, or added to, the size/age adjusted rent, as specified, to determine the MBRR.

When computing the final biweekly rent (net rent) to be paid, the MBRR must be adjusted to include the value of Government-provided related facilities (utilities, appliances, furnishings and services); and the administrative adjustments prescribed in OMB Circular A-45. Use Form DI 1880, Rent Computation Schedule, or similar form as may be used by agencies other than DOI.

Where a dwelling is larger than the highest square footage in the chart pertinent to that unit, use the size/age rent and adjustments of the bottom (largest SQFT) row. This may eliminate the need for some administrative adjustments due to excess size of the housing. If a dwelling is smaller than the smallest square footage, use the lowest square footage listed on the chart.

**The rent for a dwelling with more than 4 bedrooms (3 bedrooms for apartments) is calculated as if the unit had 4 bedrooms (3 bedrooms for apartments). In addition, the carport charge is the same regardless of the size of the carport; the maximum garage charge is the amount for a 2-car garage; and the fireplace charge is the same for one or more fireplaces. For rental calculation purposes a "cap" of 3 bathrooms applies. Therefore, assume 3 bathrooms when applying the bathroom charge in the rent charts shown in tables 3a and 4a.**

To assist in the calculation of quarters MBRR's, examples are provided in the following pages. While the rates appearing in the following tables should allow you to establish MBRR's for essentially all of your properties, we recognize that we might not have anticipated all situations and conditions. Therefore, housing managers should use professional discretion to set rates for truly unusual situations. In cases where you must use some other method to establish rates, please notify the National Business Center, Products & Services, Quarters Operations Office via telephone **303-969-7240** or fax 303-969-7173. You should explain the conditions, the rate used, and your reasoning so that we may anticipate such circumstances in the future. You should retain the documentation for such actions in your files.

## B. SINGLE FAMILY HOUSING

For single family detached houses, including plexed dwellings and townhouses, use the rental chart which appropriately describes the housing class and the number of bedrooms of the subject quarters. The chart for houses is in table 3a .

Assume for example, a 3-bedroom, 1 1/2-bath house, that was built in 1968, has a 2-car garage, and 1,276 gross square feet of living space. The house, located near Rio Grande, Puerto Rico, is in fair interior and exterior condition.

First, the chart for 3-bedroom, good condition, 1 bathroom, houses (Table 3a) should be located and used. These charts are baseline charts, which assume that each house is in good condition inside and outside and has one full bathroom. Therefore, if the house is in good condition inside and outside and has one bathroom, no additional computations are needed. If there is a deviation from either good inside or outside condition or there are less or more bathrooms than one, then the computations must be changed as discussed below. In the first step, Table 3a is selected as the proper chart for 3-bedroom houses.

Next, the size (gross finished floor space) should be rounded **down** to the nearest 100 square feet (from 1,276 to 1,200 sqft). Under the column headed "**SQFT**," the figure 1,200 should be located. Further adjustments will be taken from this row.

Finally, the appropriate age column should be selected. The house in this example is  $2002 - 1968 = 34$  years old. The age should be rounded **up** to the next highest age column, which, in this case, is the column headed "**35 YRS OLD.**" Follow this column down to the 1,200 square feet row to obtain the size/age "table rent" of \$691.

The first adjustment is the extra bathroom charge. Follow the column headed "**PER EXTRA BATHROOM**" down to the 1,200 SQFT row to find a charge of \$156 for a full extra bathroom. As the house in this example has only 1/2 of an extra bathroom, the adjustment is  $\$156 \times .5$  (1/2 extra bathroom) = \$78.00. Add \$78.00 to the rent.

The second and third adjustments are made for a fair exterior and a fair interior condition. Follow the column headed "**FAIR EXTERIOR/INTERIOR\***" down to the 1,200 SQFT row. The amount reflects a deduction of \$20 for a house with a fair exterior **and** a deduction of \$20 for a house with a fair interior. Since both the exterior and interior are in fair condition, the total adjustment is \$-40.

The fourth adjustment is for a one-car garage. Follow the column headed "**GARAGE (PER CAR)**" down to the 1,200 SQFT row. \$40 should be charged for each car the garage is designed to accommodate. Since the house in this example has a 1-car garage, multiply the amount shown for one car (\$40) times 1 to reflect the value of a 1-car garage ( $1 \times \$40 = \$40$ ). Add \$40 to the rent.

The final adjustment is the community adjustment. The house in this example is located near Rio Grande, PR. The notes beneath the table (see "**COMMUNITY ADJUSTMENTS**") reflect that Rio Grande, PR receives an adjustment of -\$96. As instructed, subtract \$96 from the rent. Community adjustments are given only to communities in which the market rents are **lower** than the regional average level of rents. Communities not listed in the tables have rents, which are equal to or higher than the regional average rent and do not receive community adjustments.

The last step is rounding the resulting MBRR to the nearest whole dollar. If rounding is to be exercised, amounts equal to \$.50 or more should be rounded **up** to the next highest dollar; amounts equal to \$.49 or less should be rounded **down** to the next lowest dollar. The decision to round is discretionary.

In summary, the adjustments that produce the Monthly Base Rental Rate for the house used in this example are shown below.

Table Rent (1,200 SQFT/35 yrs. old) .....	\$691.00
Extra Bath Adjustment (.5 X \$156) .....	+ 78.00
Fair Exterior Condition Adjustment .....	- 20.00
Fair Interior Condition Adjustment .....	- 20.00
Garage Adjustment (Per Car X \$40) .....	+ 40.00
Community Adjustment (Rio Grande, PR).....	<u>-96.00</u>
Monthly Base Rent.....	\$673.00
Monthly Base Rent (Rounded).....	\$673.00

TABLE 3a

## MONTHLY BASE RENT – ANY # BEDROOMS, 1 BATH HOUSES

THE CARIBBEAN QUARTERS MONTHLY BASE RENT CHART  
FOR GOOD CONDITION ANY # BEDROOMS, 1 BATHROOM HOUSES

SQFT	5 YRS OLD	15 YRS OLD	25 YRS OLD	35 YRS OLD	45 YRS OLD	5 YRS OLD	75+ YRS OLD	PER EXTRA BATH ROOM	EXCEL EXTER -IOR/ INTER -IOR*	FAIR EXTER -IOR/ INTER -IOR*	POOR EXTER -IOR/ INTER -IOR*	A/C (REF)	GAR AGE PER (CAR)	FIRE- PLACES
300	\$415	\$405	\$395	\$385	\$375	\$365	\$345	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
400	\$449	\$439	\$429	\$419	\$409	\$399	\$379	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
500	\$483	\$473	\$463	\$453	\$443	\$433	\$413	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
600	\$517	\$507	\$497	\$487	\$477	\$467	\$447	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
700	\$551	\$541	\$531	\$521	\$511	\$501	\$481	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
800	\$585	\$575	\$565	\$555	\$545	\$535	\$515	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
900	\$619	\$609	\$599	\$589	\$579	\$569	\$549	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
1000	\$653	\$643	\$633	\$623	\$613	\$603	\$583	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
1100	\$687	\$677	\$667	\$657	\$647	\$637	\$617	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
1200	\$721	\$711	\$701	\$691	\$681	\$671	\$651	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
1300	\$755	\$745	\$735	\$725	\$715	\$705	\$685	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
1400	\$789	\$779	\$769	\$759	\$749	\$739	\$719	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
1500	\$823	\$813	\$803	\$793	\$783	\$773	\$753	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
1600	\$857	\$847	\$837	\$827	\$817	\$807	\$787	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
1700	\$891	\$881	\$871	\$861	\$851	\$841	\$821	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
1800	\$925	\$915	\$905	\$895	\$885	\$875	\$855	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
1900	\$959	\$949	\$939	\$929	\$919	\$909	\$889	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
2000	\$993	\$983	\$973	\$963	\$953	\$943	\$923	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
2100	\$1027	\$1017	\$1007	\$997	\$987	\$977	\$957	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
2200	\$1061	\$1051	\$1041	\$1031	\$1021	\$1011	\$991	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10
2300	\$1095	\$1085	\$1075	\$1065	\$1055	\$1045	\$1025	\$+156	\$+20	\$-20	\$-30	\$+50	\$+40	\$+10

## ADDITIONAL ADJUSTMENTS:

## STRUCTURAL ADJUSTMENTS:

CARPORT          ADD    \$30

## COMMUNITY ADJUSTMENTS:

CAYEY, PR.                    -\$475

ISABELLA, PR.                -\$359

RIO GRANDE, PR.             -\$96

ST. JOHN, VI.                 -\$140

\* - IF BOTH THE INTERIOR AND EXTERIOR ARE IN THIS CONDITION, APPLY THIS FACTOR TWICE.  
REGARDLESS OF ADJUSTMENTS, THE MINIMUM BASE RENT IS \$360 PER MONTH.

THE APPROPRIATE CPI FACTOR SHOULD BE APPLIED AFTER COMPLETING THE ABOVE ADJUSTMENTS.

## C. APARTMENTS

For all apartment units, use the rental chart which appropriately describes the housing class and the number of bedrooms of the subject quarters. The chart for apartments is in Tables 4a.

Assume a 2-bedroom, 1 1/2-bathroom apartment, near San Juan, PR with 760 square feet. The exterior is in poor condition; the interior is in fair condition. The apartment, which was built in 1957, is 45 years old (2002 - 1957), has a carport, and central refrigerated air conditioning.

First, the two-bedroom chart for good condition apartments (Table 4a) should be located and used. These charts are baseline charts, which assume that each apartment is in good condition inside and outside and has one full bathroom. Therefore, if the apartment is in good condition inside and outside and has one bathroom, no additional computations are needed. If there is a deviation from either good inside or outside condition or there are less or more bathrooms than one, then the computations must be changed as discussed below. In the first step, Table 4a is selected as the proper chart for 2-bedroom apartments.

In the second step the size (gross living area) is rounded **down** from 760 to 700 square feet. Under the column headed "**SQFT**" the figure 700 should be located. All further adjustments will be taken from this row.

In the third step the appropriate age column is selected. A 45-year old apartment is between 35 and 45 years old; therefore, the "**45 YRS OLD**" column should be used. A two-bedroom apartment, in good condition with 700 square feet of living space (gross), and which is 45 years of age, has a "Table Rent" of \$477 per month.

The first adjustment is the extra bathroom adjustment charge. Following the 700 SQFT row along to the column headed "**PER EXTRA BATHROOM**" you will find a charge of \$243. To compute the charge for the extra 1/2 bathroom, multiply .5(1/2 extra bath) times \$243 (the extra bath charge). Add \$121.50 to the rent.

The second and third adjustments are for a poor exterior and a fair interior condition. Follow the 700 SQFT row across the table to the column headed "**POOR EXTERIOR/INTERIOR\***" a deduction of \$15 is shown and in the next column titled "**FAIR EXTERIOR/INTERIOR\***", a deduction of \$10 is shown. Subtract from the rent \$15 for poor exterior condition, and \$10 for fair interior condition.

The fourth adjustment is for a carport. Beneath the table, under "**STRUCTURAL ADJUSTMENT**", there is an instruction to add \$40 for a carport of any size. As instructed add \$40 to the rent of this apartment.

The fifth adjustment is for central refrigerated air conditioning. Beneath the table, under "**STRUCTURAL ADJUSTMENT**", there is an instruction to add \$60 for Central Refrigerated Air Conditioning.

The final adjustment is the community adjustment. The apartment in this example is located near San Juan, PR. The notes beneath the table (see "**COMMUNITY ADJUSTMENTS**") show no adjustment for San Juan, PR. Therefore, rental values in San Juan, PR for apartments are equal to or greater than the regional

average. Since positive community adjustments are not applied, no community adjustment is shown for San Juan, PR.

The last step is rounding the resulting MBRR (Monthly Base Rental Rate) to the nearest whole dollar. Any amount resulting in an amount of \$.50 or greater is rounded up; any amount resulting in an amount of \$.49 or less is rounded down. The decision to round is discretionary.

In summary, the Monthly Base Rental Rate for the apartment in this example is determined as follows:

Table Rent (700 SQFT/45 years old) .....	\$477.00
Extra Bath Adjustment (.5 X \$243).....	+121.50
Poor Exterior Adjustment .....	-15.00
Fair Interior Adjustment .....	-10.00
Carport Adjustment.....	+40.00
Central Refrigerated Air Conditioning Adjustment.....	+60.00
Location Adjustment (San Juan, PR) .....	<u>- 00.00</u>
Monthly Base Rental Rate.....	\$673.50
Monthly Base Rental Rate (Rounded) .....	\$674.00

TABLE 4a

## MONTHLY BASE RENT – ANY # BEDROOMS, 1 BATH APTS

THE CARIBBEAN QUARTERS MONTHLY BASE RENT CHART  
FOR GOOD CONDITION, ANY # BEDROOMS, 1 BATHROOM APARTMENTS

SQFT	5 YRS OLD	15 YRS OLD	25 YRS OLD	35 YRS OLD	45 YRS OLD	55 YRS OLD	75+ YRS OLD	PER EXTRA BATH ROOM	EXCEL EXTER IOR/ INTER IOR*	FAIR EXTER IOR/ INTER IOR*	POOR EXTER IOR/ INTER IOR*	GAR- AGE (ANY SIZE)
300	\$746	\$515	\$394	\$312	\$249	\$199	\$120	\$+243	\$+25	\$-10	\$-15	\$+50
400	\$803	\$572	\$451	\$369	\$306	\$256	\$177	\$+243	\$+25	\$-10	\$-15	\$+50
500	\$860	\$629	\$508	\$426	\$363	\$313	\$234	\$+243	\$+25	\$-10	\$-15	\$+50
600	\$917	\$686	\$565	\$483	\$420	\$370	\$291	\$+243	\$+25	\$-10	\$-15	\$+50
700	\$974	\$743	\$622	\$540	\$477	\$427	\$348	\$+243	\$+25	\$-10	\$-15	\$+50
800	\$1031	\$800	\$679	\$597	\$534	\$484	\$405	\$+243	\$+25	\$-10	\$-15	\$+50
900	\$1088	\$857	\$736	\$654	\$591	\$541	\$462	\$+243	\$+25	\$-10	\$-15	\$+50
1000	\$1145	\$914	\$793	\$711	\$648	\$598	\$519	\$+243	\$+25	\$-10	\$-15	\$+50
1100	\$1202	\$971	\$850	\$768	\$705	\$655	\$576	\$+243	\$+25	\$-10	\$-15	\$+50
1200	\$1259	\$1028	\$907	\$825	\$762	\$712	\$633	\$+243	\$+25	\$-10	\$-15	\$+50
1300	\$1316	\$1085	\$964	\$882	\$819	\$769	\$690	\$+243	\$+25	\$-10	\$-15	\$+50
1400	\$1373	\$1142	\$1021	\$939	\$876	\$826	\$747	\$+243	\$+25	\$-10	\$-15	\$+50
1500	\$1430	\$1199	\$1078	\$996	\$933	\$883	\$804	\$+243	\$+25	\$-10	\$-15	\$+50
1600	\$1487	\$1256	\$1135	\$1053	\$990	\$940	\$861	\$+243	\$+25	\$-10	\$-15	\$+50
1700	\$1544	\$1313	\$1192	\$1110	\$1047	\$997	\$918	\$+243	\$+25	\$-10	\$-15	\$+50
1800	\$1601	\$1370	\$1249	\$1167	\$1104	\$1054	\$975	\$+243	\$+25	\$-10	\$-15	\$+50

## ADDITIONAL ADJUSTMENTS:

## STRUCTURAL ADJUSTMENTS:

CARPORT (ANY SIZE): ADD \$40

CENTRAL REFRIGERATED AIR CONDITIONING: ADD \$60

## COMMUNITY ADJUSTMENTS:

\*IF BOTH THE EXTERIOR AND INTERIOR ARE IN THIS CONDITION, APPLY THIS FACTOR TWICE.

REGARDLESS OF ADJUSTMENTS, THE MINIMUM BASE RENT IS \$360 PER MONTH.

THE APPROPRIATE CPI FACTOR SHOULD BE APPLIED AFTER COMPLETING THE ABOVE ADJUSTMENTS.

#### D. BUNKHOUSE AND DORMITORIES

Bunkhouses and dormitories should only include housing units that have been specifically constructed or modified for use as bunkhouses or dormitories. Single-family houses, apartments or mobile homes that are **used** as dormitories or bunkhouses, must be valued as what they are (houses, apartments or mobile homes), with the rent divided by the number of **planned** occupants (normally 2 per bedroom).

Dormitory or bunkhouse units typically lack either a living room or kitchen, or have common baths and kitchens serving many people. Many also have multiple bunk beds in large ward-like rooms. Such housing units pose a valuation problem, as they are normally found only in association with institutions such as the military or colleges, of which its occupants are members. Since these institutions do not typically rent to the public at large, one cannot obtain an arms-length market rent.

Under circumstances where there is a lack of comparable rental data, OMB Circular A-45 provides that rental rates may be established using an extension of the Principle of Comparability. Under this procedure, rental rates are established using the most comparable rental housing available, and the rate is essentially 50 percent of the average house rent.

During the February, 1994 National Quarters Conference, the National Quarters Council decided that one aggregate monthly rate should be established for **all** dormitories in a survey region. This aggregate dormitory rate, which includes the value of Government-provided utilities, furnishings and services, was determined as follows. An analysis of the comparables used in this survey found that the average single-family house had 1,397 square feet of finished floor space, 2.9 bedrooms and an average monthly adjusted contract rent of \$1,023. By applying an extension of the Principle of Comparability, the Base Shelter Rental Rate (BSRR) for bunkhouses and dormitories is calculated as shown below.

During the 2002 National Quarters Conference, the National Quarters Council reviewed different dormitory costing methods for the newer types of dormitories being built by some agencies. In researching new and existing dormitory models it was found the majority of the dormitories plan to house two occupants per room, which the current costing methodology is based upon. In addition, most occupants in dormitories share both a kitchen and bathroom. Based on these factors the Council decided to continue using the current costing methodology.

$$\begin{aligned} &\text{Average adjusted contract rent} \times .5 = \$1,023 \times .5 = \$511.50 \\ &\$511.50 / (\text{average \# of bedrooms} \times 2 \text{ occupants per bedroom}) \\ &\$511.50 / (2.9 \text{ bedrooms} \times 2 \text{ occupants}) = \$511.50 / 5.8 = \$88.20 \text{ per month/per occupant} \end{aligned}$$

Charges were then added to this rate for utilities, services and furnishings that are provided by the Government. The aggregate value of these items was based on a study of the rates prevailing in the regional survey area. These charges were prorated based upon a 1,397 square foot, 2.9 bedroom, single-family house occupied by 2 people per bedroom. The aggregate charge for these related facilities is \$31.45.

Monthly, weekly, and daily bunkhouse and dormitory rates are computed as follows.

TABLE 5 BUNKHOUSE/DORMITORY RENTS

CARIBBEAN

Monthly Charge

Dormitory Rate .....	\$88.20
Related Facilities Charges .....	<u>\$31.45</u>
MBRR .....	\$119.65

Bi-Weekly Charge

To convert to bi-weekly rate  
multiply MBRR by .4615 and  
round to nearest five cents .....

	\$55.20
--	---------

Weekly Charge

To convert to weekly rate  
multiply MBRR by .2308 and  
round to nearest five cents .....

	\$27.60
--	---------

Daily Charge

To convert to daily rate  
multiply MBRR by .0333 and  
round to nearest five cents .....

	\$ 4.00
--	---------

Note: An administrative adjustment of -10% is permitted if 3 or more people must share a bedroom or sleeping area. Also, an administrative adjustment of -10% is permitted for dormitories that lack kitchen or cooking facilities.

E. TRANSIENT QUARTERS

Transient quarters are those which are occupied on a transient basis, normally for a period of 90 days or less. Government provided transient quarters offer a range of accommodations. At some locations kitchen facilities, private telephones and private bathrooms may be available; at others, they are not provided. At some locations, maid service is provided (with varying degrees of frequency); at other locations, employees are "issued" bedding and other domestic items, and must take care of their own house keeping arrangements.

Given the diversity of facilities and services associated with Government-provided transient quarters, the QMIS National Quarters Council determined that private housing, comparable to Government transient quarters, generally does not exist. Accordingly, the rental charges for transient quarters have been established by extending the principle of comparability, as provided in OMB Circular A-45.

Essentially, the rental charge for transient quarters is the sum of the monthly dormitory rate (see Table 5); a monthly charge for maid service (Table 11); and a 20 percent administrative/service charge required by OMB Circular A-45 paragraph 7.c (4)(a). Monthly, weekly and daily charges for transient quarters are shown, below, in Table 6.

TABLE 6 TRANSIENT QUARTERS RENTS

Dormitory BSRR .....	\$88.20
Related Facilities Charges (Table 5) .....	31.45
Maid Service (Table 11) .....	<u>67.75</u>
Subtotal .....	\$187.40
Administrative Charge (OMB Cir. A-45) .....	<u>x 1.20</u>
Total (Rounded).....	\$224.90
Monthly Charge (Rounded) .....	\$224.90
Bi-Weekly Charge (\$224.90 x .4615 Rounded) .....	\$103.80
Weekly Charge (\$224.90 x .2308 Rounded).....	\$51.90
Daily Charge (\$224.90 x .0333 Rounded) .....	\$7.50

## VI. CHARGES FOR UTILITIES, APPLIANCES AND RELATED SERVICES

### A. BACKGROUND

OMB Circular A-45 requires that, whenever possible, utilities should be provided by a private company and billed directly to quarters occupants. Where Government-furnished utilities are provided, they should be metered or measured. When Government-furnished utilities are not metered or measured, consumption will be determined from an analysis of the average amounts of utilities used in comparable private housing in the nearest established community or survey area. **Where the Government furnishes utilities, and where the quarters rental rates are established by the regional survey method, the utility rates shall be the regional average utility rates prescribed in this report - not the rates prevailing in the nearest established community.**

The regional average utility rates contained in this report include all applicable delivery charges, adjustments, taxes and surcharges. Charges for Government-provided appliances, services and furnishings will be based upon nationwide average costs.

The following sections of this report detail the consumption and cost data to be used in the circumstances described above. The cost data in this report will be updated by the QMIS Program Office each year and distributed with the Consumer Price Index (CPI) adjustment that takes effect each year.

### B. ENERGY CONSUMPTION STUDY

1. **General.** Energy consumption estimates are required where the Government furnishes the space heating or cooling fuel and the electricity, and where consumption is neither metered nor measured. In such instances, average energy consumption must be estimated and the Government must assess a charge based on private sector energy costs in the survey area.

No methodology for estimating energy consumption can exactly predict the amounts of energy needed to heat or cool specific dwellings. Precise consumption measurements are possible only when metering is used. However, the methodology used in this report will yield **reasonable** estimates of the heating and cooling energy consumption requirements of unmetered dwellings. The methodology employed in this section was contractor-developed. For this report, however, the contractor-provided tables and conversion charts have been reformatted, and the methodology has been restated to simplify the process of estimating energy consumption requirements. The unit costs for various fuel types and for electricity (e.g., the cost per gallon for fuel oil and propane; the cost per MCF (1,000 cubic feet) for natural gas; and the cost per kWh for electricity) are regional averages of the unit fuel/electricity prices gathered by the contractor in each community surveyed.

2. **Housing Prototypes.** For the Caribbean energy study, estimates of the heating and cooling energy requirements were prepared for each of the following five prototypical housing units.

**Type I** - Single family, one story, no basement

**Type II** - Single family, one story, full basement

**Type III** - Single family, two story, no basement

**Type IV** - Single family, two story, full basement

**Type V** - Apartment unit

3. **Assumptions.** For each of the housing prototypes, the following assumptions were made:

a. Location. - The housing is located in HUD MPS cooling Zone 1.

b. R values. - Each housing type has the R values of insulation in floors, walls, and ceilings recommended in the HUD Minimum Property Standards (HUD-MPS) for Zone 1.

c. Occupants. - The housing contains an average compliment of occupants who are energy conscious (one person per 500 feet of floor space was assumed).

d. All measurements are of finished living space only and are based upon exterior dimensions.

e. Condition. - The housing is in good condition.

f. Building shape. - A rectangular shape with a ratio of 2:1 was established. This provides more building skin than a square configuration therefore, the rectangular shape yields a conservative estimate of skin loads.

g. Window area. - A window area of 10 percent of wall area was used to match UBC (Uniform Building Code) minimum window area standards.

h. Roof type. - A flat or pitched roof with ceiling insulation was assumed in all cases.

i. Air changes. - 1.5 air changes per hour was established as representing a conservative estimate of air changes in residential applications.

j. Perimeter loss. - Approximately 10 percent of overall building load is attributed to the slab on grade floors with rigid insulation to a value of R-6.

4. Using the above assumptions, infiltration factors developed by the Department of Energy, R values, building dimensions, and cooling and heating degree days, a contractor has formulated methodologies for estimating British Thermal Unit (BTU) and kilowatt hour (KwH) consumption rates, and costs, for heating and cooling. The relevant portions of the methodology are explained below.

### C. SPACE COOLING – ELECTRICITY CONSUMPTION/COST

To illustrate the procedure for calculating the cost of cooling, a single story 1,275 square foot house, with no basement, located near San Juan, PR, will be used as an example.

1. The first step is to select from Table 7, the housing prototype (I through V) which most closely describes the quarters unit at issue. In this example, Prototype I (single family, one story, partial (less than 50 percent) or no basement) should be selected.

2. The second step is to determine from Table 7 the annual KwH consumption appropriate for the Cooling Degree Days (CDD) and the gross square footage of the house in this example. Table 7 reflects the annual KwH required for space cooling each of the six housing prototypes in a location with 5,426 CDD's.

The house used in this example is 1,275 square feet in size, and lies between 1,200 and 1,400 square feet. Round down to 1,200 square feet. From Table 7 (1,200 square feet and Prototype I), 29,491 KwH's of electricity are consumed annually to space cool the dwelling in the example.

Note: Unlike the other survey regions, the Caribbean Survey Region has a uniform climate, with 5,426 CDD's at all locations where there are Government-furnished quarters. Therefore, Table 7 can be used to determine the unmetered space cooling costs for all quarters in the Caribbean Survey Region, regardless of location.

3. The third step is to calculate the monthly KwH consumption by dividing the annual KwH consumption by 12 (months). In this instance, the monthly consumption is 2,457.58 KwH ( $29,491 \text{ annual KwH} / 12 = 2,457.58$ ).

4. The fourth step, the Coefficient of Performance (COP) adjustment, is made to account for differences in the efficiencies of evaporative (swamp) and refrigerated air central cooling systems.

a. Evaporative (swamp) cooling. For a central evaporative cooling system the adjusted KwH (computed in step 3, above) is divided by a factor of 6.66. In this example, the monthly KwH requirement for central evaporative cooling is computed as  $2,457.58 / 6.66 = 369.01$  or 369 KwH (rounded) per month.

b. Refrigerated air cooling. For a central refrigerated air cooling system, the adjusted KwH (computed in step 4 above) is divided by a factor of 2. In this example, the monthly KwH requirement for central refrigerated air cooling is computed as  $2,457.58 / 2 = 1228.79$  or 1229 KwH (rounded) per month.

5. The final step is to compute the monthly charge for the electricity consumed. This is done by

multiplying the charge per Kwh times the Kwh consumed per month. The appropriate charge per Kwh may be found in the table below.

<u>Kwh Consumed Per Month</u>	<u>Charge Per Kwh</u>
1 - 500	\$ .119
501 - 1,000	\$ .084
1,000 - 1,500	\$ .080
OVER 1,500	\$ .077

In this example, the average monthly consumption (369 Kwh) for evaporative cooling falls in the 1 – 500 Kwh range, and (1229 Kwh) for refrigerated cooling falls in the 1,000 – 1,500 Kwh consumption range. The appropriate charge will be \$.080 central evaporative cooling and \$.119 for central refrigerated cooling.

Therefore, the monthly charges for cooling the house used in this example would be computed as follows.

Evaporative cooling:  $369 \text{ Kwh} \times \$ .119 = \$43.91$  (rounded)

Refrigerated cooling:  $1,229 \text{ Kwh} \times \$ .080 = \$98.32$  (rounded)

## CARIBBEAN SURVEY REGION

TABLE 7 ANNUAL K<sub>w</sub>H CONSUMPTION (ELECTRIC SPACE COOLING)

Cooling Degree Days = 5,426					
GROSS SQUARE FEET	SINGLE FAMILY ONE STORY NO BASEMENT	SINGLE FAMILY ONE STORY 50% (+) BASEMENT	SINGLE FAMILY TWO STORY NO BASEMENT	SINGLE FAMILY TWO STORY 50% (+) BASEMENT	APARTMENTS
	----- PROTOTYPE I	----- PROTOTYPE II	----- PROTOTYPE III	----- PROTOTYPE IV	----- PROTOTYPE V
100	2458	1628	2002	2267	1192
200	4915	3257	4004	4534	2385
400	9830	6514	8009	9068	4769
600	14746	9771	12013	13602	7154
800	19661	13027	16017	18136	9539
1000	24576	16284	20022	22670	11924
1200	29491	19541	24026	27204	14308
1400	34406	22798	28031	31738	16993
1600	39322	26055	32035	36272	19078
1800	44237	29312	36039	40807	21462
2000	49152	32569	40044	45341	23847
2200	54067	35825	44048	49875	26232
2400	58982	39082	48052	54409	28617
2600	63897	42339	52057	58943	31001
2800	68813	45596	56061	63477	33386
3000	73728	48853	60065	68011	35771

#### D. NON-SPACE COOLING ENERGY CONSUMPTION/COST CALCULATIONS

The examples in the preceding section C dealt with the charges for space cooling. However, to compute total energy consumption charges, the costs for energy consumed by lights, equipment, and appliances (Government and tenant owned) must be determined and added to the cooling charges.

1. Consumption. Electric non-space cooling consumption/cost estimates include electricity used by small appliances, lights, radios, television, refrigerators, ranges, washers, dryers, etc. These items, and their associated consumption levels, are shown in Table 8. To use Table 8, first, determine the finished floor space square footage range within which a specific quarters unit falls; then add the Kwh consumed by each appliance or equipment item which is present in the quarters unit. If a housing unit has more than one (1) refrigerator, freezer, room air conditioner, or space heater, then multiply the Kwh shown in the table times the number of refrigerators, freezers, room air conditioners, or space heaters present in the quarters unit to determine the total monthly Kwh consumption for these appliances.

There may be instances where appliances are fueled by fossil fuels rather than by electricity. Table 9 provides monthly consumption (in MCF gallons of fuel) for the most common of these.

If an appliance listed in Table 8 is not present in the quarters unit at issue, do not include its monthly energy consumption when computing the total energy consumed by the equipment and appliances.

2. Cost. The cost of electricity or fossil fuel consumed by appliances and equipment is easily computed by multiplying the total monthly consumption (as determined in the preceding paragraphs) times the appropriate charge per Kwh, MCF or gallon. These unit charges are shown in Table 10.

TABLE 8 MONTHLY K<sub>w</sub>H USAGE: APPLIANCES & EQUIPMENT

Appliance/ Equipment	Gross Square Feet of Living Space									
	Under 301	301- 500	501- 700	701- 1,100	1,101- 1,300	1,301- 1,500	1,501- 1,900	1,901- 2,100	2,101- 2,500	Over 2,500
Hot water heater	130	130	245	245	370	370	480	480	600	705
Stove / Microwave	45	45	50	50	55	55	60	60	65	70
Refrigerator 1/	45	50	50	50	85	85	85	85	85	85
Clothes washer	20	35	35	35	45	45	45	55	55	65
Clothes dryer	15	15	25	25	35	35	35	35	40	50
Dishwasher	35	35	45	45	60	60	70	70	80	95
Freezer 1/	70	70	70	70	70	70	70	70	70	70
Furnace fan	15	15	20	20	20	25	25	30	30	35
Room air conditioner	65	65	65	65	65	65	65	65	65	65
Television / radio	5	5	10	10	20	20	20	20	25	25
Lights	50	55	75	80	90	90	95	100	120	120
Space heater (portable) 1	130	130	130	130	130	130	130	130	130	130
Misc. small appliances	30	30	45	45	65	65	75	80	95	105
Engine Heaters	195	195	195	195	195	195	195	195	195	195
Hot Tub	360	360	360	360	360	360	360	360	360	360

1/ If more than one of these appliances are present in a quarters unit, multiply the kWh consumption times the number of appliances to determine the total kWh consumed for each appliance category.

NOTE: FOR APPLIANCES OPERATED BY FOSSIL FUELS, SEE TABLE 9.

TABLE 9

## MONTHLY FOSSIL FUEL CONSUMPTION: APPLIANCES &amp; EQUIPMENT

Appliance/ Equipment	Gross Square Feet of Living Space									
	Under 301	301- 500	501- 700	701- 1,100	1,101- 1,300	1,301- 1,500	1,501- 1,900	1,901- 2,100	2,101- 2,500	Over 2,500
Hot water heater										
Natural Gas MCF	.55	.55	1.05	1.05	1.58	1.58	2.05	2.05	2.56	3.01
Propane Gallons	5.61	5.61	10.71	10.71	16.12	16.12	20.91	20.91	26.11	30.70
Fuel oil Gallons	3.87	3.87	7.39	7.39	11.12	11.12	14.43	14.43	18.02	21.19
Kitchen Range										
Natural Gas MCF	.19	.21	.21	.21	.36	.36	.36	.36	.36	.36
Propane Gallons	1.94	1.94	2.14	2.14	2.35	2.35	2.65	2.65	2.86	3.06
Fuel oil Gallons	1.34	1.34	1.48	1.49	1.62	1.62	1.83	1.83	1.97	2.11
Refrigerator 1/										
Natural Gas MCF	.19	.21	.21	.21	.36	.36	.36	.36	.36	.36
Propane Gallons	1.94	2.14	2.14	2.14	3.67	3.67	3.67	3.67	3.67	3.67
Clothes dryer										
Natural Gas MCF	.06	.06	.11	.11	.15	.15	.15	.15	.17	.21
Propane Gallons	.61	.61	1.12	1.12	1.53	1.53	1.53	1.53	1.73	2.14
Freezer 1/										
Natural Gas MCF	.30	.30	.30	.30	.30	.30	.30	.30	.30	.30
Propane Gallons	3.06	3.06	3.06	3.06	3.06	3.06	3.06	3.06	3.06	3.06
Space heater (portable) 1/										
Natural Gas MCF	.55	.55	.55	.55	.55	.55	.55	.55	.55	.55
Propane Gallons	5.61	5.61	5.61	5.61	5.61	5.61	5.61	5.61	5.61	5.61
Fuel oil Gallons	3.87	3.87	3.87	3.87	3.87	3.87	3.87	3.87	3.87	3.87

1/ If more than one of these appliances are present in a quarters unit, multiply the consumption times the number of appliances to determine the total consumed for each appliance category.

**NOTE:** To compute the cost per month for an appliance that is fueled by a fossil fuel, multiply the consumption listed by the unit cost found in Table 10 of this report.

## E. WATER AND SEWER CONSUMPTION/COST

In accordance with OMB Circular No. A-45 and Departmental policies and guidelines, when utilities are furnished by the Government, charges shall be based upon regional average residential rates and consumption levels applicable to private rental housing in the survey region.

Where regional survey procedures are used to establish base rental rates, *the charges for Government-furnished water and sewer services, must be based upon regional average water and sewer rates, and not the rates prevailing in the nearest Established Community.* In determining the regional average rates, the water and sewer rates for each survey community were obtained and averaged.

Thus, where the water service is unmetered, and where the Government furnishes water and sewer services, *including well water and septic waste disposal systems,* the regional average flat rate charges, shown below, shall be used. These charges are based upon (1) the average of the monthly service costs (including taxes, service charges, etc.) in all surveyed communities; and (2) consumption levels (based on numbers of bedrooms) contained in planning guides published by the Department of Housing and Urban Development (HUD). The rates below are based upon the number of bedrooms contained in a dwelling.

### Flat Rate Water and Sewer Charges

<u>Number of Bedrooms</u>	<u>Monthly Charges</u>			<u>Total</u>
1 (or less)	\$4.50 water	+	\$3.60 sewer	= \$8.10
2	\$4.50 water	+	\$3.50 sewer	= \$8.00
3	\$15.75 water	+	\$12.75 sewer	= \$28.50
4	\$22.00 water	+	\$18.00 sewer	= \$40.00

F. GOVERNMENT PROVIDED METERED UTILITIES

Where the Government provides the utilities, and the consumption is metered *at the quarters unit level*, the following unit charges will apply.

TABLE 10 UTILITY CHARGES (COST PER UNIT)

**Do not calculate the total cost of electricity in steps, such as the first 500 kWh costs so much, then the second 500 kWh costs so much, etc.**

a. <u>Electricity</u>	kWh Consumed	
	Per Month	Charge Per kWh
	0 - 500	\$.119
	501 - 1,000	\$.084
	1,001 - 1,500	\$.080
	Over - 1,500	\$.077
b. Fuel Oil #2	Not applicable	
c. Propane	Not applicable	
d. Natural Gas	Not applicable	
e. Water		Cost Per
	Water Consumed Per Month	Gallon
	1 – 3,000 Gallons	\$0.0015
	3,001 - 5,000 Gallons	\$0.0009
	5,001 - 7,500 Gallons	\$0.0021
	Over - 7,500 Gallons	\$0.0022
f. Sewer		Cost Per
	Sewer Consumed Per Month	Gallon
	1 - 3,000 Gallons	\$0.0012
	3,001 - 5,000 Gallons	\$0.0007
	5,001 - 7,500 Gallons	\$0.0017
	Over - 7,500 Gallons	\$0.0018

## G. GARBAGE/TRASH REMOVAL SERVICE RATES

In the case of garbage and trash hauling, as with other Government-provided services, OMB Circular No. A-45 requires the charges to be based upon the domestic rates for comparable services provided to occupants of private rental units in the survey area.

The garbage and trash services provided to quarters occupants vary from weekly to daily service. Establishment of a service charge based upon the service in the nearest established community may or may not reflect a similar level of service. Therefore, the charge for garbage and trash collection, when conducted by the Government, will, regardless of quarters type, be **\$25.00 per quarters unit per month**.

## H. CHARGES FOR APPLIANCES AND RELATED SERVICES

OMB Circular No. A-45 requires agencies to charge occupants of Government quarters for appliances, furnishings and services which the Government provides with the quarters. The charges for appliances, furnishings and services most typically provided by Federal agencies are found in Table 11. The monthly recapture cost of the items in Table 11 were determined from information gathered by contractors in the survey communities of all QMIS regions, and from special studies conducted by the QMIS Program Office.

Agencies providing appliances, furnishings or services that are not included in Table 11 are responsible for establishing an appropriate monthly charge which reflects the private market value of the item(s) provided. In such cases, the agency or bureau should advise the QMIS Program Office to ensure that subsequent regional survey reports include charges for all Government-provided appliances, furnishings and services.

TABLE 11 MONTHLY CHARGES FOR APPLIANCES & RELATED SERVICES  
APPLIANCES SERVICES AND FURNISHINGS

Range (Gas / Electric) *	(+/-) \$3.60	Storage Shed (Per Unit)	\$2.55
Refrigerator *	(+/-) \$3.30	Furniture (Per Room)	11.50
Clothes Washer	3.80	Swimming Pool	
Clothes Dryer	3.20	Private Pool	60.00
Dishwasher	3.15	Community Pool	20.00
Microwave Oven	1.40	Satellite Dish	17.70
Trash Compactor	3.60	Cable Television	22.90
Freezer	1.90	Premium Channel (Each)	15.40
Freezer (Community)	1.00	Maid Service	67.75
Window Air Conditioner		Lawn care (Per Mowing)	
Refrigerated Unit	4.10	Houses (Excluding Plexes)	20.80
Evaporative (Swamp) Unit	3.05	All Other Classes	10.40
Free Standing Stove	3.65	Snow Removal (Per Removal)	12.30
Fireplace Insert	4.40	Firewood (Per Cord)	126.75
Lawn Mower	3.80		
Hot Tub	33.30	<u>ELECTRIC CREDITS</u>	
		Well pump (0-1 Bedroom)	1.15
Community Laundry		Well pump (2 Bedrooms)	1.80
(Non-Coin Operated)		Well pump (3 Bedrooms)	2.60
Washer Only	1.90	Well pump (4+ Bedrooms)	3.50
Dryer Only	1.60		
Washer and Dryer	3.50	Sewer Lift Pump (0-1 Bedroom)	1.15
		Sewer Lift Pump (2 Bedrooms)	1.15
		Sewer Lift Pump (3 Bedrooms)	1.35
		Sewer Lift Pump (4+ Bedrooms)	1.80
ISOLATION ADJUSTMENT FACTOR	2.80	Base Radio	1.15
		Remote Control Relay	1.15
		Sump Pump	1.15
		Radon Mitigation Fan	10.35

\* If the Government provides one range and refrigerator, no additions or deductions are made.

If the Government does not provide a range or a refrigerator, deduct the amount shown above.

If the Government provides 2 or more ranges or refrigerators, add the amounts shown above for each appliance furnished in excess of one range and one refrigerator.

## VII. ADMINISTRATIVE ADJUSTMENTS

Once the MBRR is established, certain adjustments (e.g. for isolation and amenity deficiencies) are authorized by OMB Circular No. A-45. These administrative adjustments are established by OMB and are not derived from regional surveys conducted by the QMIS Program Office.

The administrative adjustments contained in OMB Circular A-45, and described below, are not authorized for dormitories, bunkhouses, or transient quarters. This is because the rental rates for those housing classes are administratively established, through extensions of the principle of comparability, and are not based directly upon market comparability.

### A. SITE AMENITY ADJUSTMENTS

Living conditions at some Government housing sites are not always the same as those found in the survey communities. In the communities surveyed, the amenities discussed below (and in OMB Circular A-45) are generally present and their contributory value is included in the contract rent and in the quarters MBRR's determined from the tables in this report. Thus, if any amenity listed below is present at the quarters site, no positive adjustment is made for that amenity because its presence has already accounted for in the MBRR. However, the lack of an amenity discussed below represents a less desirable condition that should be reflected as a **negative** percentage adjustment to the quarters MBRR or CPI-adjusted MBRR (CPI-MBRR), whichever is applicable.

1. **Reliability and adequacy of water supply.** The water delivery system at the quarters site should provide potable water (free of significant discoloration or odor) at adequate pressure at usual outlets. If the water delivery system at the quarters site does not meet these conditions, 3 percent should be deducted from the MBRR or CPI-MBRR, whichever is applicable.

2. **Reliability and adequacy of electric service.** Electric service at the quarters site must equal or exceed a 100-ampere power system, and should provide 24-hour service under **normal** conditions. When evaluating the electric service, housing managers are reminded that OMB Circular A-45 recognizes that occasional temporary power outages are considered to be "**normal**" conditions. Furthermore, if an adequate back-up generator is available, then the electric service amenity will be considered to be reliable and adequate regardless of the reliability of the primary power source. When electric service is inadequate and unreliable, 3 percent should be deducted from the MBRR or CPI-MBRR whichever is applicable.

3. **Reliability and adequacy of fuel for heating, cooling and cooking.** There should be sufficient fuel storage capacity to meet prevailing weather conditions and needs. Where electricity is used as the heating, cooling or cooking "fuel," an adjustment can only be made when a deduction has been made for deficient electric service (see paragraph VII.A.2, above). If the fuel delivery/storage system is inadequate, 3 percent should be deducted from the MBRR or the CPI-MBRR, whichever is applicable.

4. **Reliability and adequacy of police protection.** Law enforcement personnel, including Government employees with law enforcement authority, should be available on a 24-hour basis. OMB Circular A-45 defines "**availability**" as the ability of law enforcement officers to respond to emergencies at

the quarters site as quickly as a law enforcement officer in the nearest established community could respond to an emergency in the nearest established community.

OMB Circular A-45 further provides that where part-time officers serve the quarters site, the fact that the officers are part-time does not necessarily mean that they are less available than officers in the nearest established community. The important point is that the availability determination must be based on comparative response times (quarters site vs. the nearest established community) - not the employment conditions of the officers serving the quarters site.

Finally, OMB Circular A-45 provides that gaps in availability due to temporary illness or injury, use of annual leave, temporary duties, training, or other short absences, do not render law enforcement personnel "unavailable" at the quarters site.

If, after applying these guidelines, it is determined that the law enforcement protection at the quarters site is unreliable and inadequate in comparison to the reliability and adequacy of law enforcement protection in the nearest established community, 3 percent should be deducted from the MBRR or CPI-MBRR, whichever is applicable.

5. **Fire insurance availability or reliability and adequacy of fire protection.** Fire insurance should be available (for the quarters) with the premium charge based upon a rating equal to the rating available to comparable housing located in the nearest established community. Alternatively, adequate equipment, an adequate supply of water (or fire retardant chemical), and trained personnel should be available on a 24-hour basis to meet foreseeable emergencies. OMB Circular A-45 provides that **if either element is present (adequate insurance or an adequate fire fighting capability), no adjustment is authorized.** If both elements are missing, 3 percent should be deducted from the MBRR or CPI-MBRR, whichever is applicable.

6. **Reliability and adequacy of sanitation service.** An adequately functioning sewage disposal system and a solid waste disposal system should be available. OMB Circular A-45 considers septic, cesspool or other systems adequate even though they may require periodic maintenance, as long as they are usable during periods of occupancy. If the sanitation service at the quarters site is unreliable or inadequate, 3 percent should be deducted from the MBRR or CPI-MBRR, whichever is applicable.

7. **Reliability and adequacy of telephone service.** Access to commercial telephone facilities should be available on a 24-hour basis. Deductions (except as provided below) are not allowed for occasional temporary interruptions of telephone service. OMB Circular A-45 allows specific deductions for various levels of service and privacy. These are explained below.

a. The MBRR or CPI-MBRR (whichever is applicable) should be reduced by 3 percent if telephone service is not available within the quarters or within 100 yards of the quarters.

b. The MBRR or CPI-MBRR (whichever is applicable) should be reduced by 2 percent if there is no telephone service within the quarters, but telephone service (either private or party line) is available within 100 yards of the quarters.

c. The MBRR or CPI-MBRR (whichever is applicable) should be reduced by 1 percent if telephone service is available in the employee's quarters, but the service is not private line service and/or the service is not accessible on a 24-hour per day basis.

8. **Noise and odors.** If there are frequent disturbing or offensive noises and/or odors at the quarters site, 3 percent should be deducted from the MBRR or CPI-MBRR, whichever is applicable.

9. **Miscellaneous improvements.** One or more of the following improvements should be available at the quarters site: paved roads/streets, sidewalks or street lights. If any one of these improvements is present, no deduction is authorized. If all three of these improvements are missing (i.e., there are no paved roads/streets **and** there are no sidewalks, **and** there are no street lights), 1 percent should be deducted from the MBRR or CPI-MBRR, whichever is applicable.

## B. ISOLATION ADJUSTMENT

In some cases, Government quarters are located far from the nearest established community (see paragraph IX.C for the OMB's definition of "established community"). In addition, different modes of transportation (travel categories) may serve to further isolate the quarters from the nearest established community. In situations where the quarters location and the travel categories meet the requirements contained in OMB Circular A-45, an isolation adjustment should be applied. To determine whether an isolation adjustment applies, and the amount of the adjustment (if one does apply), you should follow the steps in the Isolation Adjustment Computation Schedule, shown on the following page. This schedule is a (modified) reproduction of the appendix to OMB Circular A-45, and is included in this report for illustrative purposes, only. Therefore, you should use the form prescribed by your agency or bureau when documenting the isolation adjustment.

### Isolation Adjustment Computation

*Step 1.* Determine the one-way distance in miles (from the quarters to the nearest established community) for each category of transportation listed in Figure 1. Enter mileage(s) in the appropriated block(s) under Column B.

*Step 2.* Multiply mileage figures entered in Column B by point values listed in Column A for each affected category of transportation to produce one-way points for each category. Add 29 points to the category 4 subtotal and 27 points to the category 5 subtotal to reflect relative differences in cost or time by use of these modes of travel.

*Step 3.* Add all categories of one-way points in Column C to produce one-way points. (The total must exceed 30 points or there is no adjustment for isolation.)

<u>Category of Travel</u>	Column A Point <u>Value</u>	Figure 1	Column B One-way <u>Miles</u>	Column C One-way <u>Points</u>
(1) Paved road or rail	1.0	X	=	
(2) Unpaved but improved road	1.5	X	=	
(3) Unimproved road	2.0	X	=	
(4) Water, snowmobile, pack animal, foot or other special purpose conveyance	2.5	X	=	___+29
(5) Air	4.0	X	=	___+27
			=	
TOTAL ONE-WAY POINTS				

*Step 4.* Calculate the Isolation Adjustment Factor (IAF) using the following OMB formula: Multiply 2 (to reflect round-trip points) by 4 (to reflect number of trips per month) and then multiply by \$x.xx (GSA's current automobile allowance as of the last day of September of each year). For example, the GSA mileage allowance, as of September 30, 2001, was \$0.345 per mile, resulting in a IAF of 2.80.

ISOLATION ADJUSTMENT FACTOR = 2.80

*Step 5.* Multiply total adjusted points by the Isolation Adjustment Factor to produce the monthly adjustment for isolation (rounded to the nearest whole dollar).

MONTHLY ADJUSTMENT =

### C. LOSS OF PRIVACY

Some quarters occupants are subject to a loss of privacy during non-duty hours by virtue of **public visits which occur several times daily**. In other cases, quarters occupants may be **inhibited from enjoying the full range of activities normally associated with living in private rental housing** (such as where restrictions are imposed on activities in quarters at national cemeteries, or where quarters are in view of prison inmates). In such cases, OMB Circular A-45 allows a deduction from the MBRR or CPI-MBRR (whichever is applicable) of up to 10 percent. OMB Circular A-45 instructs housing managers to establish proportional adjustments to reflect situations of less frequency or seriousness in their impact upon privacy or usage, or to reflect seasonal variations.

### D. EXCESSIVE OR INADEQUATE SIZE

Quarters occupants are sometimes provided dwellings that are excessively large or small for their needs. This may be because the range and variety of quarters available at an installation may be much less than that which is available in private rental markets. In such cases, OMB Circular A-45 allows a deduction from the MBRR or the CPI-MBRR (whichever is applicable) of up to 10 percent. The Circular instructs that the deduction should be in direct proportion to the degree of excess or inadequacy, and that the deduction must not continue beyond one month after suitable quarters are made available. Before this adjustment is applied, local housing managers should consult with managers within their agencies or bureaus to determine whether other alternatives (such as closing off rooms and other excess space) would offer a more suitable means of adjustment.

### E. LIMITATIONS TO ADMINISTRATIVE ADJUSTMENTS

Administrative adjustments cannot be applied without limit. OMB Circular A-45 provides that the MBRR or CPI-MBRR cannot be reduced by more than 50 percent unless an isolation is authorized and applied. For quarters which receive an isolation adjustment, the MBRR or CPI-MBRR may not be reduced by more than 60 percent. These limitations do not apply to excessive heating or cooling adjustments, which are described in paragraph IX.A of this report.

## VIII. CONSUMER PRICE INDEX ADJUSTMENTS

OMB Circular A-45 requires annual verification, and adjustment (when necessary) of the following rental components that are presented in this report: (1) the Monthly Base Rental Rates (MBRR's); (2) the charges for related facilities (utilities, appliances, furnishings and services); and (3) the Isolation Adjustment Factor (IAF). These verifications and adjustments are to be made, essentially, in each interim year between baseline regional surveys.

Generally, OMB Circular A-45 specifies that these changes are to be based upon September index levels of specified components of the Consumer Price Index (CPI); and the GSA temporary duty mileage allowance in effect as of September 30, of each year. These changes must be implemented at the beginning of the first pay period in March of each following year.

The QMIS Program Office is responsible for determining the amounts of these changes, and for providing QMIS Program participants with the information, the software and the instructions needed to implement the required changes. This information is usually distributed to each National Quarters Officer in November of each year. National, regional or installation quarters managers (as required by your agency or bureau) are responsible for implementing these annual rental adjustments.

## IX. OTHER OMB CIRCULAR A-45 RENT CONSIDERATIONS

### A. EXCESSIVE HEATING OR COOLING COSTS

OMB Circular A-45 authorizes a deduction from the Monthly Base Rental Rate (MBRR) or the Consumer Price Index - adjusted Monthly Base Rental Rate (CPI-MBRR), whichever is applicable, when quarters are unusually costly to heat or cool. This adjustment is allowed only when (1) the excessive heating or cooling costs are due to the poor design of the quarters or the lack of adequate insulation/weather-proofing; and (2) when the energy/fuel used for heating and/or cooling is metered. This adjustment will vary from quarters-to-quarters, but is the difference between the actual heating and/or cooling costs paid by the quarters occupant and 125 percent of the cost of heating and/or cooling a comparable (but adequately constructed and insulated) dwelling located in the same climate zone. For more information on this adjustment, you should consult your agency or bureau policies.

### B. INCREMENTAL ADJUSTMENTS

New baseline regional surveys or annual CPI adjustments may occasionally increase quarters rents by more than 25 percent. When this occurs, OMB Circular A-45 allows housing managers to impose the increase incrementally over a period of not more than one year. The Circular also requires that such increases must be applied in equal increments on at least a quarterly basis.

### C. ESTABLISHED COMMUNITY

OMB Circular A-45 has established the following minimum standards for use in determining which population centers (cities, towns, etc.) may be used as "established communities" when determining quarters rents.

1. An established community must have a year-round population of 1,500 or more (5,000 or more in Alaska). The population determinations must be based upon the most recently conducted decennial census.
2. An established community must have at least one doctor and one dentist, who are available to all quarters occupants on a non-emergency basis.
3. An established community must have a private rental market with housing available to the general public. This requirement excludes communities on military posts, Indian reservations and other Government installations which may meet the other criteria contained in paragraphs IX.C.1 and 2, above.