
TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME IV - REAL PROPERTY MANAGEMENT
PART 36 - QUARTERS MANAGEMENT

CHAPTER 36-2 ESTABLISHMENT AND ADMINISTRATION OF RENTAL RATES

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36-2.1 PURPOSE

This chapter establishes policies and administrative guidance to be used by the Indian Health Service (IHS) in establishing and administering rental rates and other charges for Government rental quarters and related facilities. It also sets forth policies and administrative guidance affecting civilian and commissioned officer personnel, as well as for employees of Government contractors, whether housing is provided on a rental basis or free of charge. This chapter does not deal with determinations of whether construction of housing is appropriate. For this, please see Office of Management and Budget (OMB) Circular No. A-11, Preparation and Submission of Budget Estimates, § 12.5(n).

36-2.2 AUTHORITY

The requirements established in this chapter are based on the authority vested in the President by 5 U.S.C. § 5911(f), and delegated to the Director of the Office of Management and Budget by § 9 of Executive Order 11609 of July 22, 1971; by 31 U.S.C. § 1111; and by § 2(d) of Executive Order 8248 of September 8, 1939 and § 1 of Executive Order 11541 of July 1, 1970.

36-2.3 POLICY

- A. Reliance on Private Housing Market - It is the policy of IHS to rely on the private housing market to provide housing for its employees. If there is no requirement of service or protection or if there is no lack of available housing, as discussed in OMB Circular No. A-11, Preparation and Submission of Budget Estimates, §§ 12.5(n)(2) and (3), IHS will not acquire additional rental quarters.
- B. Determination of Rents - IHS will adhere to the following in determining rental rates for Government rental quarters:
 - (1) Reasonable value to employee - 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." 5 U.S.C. § 5911. As intended by the Congress, reasonable value to the employee or other occupant is determined by the rule of equivalence;

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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; and

- (2) Subsidies, inducements prohibited - Federal employees whose pay and allowances are fixed by statute or regulation may not receive additional pay and allowances for any service or duty unless specifically authorized by law. 5 U.S.C. § 5536. Consequently, rents and other charges may not be set so as to provide a housing subsidy, serve as an inducement in the recruitment or retention of employees, or encourage occupancy of existing Government housing.
- (3) Fairness, consistency - When properly determined in accordance with the provisions of this chapter, rental rates will be fair as between the Government and the employee (or other authorized occupant) and as between employees of different agencies living in the same installation in similar housing, or employees living in Government quarters at different installations. Rents should not be set so as to serve as an inducement to recruit or retain employees. Moreover, rents should reflect a consistent local pattern for all Federal quarters in a given location.

C. Employee responsibilities - Employees have a responsibility to inform themselves of all the conditions that prevail in and near the quarters and duty stations to which they might be assigned before accepting transfer to or employment at such duty stations.

36-2.4 PROCEDURES FOR DETERMINING RENTS & OTHER CHARGES

A. Charges for quarters - The determination of reasonable value of Government rental quarters will be based upon an impartial study of comparable private rental housing. There are two methods that may be employed to determine the base rental rate. The first, an appraisal, involves direct comparison with individual private rental housing units. The second, the regional survey, creates a series of economic models based upon a survey of comparable private rental housing throughout the region. While both methods are accurate, IHS will utilize the survey method, whenever possible, due to the costs and administrative burdens associated with conducting individual appraisals. Both methods are subject to the conditions and limitations set forth below.

- (1) Appraisals
 - a. Urban and suburban locations If Government quarters are located in or within five miles of an established community, in an urban or suburban location, the base rental rate may be determined by either a staff or contract appraiser, applying recognized real estate valuation principles.

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None of the administrative adjustments provided in section 4C will be made for isolation, site amenities, space devoted to official use, or excessive heating or cooling costs when an appraisal is made in an urban or suburban location. These factors, if appropriate, will already have been considered by the appraiser in the appraisal process. Adjustments, suitably documented, may be made when an appraiser has not considered or incorrectly calculated the effect of these factors.

- b. Rural areas - When the appraisal method is used to determine the reasonable value of quarters that are not located in, or within five miles of, an established community, it will be subject to the following limitation: To ensure a uniform approach to valuation when conducting an appraisal in such areas, the staff or contract appraiser will be limited to comparing the Government rental quarters with housing in the nearest established community. (If the nearest established community does not contain sufficient comparables or is unduly affected by severe economic conditions, the appraiser may select comparable rental units from the next closest established community that does have sufficient comparables or does not have a severely deflated or inflated housing market.) Such comparison will be limited to adjustments for the physical differences in the housing. The appraiser in such circumstances will not make adjustments for location (isolation) or for the absence of site amenities. These adjustments, if applicable, will be made administratively in the same manner as authorized for regional surveys in sections 4C(1) and 4C(2).

- (2) Regional surveys - Regional surveys may be used in all locations where Government quarters are located. If the regional survey method is used, the base rental rates will be set by means of a series of economic models that utilize typical rental rates for comparable private rental housing in the established communities nearest to the sites in which the Government quarters are located. (If the nearest established community does not contain sufficient comparables or is unduly affected by severe economic conditions, the survey may utilize comparable rental units from the next closest established community that does have sufficient comparables or does not have a severely deflated or inflated housing market. The actual analysis of rental data for the establishment of base rental rates may be accomplished using appropriate statistical techniques, such as step-wise multiple regression.

To avoid duplication and inconsistent rates, all agencies with quarters in a given location should coordinate its survey plans and conduct a single survey applicable to all. The area selected for survey should be large enough to permit

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an adequate sampling of comparable rental properties in several established communities and may encompass one or more states. Ideally, the survey would establish the rental rates for a large number of Government quarters and thereby reduce the cost per unit surveyed. The methods of analysis must be capable of recognizing both the physical characteristics and the differences in economic conditions, and reflecting such differences in the base rental rates. Private rental housing samples reflecting extremely high or low rental rates should be excluded from the data base subjected to final analysis. Appropriate adjustments may be made to the base rental rates established for quarters in accordance with the provisions of section 4C.

- (3) Headquarters East review - Regardless of the method used, results of surveys and appraisals will be reviewed by Headquarters East prior to implementation to assure that they are fair and reasonable, and that they were developed in accordance with the provisions of this chapter. In those communities where the rental rates are extremely high or low, the rental housing market should be reviewed periodically between surveys to determine whether changes in the private rental housing market warrant revision of the base rental rates for the quarters located near those communities.

B. Charges for related facilities and costs

- (1) Utilities - It is Government policy to minimize energy consumption. Consumption has been found to decrease when occupants of Government rental quarters are required to pay for the actual cost of utilities used (such as electricity, oil, natural gas, propane, coal, telephone, cable television, water and sewer). Utilities should be furnished by a private company and billed directly to the occupant, wherever possible.

When Government furnished utilities are provided, they should be metered or measured, where practicable. The rate for utilities furnished by the Government will be the same as the residential rate for these utilities in the nearest established community (when the appraisal method is used) or survey area (when the survey method is used) used in determining the base rental rate. The consumed amount of Government furnished utilities that are individually metered or measured will be determined by actual readings.

When Government furnished utilities are not individually metered or measured, consumption will be determined on the basis of an analysis of the average amounts of utilities used in comparable private rental housing in the nearest established community (when the appraisal method is used) or survey area (when the survey method is used). (Such estimates are usually available from local utility companies.) Alternatively, consumption may be determined

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using engineering tables (such as design heat loss tables from the American Society of Heating and Refrigeration Engineers) and meteorological records. Normally, utility charges will be clearly shown and separated from rent charges. Utility charges may be combined, however, in one charge for non-housekeeping rooms. Where it is impractical to shut off heat and electricity to unused rooms and the employee is otherwise entitled to the reduction in ¶ 4C(5) for quarters of excessive size, a proportionate reduction in the utility charges based on the area of the unused quarters may be made.

- (2) Furnishings - If there is an inadequate market of comparably furnished housing for purposes of comparison with furnished Government quarters, the rents on otherwise comparable unfurnished private units may be used as the base and adjusted by a reasonable charge for furnishings. This adjustment should be based on actual replacement costs allocated over the useful life of the furnishings.
- (3) Other services - Charges for other services provided by the Government including, but not limited to, laundry, trash and garbage removal, lawn care and snow removal will be based upon prevailing rates for such services in the nearest established community (when the appraisal method is used) or survey area (when the survey method is used).
- (4) Adjustments to obtain base rental rate - Where the rental charge for comparable housing includes the values of utilities, furnishings, or other services, downward adjustments to obtain the base rental rate will be based on the prevailing rates for such utilities, furnishings, and other services in the nearest established community (when the appraisal method is used) or the survey area (when the survey method is used). The value of furnishings and other services may be based upon national average costs where such data are available.
- (5) Excessive heating or cooling costs - A deduction from the rental rate is permissible if quarters require an unreasonable additional expense to the employee for heating or cooling because of poor design, the lack of all-weather construction, or other related factors. The amount of the deduction will be determined as follows: If the rental quarters in question require expenses to the occupant in excess of 25 percent for the heating or cooling season over the average of heating or cooling for comparable housing in the same area and climate zone as determined by a suitable survey or appraisal, the senior realty specialist may determine that the excessive costs (i.e., those in excess of 25 percent over the average) may be deducted from the annual rental rates.

C. Administrative adjustments - Additional adjustments in the form of

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deductions from, the base rental rate are appropriate in the specific situations described below. The total amount deducted for all reasons must not be excessive, resulting in a rental rate to the occupant that is less than the reasonable value of the quarters, since this would constitute a supplementation of salary in contravention of law. The rental rate, after all adjustments, must not be less than 50 percent of the base rental rate, unless an adjustment for isolation has been made. In such instances, the rental rate may be set at not less than 40 percent of the base rental rate.

- (1) Isolated locations - In some cases, the Government supplies quarters in locations where minimal community services are available but only at some distance from the quarters. In addition, travel conditions or mode of transportation may serve further to isolate some employees from minimal community services. In such situations, a reasonable adjustment shall be granted to ameliorate the direct economic effects of the isolation, utilizing the procedure described below and in the appendix.

The nearest established community will be used as the community for calculating the deduction, even though that community may not serve as the location of the comparable private rental housing used in establishing the base rental rates. The mileage used in computing the adjustment will be the shortest route usually traveled from the rental quarters to the center of the nearest established community. If that route is closed seasonally, a weighted average adjustment will be used for the entire year, based upon the number of months each route would ordinarily be used.

The adjustment is designed to recognize different categories of highways and modes of transportation. Because of the range of possible travel conditions and modes of transportation, point values have been assigned to each category of transportation. These point values represent differences in time, cost, or both, associated with each mile of each category of transportation from the quarters to the nearest established community.

The point values are multiplied by the number of one-way miles from the quarters to the nearest established community, to produce one-way points. When travel from the quarters to the nearest established community involves more than one category of transportation, the one-way miles are distributed accordingly. When the category of travel is category 4 or 5 on the Isolation Adjustment Computation form in the appendix, 29 and 27 points are added, respectively, to the product of columns A and B. The one-way points in each category are then added to produce total one-way points, which must exceed 30, or there is no adjustment. Finally, the total adjusted points for all modes of transport are multiplied by an Isolation Adjustment Factor (based on the automobile mileage

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allowance determined by the General Services Administration) to produce the monthly dollar adjustment.

- (2) Site amenities - Living conditions at the locations of some Government housing are not always the same as those found in or immediately adjacent to the survey or appraisal communities. In such communities, the amenities listed below are generally present and their contributory value included in the base rent. The lack of availability of any of these items at the quarters location represents a generally less desirable condition that should be reflected as a negative percentage adjustment to the base rental rate, as shown below.
- a. Reliability and adequacy of water supply - The system should provide potable water (free of significant discoloration or odor) at adequate pressure at usual outlets. (No more than a -3 percent adjustment can be made for this category.)
 - b. Reliability and adequacy of electric service - Service must equal or exceed a 100-ampere power system capable of providing 24-hour service under normal conditions. (Occasional temporary outages are considered normal.) If an adequate backup generator is available, the amenity will be rated as present regardless of the reliability of the primary power source. (No more than a -3 percent adjustment can be made for this category.)
 - c. Reliability and adequacy of fuel for heating, cooling and cooking - There should be sufficient fuel storage capacity to meet prevailing weather conditions and cooking needs. Where electricity is used to heat, cool, or cook, this adjustment is to be made only when the deduction in (b), above, applies. (No more than a -3 percent adjustment can be made for this category.)
 - d. Reliability and adequacy of police protection - Law enforcement personnel, including Government employees with law enforcement authority, should be available on a 24-hour basis. Availability is defined as the ability to respond to emergencies as quickly as any officer in the nearest established community. Part-time officers are not necessarily unable to meet this test of availability. 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 Government quarters. (No more than a -3 percent adjustment can be made for this category.)
 - e. Fire insurance availability or reliability and adequacy of fire protection - Fire insurance should be available with the premium charge based upon a rating equal to

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the rating available to comparable housing located in or adjacent to the nearest established community, or, in the alternative, adequate equipment, adequate water (or fire retardant chemical) supply, and trained personnel should be available on a 24-hour basis to meet foreseeable emergencies. If either element is present, i.e., adequate insurance or an adequate fire fighting capability, no adjustment may be made. (No more than a -3 percent adjustment can be made for this category.)

- f. Reliability and adequacy of sanitation service - An adequately functioning sewage disposal system and a solid waste disposal system, whether community or individually provided, should be available. Individual sewage disposal systems (septic, cesspool, or other) will be considered adequate even though they may require periodic maintenance, as long as they are usable during periods of occupancy. (No more than a -3 percent adjustment can be made for this category.)
 - g. Reliability and adequacy of telephone service - Twenty-four-hour accessibility to commercial telephone facilities should be available. A deduction of 3 percent is authorized if telephone service is unavailable both within the employee's quarters and within 100 yards of the quarters. A deduction of 2 percent is authorized if there is no telephone service within the employee's quarters, but telephone service (either private or party line) is available within 100 yards of the quarters. A deduction of 1 percent is authorized if telephone service is available in the employee's quarters, but is not private line service and/or is not accessible on a 24-hour per day basis.
 - h. Noise and odors - There should be an absence of significant, frequent disturbing noises or offensive odors. (No more than a -3 percent adjustment can be made for this category.)
 - I. Miscellaneous improvements - One or more of the following improvements should be present: paved roads, sidewalks, or street lights. (No more than a -1 percent adjustment can be made for this category.)
- (3) Impositions on privacy or living space - Administrative adjustments in the base rental rate are allowed if the living space or privacy of the occupant is restricted. In each such case, a special determination will be made of the specific conditions making certain that the conditions have not already been reflected in establishing the base rental rate.
- a. Loss of privacy - If occupants are subject to loss of privacy during non-duty hours by virtue of repeated

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public visits (i.e., occurring several times daily) or inhibited from enjoying the full range of activities normally associated with rental occupancies (such as where restrictions are imposed on activities in quarters in or near national cemeteries or where quarters are within view of prison inmates), a deduction not to exceed 10 percent of the base rental rate is allowable. Proportional deductions will be made in situations of less frequency or seriousness in their impact upon privacy or usage or to reflect seasonal variations.

- b. Space devoted to official use - When it is determined that the use of a portion of the quarters is required for official business (i.e., office, storage, etc.), loss of living space should be reflected by an adjustment to the base rental rate, based on the square footage occupied.
- (4) Transient and temporary use of quarters for other than temporary duty assignments and uniformed service members on permanent change of station -
- a. Transient quarters - Charges for quarters occupied on a transient basis, that is, normally for 90 days or less, will be assessed at rates equivalent to private transient housing of comparable type and quality. These rates may be set on a nightly or weekly basis, or both. If comparable private transient housing does not exist in the area, the rental may be established by determining the reasonable monthly rental rate for the quarters through application of the other provisions of this chapter, and adding to the monthly rate an additional charge of at least 20 percent to cover necessary additional administrative and service charges. The total will be divided by 30 days for the nightly rate or 4-1/3 weeks for the weekly rate.
 - b. Temporary quarters - This adjustment will apply when an employee occupies quarters for the convenience of the Government on a temporary basis (normally more than 60 days) and does not receive per diem. Under these circumstances, if the employee maintains two households, IHS is authorized to adjust the rental rate on the quarters unit so that the combined rent or rent and mortgage payment paid during the period of occupancy is not excessively burdensome. The adjustment may not exceed 20 percent of the base rental rate of the quarters unit, unless it is determined that the circumstances fully justify a greater deduction.
- (5) Quarters of excessive or inadequate size or quality - If there is a lack of housing of appropriate size or quality, an employee may be provided Government quarters of a size or

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quality either excessive or inadequate to that which the prudent employee would have selected in the private community. In these exceptional circumstances, the base rental rate will be reduced by up to 10 percent in direct proportion to the degree of the excess or deficiency. This reduction will not continue beyond one month after the availability of either appropriate Government rental quarters or private rental housing, except when it is determined that the reassignment of quarters will not benefit the Government.

- (6) Changes in administrative adjustments - For specific quarter rental rates, implementation of new administrative adjustments, to reflect changes in any of the factors contained in section 4C, should be made as soon as possible after learning of those changes, normally within 30 days.
- D. Cyclical and annual adjustments; newly acquired quarters - Charges for rental quarters and related facilities shall be adjusted periodically in accordance with the following:
- (1) Adjustments based on surveys or appraisals - Base rental rates established for rental quarters shall be affirmed or adjusted by a survey or appraisal of the private rental market, as follows:
 - a. At least every fifth year or when the base rental rate for the quarters has been increased by 40 percent through application of the rent series of the U.S. City Average Revised Consumer Price Index for Urban Wage Earners and Clerical Workers, Rent Series, whichever occurs first, or
 - b. Any year when changes in the private rental market in the nearby established community indicate a need to adjust base rental rates on the basis of a survey or appraisal of the rental market.
 - (2) Adjustments based on changes in the CPI - Annual adjustments in the base rental rate shall be made by applying the percent change in the CPI Rent Series from the month and year that the last regional survey or reappraisal of the private rental market was conducted. The new rates shall be effective at the beginning of the first pay period that starts on or after March 1 of each year. Though effective in March, the adjustment shall be based on the preceding September CPI data to provide the required lead time.
 - (3) Annual adjustments for isolation - The Isolation Adjustment Factor (currently 1.9) will be recomputed each year to reflect the Government mileage allowance for automobiles published by the General Services Administration as of the last day of September each year. The new isolation adjustment factor will be used to compute the monthly isolation adjustment applicable to rents being charged

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starting with the first full pay period in March of each year. This is done to coincide with the implementation of rental rates adjusted by the CPI Rent Series each year, as required in ¶ 7d(2) of OMB Circular A-45.

- (4) Annual adjustments of utilities, furnishings, and services - To ensure that rates for Government furnished utilities, furnishings, and services keep pace with current costs, they shall be adjusted annually. Where appraisals are used, the rate will be the average residential rate for the utility, furnishings, and services in the nearest established community as of the last day of September. Where surveys are used, utility costs will be adjusted by amounts coinciding with the changes in the appropriate components of the September Consumer Price Index for Urban Wage Earners and Clerical Workers: Non-food Expenditure Categories, Seasonally Adjusted, U.S. City Average. The adjusted value of furnishings and other services may be based upon local or national average costs. The new changes will be effective at the beginning of the first pay period that starts on or after March 1 of each year.
- (5) Periodic/cycle year adjustment - The cycle year (and survey or appraisal month within the cycle year) occurs at different times for different employee quarters. Therefore, since annual CPI adjustments effective in March are based on the preceding September CPI data, cycle year adjustments for any particular quarters or facility shall be made as follows:
- a. When the private rental market survey or appraisal is made during the months of September through February, no CPI adjustment will be made on March 1 of the following year, but will be deferred until the start of the first pay period that begins after March 1 of the following year. Rental adjustments based on the survey or appraisal will be put into effect in the usual manner. Example: If the survey month is October 1989, no CPI adjustment will be made in March 1990, but will be deferred until March 1991. Such CPI adjustments will be based on the changes in the CPI from the actual date of the survey through September 1990.
 - b. When the private rental market survey or appraisal is made during the months of March through August, no CPI adjustments will be made in March of that year, but will be deferred until the start of the first pay period that begins after March 1 of the following year. Rental adjustments based on the survey will be put into effect in the usual manner. Example: If the survey month is April 1989, no CPI adjustment will be made in March 1989, but will be deferred until March 1, 1990. Such CPI adjustment will be based on the changes in the CPI from the actual date of the survey through September 1989.

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- (6) Newly acquired quarters - Rates for newly acquired quarters shall be the same as those prevailing for similar Government rental quarters in the area. If there are no established rates, an initial survey or appraisal to establish valid and realistic comparability with private rental housing shall be made upon acceptance of newly acquired quarters, and the corresponding rental rates shall be made effective upon occupancy. The initial CPI adjustment in rental rates shall be made as follows:
- a. When the initial survey or appraisal of the private rental market is made during the months of March through August, the initial CPI adjustment will be made at the start of the first pay period that begins after March 1 of the following year.
 - b. When the initial survey or appraisal of the private rental market is made during the months of September through February, the initial CPI adjustment will be made in accordance with the procedure set forth in subparagraph 5D(5)a.
- (7) Incremental adjustments - If new appraisals, surveys or CPI adjustments result in increases in rental rates of 25 percent or more above the current rental rate, such increases may be imposed incrementally over a period not to exceed one year, on the condition that they be applied in equal increments on at least a quarterly basis.
- E. Qualifications and extensions - The principle of comparability with private rental practice may be modified under the conditions described below:
- (1) Extension of comparability - The lack of available alternative quarters, employees must sometimes occupy space for use as quarters that is generally unsuitable for that purpose. Such space may be unsuitable, for example, because it was originally built for seasonal occupancy only, or because it was not originally built for use as quarters. In other instances, quarters may be suitable only for particular types of occupancy, such as rooming houses, bunkhouses, bachelor quarters, residence hotel-type structures, barracks-type structures, or guard stations and lookouts.
- In all such cases, if no comparable rental data can be obtained or professional appraisals are not made, rental rates will be determined by the square footage occupied, at a rate equivalent to one-half the base rental rate per square foot charged for the nearest adequate rental quarters of the same or any other Federal agency. This rate will apply only to the shelter rental, with additions thereto for all other related facilities at rates comparable to those in the area. Rental and other charges will be based upon desired capacity

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and, when so determined, will remain in effect for each occupant without regard to fluctuations in the number of occupants from time to time either above or below designed capacity.

Buildings where space is assigned for occupancy of several persons or families, common-use space in the building will be distributed to all occupants in proportion to the space assigned for the sole occupancy of each, to determine the number of square feet chargeable to each. Common-use space includes, for example, washrooms, stairs, hallways, and storage, lobby, and lounge areas.

- (2) Quarters for uniformed service personnel - Rental rates and other charges incident to the occupancy of quarters on a rental basis by members of the uniformed services will be established in accordance with the provisions of this chapter.

Quarters that have been designated inadequate public quarters or substandard pursuant to law and regulations of the Surgeon General of the Public Health Service and the Secretaries of Defense and Transportation require special treatment in one respect. The total of the rental rate, plus charges for furniture and utilities (except telephone), will be adjusted, if required, so as not to exceed 75 percent of the member's basic allowance for quarters. The rental rate, as used in the preceding sentence, is the rate obtained after the additions or deductions required or authorized elsewhere in this chapter have been applied to the base rental rate, including that requirement contained in subsection 7c, that the rental rate, after adjustments, will not be less than 50 percent of the base rental rate.

- (3) Instances of hardship - In certain hardship cases where continued occupancy of public quarters by former uniformed service members and dependents or by dependents of deceased service members is permitted, an amount equivalent to the member's full basic allowance for quarters and other housing allowances (i.e., Variable Housing Allowance, etc.) may be charged for such periods of time as may be properly allowed in each particular case. Occupancy of quarters in such instances will normally not exceed 60 days.

Similarly, former Federal employees (or other occupants) and dependents, or dependents of deceased Federal employees (or other occupants), may continue to occupy Government rental quarters for a period normally not to exceed 60 days. Such occupants will continue to pay the established rental rate for those quarters.

- (4) Alternative requirements - The provisions of this chapter will not apply in the following instances:

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- a. When employees attend training programs at Federal or private facilities and the cost of housing is factored into the program cost or through other means, the valuation rules of this chapter need not be applied, so long as the per diem rate (or actual per diem expense rates) paid the employee is set to reflect the fact that the housing is provided at no cost to the employee. In other than training situations when employees are receiving per diem (or actual per diem expense rates) and occupying Government housing, the per diem paid the employees is set to reflect the fact that the housing is provided at no cost to the employee.
 - b. When employees are receiving a remote worksite commuting allowance, in accordance with 5 U.S.C. § 5942, and housing is provided at no cost to the employees, the allowance paid will consist of factors other than the housing cost portion of the allowance.
- (5) Exceptions - Exceptions to the requirements included in this chapter will be permitted, only upon written request and in those very unusual circumstances when it is demonstrated to the Office of Management and Budget that the application of the provisions OMB Circular A-45 will not result in a rental rate equivalent to the reasonable value of the quarters to the occupant. If an exception is granted by the Director of the Office of Management and Budget, IHS will be notified in writing.

36-2.5 IHS REGULATIONS

The following guidelines must also be observed in establishing charges for rental quarters and related facilities and in developing IHS regulations and procedures implementing this chapter:

- A. Conflicts of interest - To avoid potential conflicts of interest, employee occupants of quarters, or their subordinates, will not be assigned to perform appraisals or serve as members of regional survey teams used to recommend rents and other charges.
- B. Consistent local patterns; Interagency Committees - Where several different Federal agencies provide rental quarters in the same area, those agencies should take necessary steps to ensure a consistent local pattern in rents and utility rates. In particular, IHS and the other participating agencies are urged to establish interagency committees to coordinate and oversee the establishment of consistent and uniform rental rates.
- C. Records regarding recommendations and adjustments - A full record of the findings and recommendations of the appraiser or survey team, as well as documentation to justify administrative adjustments, will be kept by IHS.

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- D. Central records and supervision - Sufficient information will be maintained centrally by IHS to allow its management to be informed of, and to monitor, the status of administration of the requirements of this chapter.
- E. Reconsideration, procedures for - IHS will provide a procedure for dealing with requests for reconsideration of rental determinations and other charges in Part V, Chapter 13 Indian Health Manual, Quarters Management Program.
- F. Leave status, charges during - Employees on leave will continue to be charged for quarters and related facilities, unless the quarters are vacated and made available for reassignment.
- G. Landlord-tenant relationship - To aid all administrative officials and employees in understanding how this chapter is to be applied, IHS will make it clear that it assumes the customary responsibilities of the landlord and that those who occupy rental quarters assume the customary responsibilities of tenants.
- H. Required occupancy - Regulations will be established that specify the conditions under which IHS will require occupancy of Government rental quarters, in accordance with the limitations cited in 5 U.S.C. § 5911(e), which provides that employee or member occupancy of rental quarters may not be required unless the agency head determines that necessary service cannot be rendered, or that property of the Government cannot adequately be protected.
- I. Safe and sanitary quarters - IHS heads will ensure that Government rental quarters are safe and sanitary. Although adjustments to the basic rental rate are permitted for such circumstances as excessive heating and cooling costs, poor condition, and lack of potable water, such conditions should be considered temporary and should be corrected as soon as possible.
- J. Housing officers - Each IHS Area that provides rental quarters shall appoint a principal housing officer with responsibility to supervise the agency's implementation of these policies.