

CHAPTER 16. ADMINISTRATION OF RENTS AND CHARGES

I. INTRODUCTION

A. SCOPE

This Chapter establishes policy, outlines responsibilities, and provides guidance and procedures for the administration of rents and charges.

B. POLICY

1. Rents and charges for Navy rental quarters and related facilities shall be based on the reasonable value of the quarters and facilities to the occupant in the circumstances under which the quarters and facilities are provided, occupied, or made available.

2. Rents and charges may not be set so as to provide a housing subsidy, serve as an incumbent in the recruitment or retention of employees, or encourage occupancy of existing Navy quarters.

C. REFERENCES

1. NAVCOMPT Manual, Volume 3, Chapters 2 and 7
2. OPNAVINST 11101.42: "Establishment of Charges for Military Family Housing"

D. SUMMARY

This Chapter is organized into the four topical areas summarized below:

1. Responsibilities. The Commander, Naval Facilities Engineering Command (COMNAVFACENGCOM), administers Navy rental quarters. The Engineering Field Divisions (EFD's) amplify instructions and provide detailed guidance and assistance to Field Activities in support of the management of Navy rental quarters. Field Activities manage Navy rental quarters.

2. Rents and Charges. The establishment, adjustment, and implementation of rents and charges are discussed in this section.

3. Financial Procedures. Guidance for the collection of rents and charges and for maintaining and submitting reports and records in support of the management of Navy rental quarters is provided in this section.

4. Appeals and Exceptions. The procedures for the submission of appeals and requests for exception to Navy policy by the Field Activity with respect to rents and charges are discussed in this section.

II. RESPONSIBILITIES

A. THE COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND

COMNAVFACENGCOM is responsible for administering Navy rental quarters. In fulfilling this responsibility, COMNAVFACENGCOM will:

1. Administer the establishment and implementation of rents and charges.
2. Review actions on appeals or requests for exception.
3. Provide guidance and assistance to the EFD's.
4. Disseminate the annual consumer price index (CPI) adjustments.

B. ENGINEERING FIELD DIVISIONS

EFD's are primarily responsible for amplifying instructions and providing detailed guidance and assistance to the Field Activities in support of the management of Navy rental quarters. Specifically, EFD's will:

1. Either negotiate for and retain the services of professional contract appraisers or employ professional staff appraisers to establish rents and charges.
2. Provide funds to purchase professional appraisals.
3. Ensure that all appraisals are performed on a scheduled basis.
4. Inform Field Activities of annual CPI adjustments.
5. Coordinate appraisals with other services or Government agencies and encourage joint appraisals when appropriate.
6. Review actions on appeals or requests for exception.

C. FIELD ACTIVITIES

Field Activities are primarily responsible for managing Navy rental quarters. In fulfilling this responsibility, Field Activities will:

1. Initiate requests for rental appraisals.
2. Implement established rents and charges and any changes.
3. Establish and implement procedures for the accountability of funds, including the collection of money.
4. Initiate requests for exception or appeals.

III. RENTS AND CHARGES

Navy rental quarters are any family housing facilities provided to tenants on a cash or payroll deduction basis and housing units designated as substandard family housing quarters. Navy rental quarters exclude public quarters assigned to service members instead of a basic allowance for quarters (BAQ) or to civilian employees in foreign countries occupying rent-free quarters; privately-owned Wherry housing; Government-owned mobile home spaces, including utility connections, provided to service members for privately-owned house trailers and mobile homes; and transient family housing or temporary lodging facilities operated on a nonappropriated fund basis.

A. ESTABLISHMENT OF RENTS AND CHARGES

1. Rental rates for Navy quarters and charges for related facilities, made available in connection with the occupancy of quarters on a rental basis, shall be based on the reasonable value of the quarters to the occupant in the circumstances under which the quarters and facilities are provided, occupied, or made available. Rents and charges may not be set so as to provide a housing subsidy, serve as an inducement in the recruitment or retention of personnel, or encourage the occupancy of existing Government quarters.

2. Guidance for establishing rents and charges are contained in OPNAVINST 11101.42.

3. Professional contract or staff appraisers will be used to conduct appraisals. To avoid potential conflicts of interest, occupants of rental quarters or their subordinates shall not be assigned to perform appraisals or serve as members of regional survey teams used to recommend rents and other charges. When other Military Services or federal agencies provide rental quarters in the same area, efforts should be made to coordinate appraisals and to ensure a consistent local pattern in rents and utility rates.

4. Costs for professional appraisals are properly chargeable to the Family Housing, Navy (FH, N) Account, Budget Project (BP) 11 (Management), Operations.

B. ADJUSTMENTS TO RENTAL RATES AND OTHER CHARGES

Per OPNAVINST 11101.42, rental rates and charges shall be adjusted periodically.

1. Cyclical and Annual Adjustments. Charges for rental quarters and related facilities shall be adjusted, as follows:

a. 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:

(1) 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-Regional CPI (CPI Rent Series), whichever occurs first, or

(2) 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.

b. Annual Adjustments Based on Changes to the CPI. Annual adjustments based on changes to the CPI will be effective on 1 February each year or at the beginning of the first pay period which starts on or after 1 February. Annual CPI adjustments will be disseminated by COMNAVFACEGCOM by December of each year. Annual CPI adjustments effective in February are based on the preceding September CPI data; therefore, when an appraisal is made during the months of August through January, no CPI adjustment will be made in the subsequent February, but will be deferred until the following year.

2. Annual Adjustments for Isolation. The Isolation Adjustment Factor (IAF) will be recomputed each October. The recomputation will reflect the government mileage allowance for automobiles published by the General Services Administration annually, as of 30 September. The new IAF will be used to compute the monthly isolation adjustment applicable to rents being charged starting with the first full pay period in February 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 paragraph B.1.b., above.

3. Annual Adjustments of Utilities. Charges for utilities shall be adjusted annually per OPNAVINST 11101.42, enclosure (3).

4. Newly Acquired Quarters. The initial CPI adjustment in rental rates for newly acquired quarters shall be made per OPNAVINST 11101.42, enclosure (3).

5. Rental Adjustments in Foreign Countries. Guidance for adjusting rental rates in foreign countries is contained in OPNAVINST 11101.42, enclosure (3).

C. IMPLEMENTATION OF ADJUSTMENTS TO RENTS AND CHARGES

Approved adjustments resulting from an appraisal will be effected no later than 70 days from receipt of approval. Occupants must be given a minimum of 40 days notice that adjustments to the rental rate will be made. If new appraisals, surveys, or CPI adjustments result in substantial increases in rental rates (i.e., 50 percent or more above the current rental rate), such increases may be imposed incrementally over a period not to exceed one year. However, the increases must be applied in equal increments on at least a quarterly basis.

D. CHARGES FOR MOBILE HOME SPACES

Specific guidelines for determining rents and charges for mobile home spaces are provided in Chapter 13 of this manual.

E. QUARTERS OCCUPIED BY COAST GUARD PERSONNEL

As prescribed in the NAVCOMPT Manual, Volume 3, Chapter 2, whenever occupancy of public quarters by Coast Guard personnel has been authorized locally, the Field Activity must negotiate a fixed rate agreement to provide for reimbursements of operation and maintenance costs. The fixed rate will be stated as the cost of occupancy per 30-day month. The agreement will be negotiated with the Coast Guard District Commander, or commanding officer of a headquarters unit, as appropriate, on the basis of the last fiscal year Family Housing Operations and Maintenance Management Report. Fixed rate agreements will be reviewed at the end of each fiscal year and revised, if required, on the basis of increased or decreased costs.

F. RENTAL RATES AND CHARGES FOR FOREIGN NATIONALS

Rental rates for quarters and charges for related facilities supplied by the Navy to foreign nationals (military or civilian) will be established per the terms of agreements between the U.S. and foreign governments. When there is no formal agreements, rates will be set per guidance in OPNAVINST 11101.42.

G. FAMILY HOUSING UNITS DESIGNATED AS SUBSTANDARD QUARTERS

Rental Rates and other charges incident to the occupancy of substandard family housing units will be established per this chapter and OPNAVINST 11101.42. Occupancy of substandard quarters by a service member shall be subject to a charge against the member's BAQ in the amount established for the assigned unit. However, such a charge may not exceed 75 percent of the member's BAQ. When substandard quarters are occupied by other than members of the uniformed services and their families, full rents and charges shall be collected from the occupant.

H. QUARTERS FOR U.S. CIVILIAN EMPLOYEES

Rental rates for quarters and charges for related facilities provided to U.S. federal employees, National Red Cross and United Service Organization (USO) personnel, and other authorized nongovernment civilian personnel will be established per this chapter and OPNAVINST 11101.42.

I. PERSONNEL ON LEAVE

Personnel on leave will continue to be charged for quarters and related facilities unless permitted to vacate and make the quarters available for assignment to others.

J. INSTANCES OF HARDSHIP

Procedures and guidelines for permitting occupants to remain in quarters in cases of hardship are contained in OPNAVINST 11101.42.

K. APPRAISER'S REPORT AND CERTIFICATE

A full record of the findings and recommendations of the appraiser or survey team, as well as documentation to justify administrative adjustments, should be retained locally for audit and review purposes.

IV. FINANCIAL PROCEDURES

Procedures for the accountability of funds will be in accordance with the NAVCOMPT Manual, Volume 3, Chapters 2 and 7.

A. CASH TRANSACTIONS

Collection of rents and other charges is the responsibility of the Field Activity designated collection agent. Each transaction will be recorded on NAVCOMPT Form 2006, Cash Receipt. Rents and charges are due on the first day of the month; however, a collection period not to exceed 10 workdays may be established.

1. A 30-day month will be used as the standard rental period regardless of the number of days in a calendar month. To standardize charges and refunds for occupants who move into or vacate rental quarters during the month, a pro rata charge and refund schedule will be developed on a 30-day basis similar to the schedule contained in the NAVCOMPT Manual, Chapter 7, Part F. Occupants will be charged for the first day of occupancy, but not for the day they vacate quarters.

2. The Field Activity may require all civilian occupants of rental quarters to pay a security deposit in the amount of 1 month's rent to forestall delinquencies or to cover possible loss of or damage to Government property. No charges are authorized against security deposits except to meet obligations of vacating occupants or for refunds to occupants. The security deposit will remain in the suspense account until the occupant vacates and satisfactorily cleans quarters.

3. Liability for loss of or damages to Government property is the responsibility of the occupant. Guidelines and procedures for the collection of charges from an occupant are detailed in the NAVCOMPT Manual, Volume 3, Chapter 7, and in Chapter 10 of this Manual.

B. DISPOSITION OF COLLECTION FOR RENTS AND CHARGES

Guidelines and procedures for crediting receipts from rents and charges are contained in OPNAVINST 11101.42 and Chapter 12 of this Manual.

C. RECORDS AND REPORTS

Records and reports will be maintained and submitted per NAVCOMPT Manual, Volume 3, Chapters 2 and 7. Exceptions to the use of stipulated forms and reports are not permitted unless specific approval is granted. Requests for exceptions containing complete justification will be submitted to the Comptroller of the Navy via the EFD and COMNAVFACENGCOM.

V. APPEALS AND EXCEPTIONS

The Navy provides for systematic and expeditious consideration of appeals on rental determinations and other charges. The approval authority for appeals or requests for exception to Navy policy is the Assistant Secretary of the Navy (Installations and Environment) (ASSTSECNAV (I&E)).

A. APPEALS

The schedule of rents and charges determined by the EFD may be appealed by the Field Activity, Provided the appeal is submitted without delay. The Field Activity will forward a detailed rationale for the appeal to the ASSTSECNAV (I&E) via the EFD, COMNAVFACENGCOM, and the Chief of Naval Operations (CNO). Implementation of approved rents and charges will not be delayed on the basis that an appeal is being submitted. Appeals must be processed at all echelons so as to permit the decision to be returned to the Field Activity within 60 days. If a decision results in a lower rental schedule, the charges will be adjusted retroactive to the date the rents and charges were placed in effect.

B. EXCEPTIONS

1. When, in the opinion of a Field Activity, the criteria for the conduct of a survey or appraisal are inappropriate, a request for exception may be submitted. All requests for exception will be addressed to ASSTSECNAV (I&E) via the EFD, COMNAVFACENGCOM, and CNO. Requests for exception must be submitted early enough to allow time for a decision to be reached before the next scheduled survey or appraisal.

2. Surveys or appraisals are not required for quarters scheduled for deactivation within one year of the survey or appraisal.

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