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# REGIONAL RENTAL SURVEY

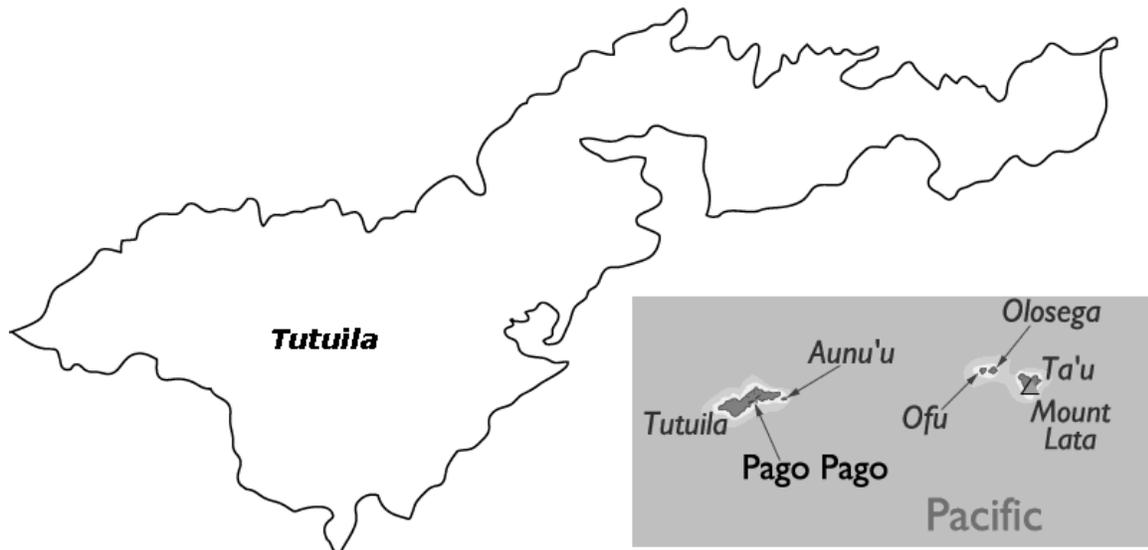


COVERING GOVERNMENT-FURNISHED HOUSING LOCATED IN THE

## AMERICAN SAMOA SURVEY REGION

(AMERICAN SAMOA SURVEY DATE: JULY 2008)

(EFFECTIVE DATE: MARCH 1, 2009)



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## I. SURVEY BACKGROUND

The Quarters Management Information System (QMIS) Office coordinated a contractor-conducted field survey of the private rental housing market in American Samoa from June 2008 through July 2008. This survey was undertaken for the National Oceanic and Atmospheric Administration, as specified in the Office of Management and Budget (OMB) Circular A-45, *Rental and Construction of Government Quarters* (revised October 1993.) OMB Circular A-45 requires reconfirmation of the market-based rental rates at least once every five years, or sooner, if conditions warrant. The last field survey of the American Samoa region was conducted in December 2002.

One unusual aspect of the Samoan rental market is the relationship between the Starkist Tuna Company and the Ottoville Development Corporation. Starkist Tuna has entered into special contractual arrangements with the locally owned Ottoville Development Corporation to build employee housing. Thus, the rents set by these agreements are not “arms length” transactions. OMB Circular A-45 distinguishes comparable housing from housing rented “...for which other considerations may have influenced the rental rates.” Therefore, rentals owned by the Ottoville Development Corporation and rented by Starkist employees were excluded from consideration. The gathering of American Samoa comparables, and the collection and analysis of rental housing data, were accomplished employing methods similar to previous surveys. Automated and manual analytical procedures were used to establish base rental rates for houses, including plexes.

The objective of regional surveys, as set forth in OMB Circular 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 that reflects the typical rate for that type of housing in the survey area. Regression analysis allows the QMIS 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.

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

The resulting rental rates, when derived from carefully applied automated statistical analysis, provide a logical and equitable base rental rate structure reflective of the market rental rate pattern of the region and the community.

## II. INVENTORY OF GOVERNMENT-FURNISHED HOUSING

This survey was initiated with an inventory of government-furnished housing managed by the National Oceanic and Atmospheric Administration (NOAA.)

NOAA is using the QMIS software to manage their housing inventory and calculate rents. The QMIS Office in Denver developed this software. QMIS allows an installation or region to maintain its own housing inventory. Rents can be calculated in just minutes, even for hundreds of units. 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 results of this survey and the updated Consumer Price Index (CPI) is distributed from Denver in January each year. If you do not receive new CPI software, or do not receive procedures for downloading the software by January each year, please contact the QMIS Office (Help Desk at 303-969-5696 or Rental Program Manager at 303-969-5050). This is important because, by regulation, new rents (based on the survey and CPI) must be implemented in early March, and tenants must be notified in writing 30 days prior, by early February.

It is also important that all agencies and bureaus submit a copy of their updated housing inventories to the QMIS Office by May 15 of each 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 in this region was initiated with a review of the nearest established communities identified in the government housing inventory. 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 government-furnished housing base rents. A complete discussion of this process is contained in Section IV of this report.

There was only one community surveyed for the American Samoa region – Pago Pago. The total population of American Samoa was 57,291 during the 2000 U.S. Census. In accordance with OMB Circular A-45, communities with 2000 census populations below 1,500 are not surveyed or analyzed.

**TABLE 1      COMMUNITIES SURVEYED**

<u>STATE AND COMMUNITY</u>	<u>2000 CENSUS POPULATION</u>
AMERICAN SAMOA	
Pago Pago, Tutuila Island	4,278

**B. DETERMINATION OF THE HOUSING CLASSES TO BE SURVEYED**

In order to determine which housing classes to survey, the inventory of the NOAA housing in American Samoa was separated into housing classes shown in Table 2, below. Analysis of the government-owned housing data revealed the following information by rent class:

**TABLE 2 GOVERNMENT-FURNISHED HOUSING (BY RENT CLASS)  
IN THE AMERICAN SAMOA REGION**

<u>Rent Class</u>	<u># of Units</u>	<u>Avg. Age</u>	<u>Age Range</u>	<u>Avg. Sq. Ft.</u>	<u>Sq. Ft. Range</u>
<b>Houses</b>					
4+ Bedrooms	0	-	-	-	-
3 Bedrooms	2	36	23 to 48	1,436	1,271 to 1,600
2 Bedrooms	0	-	-	-	-
1 Bedroom	0	-	-	-	-
<b>TOTALS</b>	<b>2</b>	<b>36</b>	<b>23 to 48</b>	<b>1,436</b>	<b>1,271 to 1,600</b>

**NOTE:** The above data was extracted from the latest consolidated database stored by the QMIS Office. Since the program is decentralized, the consolidated database is based on what has been sent to our office by NOAA. The numbers above may not accurately reflect the actual number of units for this survey region.

One housing class (houses/plexes) was 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 this housing class in the community surveyed varied depending upon the number of nearby Government quarters of that class. The government inventory data was used to create a “Sample Plan” to guide the contractor in the conduct of the survey.

**C. UTILITY CHARGES SURVEY**

The contractor was instructed to collect local market rate information for electricity, water, sewer, and garbage/refuse collection. Methods to estimate energy consumption for cooling and household appliances are not included in this Survey Report because tenants in American Samoa are responsible for their own utility costs; the government is not providing utilities.

#### D. CONTRACTOR SELECTION

The National Business Center provided procurement support and project coordination for this Private Rental Survey. Reimbursement for survey expenses was underwritten by the National Oceanic and Atmospheric Administration.

The private rental survey was completed by Delta-21 Resources Inc. of Knoxville, Tennessee, during the months of June 2008 through July 2008. A total of 23 private rental housing comparables were sampled. In addition, electrical and water utility charges were collected in Pago Pago. The private rental housing costs that were obtained reflected rental rates at that time.

## IV. REGIONAL SURVEY PRINCIPLES AND PROCEDURES

### A. SURVEY PRINCIPLES

The purpose of a regional survey is to determine and establish reasonable housing unit rents through an analysis of the market rents of comparable private housing in communities nearest to the 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 housing is 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.
4. 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 Monthly Base Rental Rates (MBRR) for housing that is relatively consistent with the local market rents for similar housing, internally consistent and logical from one unit to another, and represent a 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 rental rates. These include accuracy, consistency, fairness, cost effectiveness/economy, and the provision in OMB Circular A-45 that regional rental surveys are the preferred method.

Prior to the use of the regional survey method, Monthly Base Rental Rates (MBRRs) were reset every five years by individually appraising each government unit. The appraisal process normally relied upon the use of a small number (2-4) of comparables for each subject 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 housing units. 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 by separate sets of comparables and adjustments sometimes arrived 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 statistically analyzed to determine those factors that are significant in explaining variations in the adjusted rent of each class of housing 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, but each is primarily based on square feet, bedrooms, bathrooms, amenities, and community market variances.

The rental rates are based upon an analysis of both 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 housing 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 database 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 the rent/predicted rent ratio of each private rental sample by community. 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, 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, 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 (MBRRs) for individual government-furnished housing.

**Step 7.** (Predicted Rent Tables). The coefficients of each satisfactory regression run are put into a computer program which produces a table of predicted MBRRs. 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 re-run, 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 to produce Monthly Base Rental Rates (MBRRs) and final Net Rents for most units, housing managers should understand the methodology used to determine rental rates. Therefore, a set of charts has been prepared to allow the manual computation of the MBRRs for each class of rental housing. The charts have been constructed as size/age tables for the three major categories of housing (houses, apartments and mobile homes). By knowing the gross square feet of the livable area (size), the age, and the housing class of a building being used, 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 unit.

**The value of one refrigerator and one stove is included in the rents listed in Tables 3A, 3B, 3C and 3D.** Therefore, if the government does not provide a refrigerator or a range in the unit, 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 4 of this report, however, these values are adjusted annually to reflect changes in the Consumer Price Index (CPI), following the issuance of this report.

In selecting the appropriate rent table, it is important to remember that the **design of the housing unit, 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 dormitory/bunkhouse. Where 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 dormitory/bunkhouse 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 dormitory/bunkhouse, 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 rental charges for houses, apartments, mobile homes and cabins/lookouts 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 four rental rate charts for single-family housing: one for 4 bedroom houses, one for 3 bedroom houses, one for 2 bedroom houses, and one for 1 bedroom houses.

The use of the charts is fairly simple. First, find the chart for the rental class category of the government quarter. Next, round the finished square footage **down** to the nearest hundreds of square feet. Thus, if a unit has 980 square feet, the row labeled “900 Sq Ft” would be used. Then the age should be rounded **up** to the nearest age increment. (Always round to benefit the tenant.) If the dwelling at issue was built in 1984, its age would be computed as 2008 (the current year) minus 1984 (the year built). Thus, in this instance, the unit is  $2008 - 1984 = 24$  years old; and the column headed by “25 Yrs Old” should then be followed down to the “900 Sq Ft” row to obtain the size/age adjusted rent.

The rent charts also have rental 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 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 the Department of the Interior Form DI 1880, “Rent Computation Schedule,” for guidance. (Manual rent calculations **also require information from the most recent Consumer Price Index (CPI) Memo** published by the QMIS Office. See <http://www.nbc.gov/supportservices/cpi.html>.)

Where a dwelling is larger than the highest square footage in the chart pertinent to that unit, use the size/age rent and adjustments from the bottom (largest “Sq Ft”) row. Rent is “capped” at the largest “Sq Ft” indicated on each chart. 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 is calculated as if the unit had 4 bedrooms. In addition, a “cap” of 3 bathrooms applies.

To assist in the calculation of housing MBRRs, an example is provided in the following pages. While the rates appearing in the following tables should allow users to establish MBRRs for essentially any property, not all situations and conditions can be anticipated. Therefore, housing managers should use professional discretion to set rates for truly unusual situations. In cases where housing managers must use some other method to establish rates, please contact the National Business Center QMIS Office, at **303-969-5696 or 303-969-5050**, or fax 303-969-6634. You should explain the conditions, the rate used, and the reasoning so that the QMIS Office may anticipate such circumstances in the future. Please retain the documentation for such actions in your housing management 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 unit. The charts for houses are in Tables 3a through 3d.

For example, assume a 3-bedroom, 1½-bath house, that was built in 1974, and which has a 2-car garage, a central refrigerated air conditioning system, and 1,276 gross square feet of living space. The house, located near Pago Pago, American Samoa, is “fair” in both exterior and interior condition.

First, the chart for 3-bedroom houses (Table 3b) 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” condition, or less than or more than one bathroom, then the computations must be changed as discussed below. In the first step, Table 3b 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 sq. ft.) Under the column headed “**Sq Ft**,” 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  $2008 - 1974 = 34$  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 “Chart Rent” of \$856.

The first adjustment is the extra bathroom charge. Follow the column headed “**Per Extra Bath**” across the 1,200 Sq Ft row to find a charge of \$91 for a full extra bathroom. As the house in this example has only ½ of an extra bathroom, the adjustment is  $\$91 \times .5$  (½ extra bathroom) = \$46. Add \$46 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\***” across the 1,200 Sq Ft row. The amount reflects a deduction of -\$15 for a house with a fair exterior **and** a deduction of -\$15 for a house with a fair interior. Since both the exterior and interior are in fair condition, the total adjustment is -\$30.

The fourth adjustment is for the central refrigerated air conditioning system. Follow the column headed “**Air Cond**” across the 1,200 Sq Ft row. The amount reflects an addition of \$40 for central air conditioning.

The fifth adjustment is for a two-car garage. Follow the column headed “**Garage (Per Car)**” across the 1,200 Sq Ft row. \$20 should be charged for each car the garage is designed to accommodate. Since the house in this example has a 2-car garage, multiply the amount shown for one car (\$20) times 2 to reflect the value of a 2-car garage ( $2 \times \$20 = \$40$ ). Add \$40 to the rent.

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

Chart Rent (1,200 Sq Ft/35 Yrs Old) .....	\$856.00
Extra Bath Adjustment (.5 X \$91).....	+ 46.00
Fair Exterior Condition Adjustment.....	- 15.00
Fair Interior Condition Adjustment.....	- 15.00
Central Air Conditioning Adjustment.....	+ 40.00
Garage Adjustment (2 Car X \$20).....	+ <u>40.00</u>
Monthly Base Rent (Rounded to nearest \$1) .....	\$952.00

The last step is to round 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.

**TABLE 3A MONTHLY BASE RENT CHART - GOOD CONDITION, 4 BEDROOM, 1 BATH HOUSES  
AMERICAN SAMOA REGION**

Sq Ft	5 yrs old	15 yrs old	25 yrs old	35 yrs old	45 yrs old	55 yrs old	75+ yrs old	Per Extra Bath	Excel Interior / Exterior*	Fair Interior / Exterior*	Poor Interior / Exterior*	Air Cond (Refrig)	Garage (Per Car)	Plex
700	\$1,152	\$1,112	\$1,072	\$1,032	\$992	\$952	\$872	+\$53	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
800	\$1,160	\$1,120	\$1,080	\$1,040	\$1,000	\$960	\$880	+\$61	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
900	\$1,167	\$1,127	\$1,087	\$1,047	\$1,007	\$967	\$887	+\$68	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,000	\$1,175	\$1,135	\$1,095	\$1,055	\$1,015	\$975	\$895	+\$76	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,100	\$1,183	\$1,143	\$1,103	\$1,063	\$1,023	\$983	\$903	+\$84	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,200	\$1,190	\$1,150	\$1,110	\$1,070	\$1,030	\$990	\$910	+\$91	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,300	\$1,198	\$1,158	\$1,118	\$1,078	\$1,038	\$998	\$918	+\$99	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,400	\$1,205	\$1,165	\$1,125	\$1,085	\$1,045	\$1,005	\$925	+\$106	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,500	\$1,213	\$1,173	\$1,133	\$1,093	\$1,053	\$1,013	\$933	+\$114	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,600	\$1,221	\$1,181	\$1,141	\$1,101	\$1,061	\$1,021	\$941	+\$122	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,700	\$1,228	\$1,188	\$1,148	\$1,108	\$1,068	\$1,028	\$948	+\$129	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,800	\$1,236	\$1,196	\$1,156	\$1,116	\$1,076	\$1,036	\$956	+\$137	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,900	\$1,243	\$1,203	\$1,163	\$1,123	\$1,083	\$1,043	\$963	+\$144	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
2,000	\$1,251	\$1,211	\$1,171	\$1,131	\$1,091	\$1,051	\$971	+\$152	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
2,100	\$1,259	\$1,219	\$1,179	\$1,139	\$1,099	\$1,059	\$979	+\$160	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
2,200	\$1,266	\$1,226	\$1,186	\$1,146	\$1,106	\$1,066	\$986	+\$167	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
2,300	\$1,274	\$1,234	\$1,194	\$1,154	\$1,114	\$1,074	\$994	+\$175	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50

**Additional Adjustments:**

Carport (Any Size)	+\$10	Central Evaporative Air:	+\$20
Fireplace	+\$0		

\*If both the Exterior and Interior are in this condition, apply this factor twice.

Regardless of adjustments, the minimum base rent is \$280 per month.

The appropriate CPI factor should be applied after completing the above adjustments. See <http://www.nbc.gov/supportservices/cpi.html>.

**TABLE 3B MONTHLY BASE RENT CHART - GOOD CONDITION, 3 BEDROOM, 1 BATH HOUSES**  
AMERICAN SAMOA REGION

Sq Ft	5 yrs old	15 yrs old	25 yrs old	35 yrs old	45 yrs old	55 yrs old	75+ yrs old	Per Extra Bath	Excel Interior / Exterior*	Fair Interior / Exterior*	Poor Interior / Exterior*	Air Cond (Refrig)	Garage (Per Car)	Plex
500	\$923	\$883	\$843	\$803	\$763	\$723	\$643	+\$38	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
600	\$931	\$891	\$851	\$811	\$771	\$731	\$651	+\$46	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
700	\$938	\$898	\$858	\$818	\$778	\$738	\$658	+\$53	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
800	\$946	\$906	\$866	\$826	\$786	\$746	\$666	+\$61	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
900	\$953	\$913	\$873	\$833	\$793	\$753	\$673	+\$68	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,000	\$961	\$921	\$881	\$841	\$801	\$761	\$681	+\$76	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,100	\$969	\$929	\$889	\$849	\$809	\$769	\$689	+\$84	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,200	\$976	\$936	\$896	\$856	\$816	\$776	\$696	+\$91	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,300	\$984	\$944	\$904	\$864	\$824	\$784	\$704	+\$99	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,400	\$991	\$951	\$911	\$871	\$831	\$791	\$711	+\$106	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,500	\$999	\$959	\$919	\$879	\$839	\$799	\$719	+\$114	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,600	\$1,007	\$967	\$927	\$887	\$847	\$807	\$727	+\$122	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,700	\$1,014	\$974	\$934	\$894	\$854	\$814	\$734	+\$129	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,800	\$1,022	\$982	\$942	\$902	\$862	\$822	\$742	+\$137	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,900	\$1,029	\$989	\$949	\$909	\$869	\$829	\$749	+\$144	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
2,000	\$1,037	\$997	\$957	\$917	\$877	\$837	\$757	+\$152	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
2,100	\$1,045	\$1,005	\$965	\$925	\$885	\$845	\$765	+\$160	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50

**Additional Adjustments:**

Carport (Any Size)	+\$10	Central Evaporative Air:	+\$20
Fireplace	+\$0		

\*If both the Exterior and Interior are in this condition, apply this factor twice.

Regardless of adjustments, the minimum base rent is \$280 per month.

The appropriate CPI factor should be applied after completing the above adjustments. See <http://www.nbc.gov/supportservices/cpi.html>.

**TABLE 3C MONTHLY BASE RENT CHART - GOOD CONDITION, 2 BEDROOM, 1 BATH HOUSES**  
AMERICAN SAMOA REGION

Sq Ft	5 yrs old	15 yrs old	25 yrs old	35 yrs old	45 yrs old	55 yrs old	75+ yrs old	Per Extra Bath	Excel Interior / Exterior*	Fair Interior / Exterior*	Poor Interior / Exterior*	Air Cond (Refrig)	Garage (Per Car)	Plex
300	\$694	\$654	\$614	\$574	\$534	\$494	\$414	+\$23	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
400	\$701	\$661	\$621	\$581	\$541	\$501	\$421	+\$30	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
500	\$709	\$669	\$629	\$589	\$549	\$509	\$429	+\$38	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
600	\$717	\$677	\$637	\$597	\$557	\$517	\$437	+\$46	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
700	\$724	\$684	\$644	\$604	\$564	\$524	\$444	+\$53	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
800	\$732	\$692	\$652	\$612	\$572	\$532	\$452	+\$61	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
900	\$739	\$699	\$659	\$619	\$579	\$539	\$459	+\$68	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,000	\$747	\$707	\$667	\$627	\$587	\$547	\$467	+\$76	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,100	\$755	\$715	\$675	\$635	\$595	\$555	\$475	+\$84	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,200	\$762	\$722	\$682	\$642	\$602	\$562	\$482	+\$91	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,300	\$770	\$730	\$690	\$650	\$610	\$570	\$490	+\$99	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,400	\$777	\$737	\$697	\$657	\$617	\$577	\$497	+\$106	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,500	\$785	\$745	\$705	\$665	\$625	\$585	\$505	+\$114	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,600	\$793	\$753	\$713	\$673	\$633	\$593	\$513	+\$122	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,700	\$800	\$760	\$720	\$680	\$640	\$600	\$520	+\$129	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,800	\$808	\$768	\$728	\$688	\$648	\$608	\$528	+\$137	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,900	\$815	\$775	\$735	\$695	\$655	\$615	\$535	+\$144	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50

**Additional Adjustments:**

Carport (Any Size)	+\$10	Central Evaporative Air:	+\$20
Fireplace	+\$0		

\*If both the Exterior and Interior are in this condition, apply this factor twice.

Regardless of adjustments, the minimum base rent is \$280 per month.

The appropriate CPI factor should be applied after completing the above adjustments. See <http://www.nbc.gov/supportservices/cpi.html>.

**TABLE 3D MONTHLY BASE RENT CHART - GOOD CONDITION, 1 BEDROOM, 1 BATH HOUSES**  
**AMERICAN SAMOA REGION**

Sq Ft	5 yrs old	15 yrs old	25 yrs old	35 yrs old	45 yrs old	55 yrs old	75+ yrs old	Per Extra Bath	Excel Interior / Exterior*	Fair Interior / Exterior*	Poor Interior / Exterior*	Air Cond (Refrig)	Garage (Per Car)	Plex
100	\$465	\$425	\$385	\$345	\$305	\$265	\$185	+\$8	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
200	\$472	\$432	\$392	\$352	\$312	\$272	\$192	+\$15	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
300	\$480	\$440	\$400	\$360	\$320	\$280	\$200	+\$23	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
400	\$487	\$447	\$407	\$367	\$327	\$287	\$207	+\$30	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
500	\$495	\$455	\$415	\$375	\$335	\$295	\$215	+\$38	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
600	\$503	\$463	\$423	\$383	\$343	\$303	\$223	+\$46	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
700	\$510	\$470	\$430	\$390	\$350	\$310	\$230	+\$53	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
800	\$518	\$478	\$438	\$398	\$358	\$318	\$238	+\$61	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
900	\$525	\$485	\$445	\$405	\$365	\$325	\$245	+\$68	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,000	\$533	\$493	\$453	\$413	\$373	\$333	\$253	+\$76	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,100	\$541	\$501	\$461	\$421	\$381	\$341	\$261	+\$84	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,200	\$548	\$508	\$468	\$428	\$388	\$348	\$268	+\$91	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,300	\$556	\$516	\$476	\$436	\$396	\$356	\$276	+\$99	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,400	\$563	\$523	\$483	\$443	\$403	\$363	\$283	+\$106	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50
1,500	\$571	\$531	\$491	\$451	\$411	\$371	\$291	+\$114	+\$20	-\$15	-\$20	+\$40	+\$20	-\$50

**Additional Adjustments:**

Carport (Any Size)	+\$10	Central Evaporative Air:	+\$20
Fireplace	+\$0		

\*If both the Exterior and Interior are in this condition, apply this factor twice.

Regardless of adjustments, the minimum base rent is \$280 per month.

The appropriate CPI factor should be applied after completing the above adjustments. See <http://www.nbc.gov/supportservices/cpi.html>.

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

### A. ELECTRICITY RATES

OMB Circular A-45 requires that utilities should be provided by a private company and billed directly to housing occupants whenever possible. 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 meters do not exist, 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 electric utility rates contained in this report include all applicable delivery charges, adjustments, taxes and surcharges.

#### **Electricity Rates** AMERICAN SAMOA REGION

KwH Consumed Per Month	Charge per KwH
1 – 500	\$.355
501 – 1,000	\$.352
1,001 – 1,500	\$.351
Over 1,500	\$.351

### B. WATER AND SEWER RATES

In accordance with OMB Circular A-45, 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.

**Water and Sewer Rates**  
AMERICAN SAMOA REGION

<u>Number of Bedrooms</u>	<u>Monthly Charges</u>	<u>Total</u>
1 (or less)	\$14.70 water + \$10.00 sewer	= \$24.70
2	\$20.00 water + \$10.00 sewer	= \$30.00
3	\$26.25 water + \$10.00 sewer	= \$36.25
4	\$33.00 water + \$10.00 sewer	= \$43.00

**C. GARBAGE/TRASH REMOVAL RATES**

In the case of garbage and trash hauling, as with other government-provided services, OMB Circular 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 (region).

The garbage and trash services provided to housing 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 housing type, be **\$3.00 per unit per month** in the American Samoa region.

**D. CHARGES FOR APPLIANCES AND RELATED SERVICES**

OMB Circular A-45 requires agencies to charge occupants of government housing for appliances, furnishings and services that the government provides with the unit. The charges for appliances, furnishings and services most typically provided by federal agencies are found in Table 4. Charges for appliances and services are updated annually for inflation, and published in the Consumer Price Index (CPI) Memo each November. (See <http://www.nbc.gov/supportservices/cpi.html>.)

The monthly recapture cost of the items in Table 4 were determined from information gathered by contractors in the survey communities of all QMIS regions, and from special studies conducted by the QMIS Office.

Agencies providing appliances, furnishings or services that are not included in Table 4 are responsible for establishing an appropriate monthly charge that reflects the private market value of the item(s) provided. In such cases, the agency or bureau should advise the QMIS Office to ensure that subsequent regional survey reports include charges for all government-provided appliances, furnishings and services.

**TABLE 4 MONTHLY CHARGES FOR APPLIANCES & RELATED SERVICES - ALL REGIONS  
(EFFECTIVE MARCH 2, 2008)**

APPLIANCES		SERVICES AND FURNISHINGS	
Range (Gas / Electric) *	(+/-) \$3.80	Storage Shed (Per Unit)	\$2.50
Refrigerator *	(+/-) 3.40	Furniture (Per Room)	10.95
Clothes Washer	4.00	Swimming Pool	
Clothes Dryer	3.30	Private Pool	60.00
Dishwasher	3.25	Community Pool	20.00
Microwave Oven	1.20	Satellite Dish	22.35
Trash Compactor	3.80	Cable Television	28.95
Freezer	1.95	Premium Channel (Each)	19.45
Freezer (Community)	1.05	Maid Service	80.85
Window Air Conditioner		Lawncare (Per Mowing)	
Refrigerated Unit	4.20	Houses (Excluding Plexes)	24.95
Evaporative (Swamp) Unit	3.15	All Other Classes	12.55
Free Standing Stove	3.85	Snow Removal (Per Removal)	14.70
Fireplace Insert	4.55	Firewood (Per Cord)	151.30
Lawn Mower	3.70		
Hot Tub	34.60	<u>ELECTRIC CREDITS</u>	
		Well pump (0-1 Bedroom)	-1.40
Community Laundry		Well pump (2 Bedrooms)	-2.20
(Non-Coin Operated)		Well pump (3 Bedrooms)	-3.20
Washer Only	1.95	Well pump (4+ Bedrooms)	-4.40
Dryer Only	1.65		
Washer and Dryer	3.60	Sewer Lift Pump (0-1 Bedroom)	-1.40
		Sewer Lift Pump (2 Bedrooms)	-1.40
		Sewer Lift Pump (3 Bedrooms)	-1.65
		Sewer Lift Pump (4+ Bedrooms)	-2.20
ISOLATION ADJUSTMENT FACTOR	3.90	Base Radio	-1.40
		Remote Control Relay	-1.40
		Sump Pump	-1.40
		Radon Mitigation Fan	-13.00

*\*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 A-45. These administrative adjustments are established by OMB and are not derived from regional surveys conducted by the QMIS Office.

The administrative adjustments contained in OMB Circular A-45, and described below, are not authorized for dormitories/bunkhouses or transient units. 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 MBRRs determined from the tables in this report. Thus, if any amenity listed below is present at the housing 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 CPI-adjusted MBRR (CPI-MBRR).

1. **Reliability and adequacy of water supply.** The water delivery system at the housing site should provide potable water (free of significant discoloration or odor) and adequate pressure at usual outlets. If the water delivery system at the housing site does not meet these conditions, 3 percent should be deducted from the CPI-MBRR.
2. **Reliability and adequacy of electric service.** Electric service at the housing 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 CPI-MBRR.
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 CPI-MBRR.
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 housing 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 housing 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 (housing site vs. the nearest established community) – not the employment conditions of the officers serving the housing 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 housing site.

If, after applying these guidelines, it is determined that the law enforcement protection at the housing 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 CPI-MBRR.

5. **Fire insurance availability or reliability and adequacy of fire protection.** Fire insurance should be available (for the housing) 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 CPI-MBRR.
6. **Reliability and adequacy of sanitation service.** An adequately functioning sewage disposal system and a solid waste/refuse 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 housing site is unreliable or inadequate, 3 percent should be deducted from the CPI-MBRR.
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 CPI-MBRR should be reduced by 3 percent if telephone service is not available within the unit or within 100 yards of the unit. More specifically, a telephone line is not installed at the unit.
  - b. The CPI-MBRR should be reduced by 2 percent if there is no telephone service available within the unit, but telephone service (either private or party line) is available within 100 yards of the unit.
  - c. The CPI-MBRR should be reduced by 1 percent if telephone service is available in the employee’s unit, but the service is not a private line 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 housing site, 3 percent should be deducted from the CPI-MBRR.

9. **Miscellaneous improvements.** One or more of the following improvements should be available at the housing 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 CPI-MBRR.

## B. ISOLATION ADJUSTMENT

In some cases, government housing is 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 housing site from the nearest established community. In situations where the housing 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 applicable, 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 individual unit 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. (If the total does not exceed 30 points, there is no adjustment for isolation.)

**Figure 1**

<u>Category of Travel</u>	Column A		Column B		Column C
	<u>Point Value</u>		<u>One-way Miles</u>		<u>One-way 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 GSA's current automobile allowance per mile as of the last day of September of each year. For example, the GSA mileage allowance, as of September 30, 2007, was \$0.485 per mile, resulting in an IAF of \$3.90 per point (effective March 2, 2008.) See the CPI Memorandum for the current Isolation Adjustment Factor.

ISOLATION ADJUSTMENT FACTOR = \$3.90 per point

- 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 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, 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 housing at national cemeteries, or where units are in view of prison inmates). In such cases, OMB Circular A-45 allows a deduction from the CPI-MBRR 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

Occupants are sometimes provided dwellings that are excessively large or small for their needs. This may be because the range and variety of units 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 CPI-MBRR 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 housing is 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 CPI-MBRR cannot be reduced by more than 50 percent unless an isolation is authorized and applied. For units which receive an isolation adjustment, the 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 (CPI) 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 (MBRRs); (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 in each interim year between 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 Office is responsible for determining the amounts of these changes, and for providing QMIS Rental Program participants with the information, the software, and the instructions needed to implement the required changes. This information is usually provided to each National Housing Officer in November of each year, and new CPI- and Regional Survey-adjusted rental formulas are distributed with the updated QMIS software in January each year. National, regional or installation housing 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 Consumer Price Index-adjusted Monthly Base Rental Rate (CPI-MBRR) when housing is 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 unit 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 quarter to quarter, but is the difference between the actual heating and/or cooling costs paid by the 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/bureau policies or the QMIS Office.

### B. INCREMENTAL ADJUSTMENTS

New baseline regional surveys or annual CPI adjustments may occasionally increase a unit's rent 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. In effect, 25 percent of the increase is implemented during the first pay period in March; 50 percent of the increase is implemented three months later; 75 percent of the increase is implemented six months later; and 100 percent of the increase is implemented nine months later. Incremental adjustments apply only to existing tenants, and do not apply to non-federal tenants.

### 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 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. See <http://www.census.gov>.
2. An established community must have at least one doctor and one dentist, who are available to all 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 C.2 above.