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DEPARTMENT OF THE NAVY  
Office of the Chief of Naval Operations  
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OPNAVINST 11101.42  
NMPC-67  
8 December 1988

OPNAV INSTRUCTION 11101.42

**From:** Chief of Naval Operations  
**To:** All Ships and Stations (less Marine Corps field addresses not having Navy personnel attached)

**Subj:** ESTABLISHMENT OF CHARGES FOR MILITARY FAMILY HOUSING

**Ref:** (a) OMB Circular A-45 (NOTAL)  
(b) Title 5, USC, Section 5912  
(c) DOD Directive 1330.5 of 16 Aug 69 (NOTAL)  
(d) OPNAVINST 11101.13H  
(e) Title 5 USC Section 5923  
(f) Title 5 USC Section 5942  
(g) DOD Directive 4640.4 of 22 Dec 82 (NOTAL)  
(h) Title 10 USC Section 2830  
(i) OMB Circular A-18 (NOTAL)  
(j) NAVCOMPT Manual, Vol 3, Chapters 2 and 7  
(k) NAVFAC P-930 (NOTAL)  
(l) DODINST 7290.3-M of Sep 86 (NOTAL)  
(m) Public Law 99-227  
(n) Public Law 99-366

**Encl:** (1) Definitions  
(2) Guidance for Establishing Rents and Charges  
(3) Procedures for Effecting Periodic Adjustments in Rental Rates and Charges for Related Facilities  
(4) Financial Procedures  
(5) Isolation Adjustment Computation

**1. Purpose.** To provide policy and criteria governing the rental of Navy-managed military family housing (MFH) and to promote standardization in the Navy-wide implementation of these policies and criteria in implementing reference (a).

**2. Scope.** This instruction applies to MFH under Navy control and supported by Family Housing,

Navy (FH,N) account funds. The provisions encompass civilian employees of the federal government, members of the uniformed services, foreign nationals (military and civilian), and all non-government personnel who occupy housing owned or controlled by the Department of Defense (DOD) and located within the 50 states, the District of Columbia, the territories and possessions of the United States, and U.S. military installations overseas. It does not apply to public quarters designated for occupancy by members of the uniformed services with loss of allowances or to Military Assistance Advisory Group (MAAG) quarters.

**3. Definitions.** See enclosure (1).

**4. Policy**

a. Rental rates and charges for facilities made available in connection with the occupancy of rental quarters shall be based on the reasonable value of the quarters and facilities to the occupant under the circumstances the quarters and facilities are provided, occupied or made available. Rates may not be set to provide an inducement in the recruitment or retention of personnel or as a means to encourage occupancy of Navy quarters.

b. Although quarters operated by the Navy in foreign countries are not subject to reference (a), it is the Navy's policy to establish fair and reasonable charges for all housing rental units owned or controlled by the Navy. The principle of comparability established by this instruction shall be followed in establishing housing rents and charges in foreign countries for those occupants not provided rent-free quarters.

c. An employee or a member of the uniformed services shall not be required to occupy quarters on a rental basis unless the DOD Component concerned determines that necessary service cannot be rendered or that property of the government cannot be adequately protected otherwise.

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**d. Responsibilities**

(1) **The Commander, Naval Facilities Engineering Command (COMNAVFACENG-COM).** COMNAVFACENGCOM is responsible for the administration of Navy rental quarters. In fulfilling this responsibility, COMNAVFACENG-COM will:

- (a) Administer the establishment and implementation of rents and charges.
- (b) Review actions on appeals or requests for exception.
- (c) Provide guidance and assistance to field activities.
- (d) Disseminate the annual Consumer Price Index (CPI) adjustments.
- (e) Ensure that all appraisals are performed on a scheduled basis.
- (f) Coordinate appraisals with other services or Government agencies and encourage joint appraisals when appropriate.

(2) **Field Activities.** Field activities are primarily responsible for the management of Navy rental quarters. In fulfilling this responsibility, field activities will:

- (a) Initiate requests for rental appraisals.
- (b) Implement established rents and charges and any changes.
- (c) Establish and implement procedures for the accountability of funds to include the collection of money.
- (d) Initiate requests for exception or appeals.

**e. Procedures.** Rental rates and other charges incident to the occupancy of quarters on a rental basis will be established per references (a) through (n) and enclosures (1) through (5).

**(1) Appraisal of Quarters**

(a) The Naval Facilities Engineering Command (NAVFACENGCOM), through its Engineering Field Divisions (EFD), will either negotiate for and retain the services of professional contract appraisers or employ professional staff appraisers to establish rents and charges. 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.

(b) Where several DOD components or federal agencies provide rental quarters in the same area, efforts should be made to coordinate professional appraisal efforts and to ensure a consistent local pattern in rents and utility rates. A joint DOD or government interagency committee should be established, where appropriate, to coordinate and oversee the establishment of consistent and uniform rental rates.

(2) **Adjustments to Rental Rates and Other Charges.** Charges for rental quarters and related facilities shall be adjusted periodically per enclosure (3).

(3) **Charges for Mobile Home Spaces.** Charges for mobile home spaces provided to members of the uniformed services for house trailers and mobile homes not owned by the government shall be established in an amount sufficient to cover the cost of operations, maintenance and utilities and to amortize the cost of construction of the facility over the 25-year period beginning with the completion of such construction. When such facilities are provided to other than members of the uniformed services and their families, full Fair Market Rental (FMR) and other appropriate charges will be collected from the occupants.

(4) **Rental Rates and Charges for Foreign Nationals.** Rental rates for quarters and charges for related facilities supplied by the Navy to foreign nationals (military and civilian) will be established per the terms of agreements between

the U.S. and foreign governments. When there is no formal agreement, rates will be set as follows:

(a) **Foreign Student Assigned Quarters Excess to U.S. Requirements.** Determine the most recent annual operation and maintenance cost for family housing at the installation, multiply by the inflation index, divide by the number of housing units, divide by 12 months, add \$100. (This is used for amortization of Wherry Family Housing). This then becomes the monthly rental fee to be charged.

(b) **Foreign Student Assigned Quarters Not Excess to U.S. Requirements.** Charge an amount equal to the sum of Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA) forfeited by the U.S. service person of comparable rank/rate who occupies family housing.

(c) **Foreign National Not a Student.** Charge the FMR rate as set per enclosure (2).

(5) **Quarters for U.S. Military Personnel.** Rental rates and other charges incident to the occupancy of substandard family housing units on a rental basis by members of uniformed services will be established per enclosure (2), except that in no case can charges exceed 75 percent of basic allowance for quarters (BAQ). Military members will not be forced to occupy substandard government quarters on a rental basis. Members of the uniformed services utilizing transient quarters will forfeit a portion of their per diem as applicable under regulations established by the Per Diem, Travel and Transportation Committee.

(6) **Quarters for Non-DOD Federal Employees.** As prescribed in Volume 3, Chapter 2 of the NAVCOMPT Manual, field activities must negotiate fixed rate agreements providing for reimbursements of operation and maintenance (O&M) costs to permit authorized non-DOD federal employees and their dependents to occupy Navy family quarters when available. Fixed rate agreements will be negotiated with the Coast Guard District Commander, or commanding officer of a headquarters unit, as appropriate, or

with the non-DOD Federal agency sponsoring the occupancy of a family housing unit 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.

(7) **Quarters for U.S. Civilian Employees**

(a) **Continental United States (CONUS), Hawaii, Alaska, District of Columbia, Territories and Possessions of the United States.** Rental rates for quarters and charges for related facilities for appropriated and non-appropriated fund federal employees, Red Cross and United Service Organizations (USO) personnel will be established per enclosure (2).

(b) **Foreign Military Installations.** Per references (b) and (c), a federal employee who is a citizen of the U.S. or a Red Cross employee permanently stationed in a foreign country may be furnished, without cost, living quarters, including heat, fuel and lights, in a building owned or rented by the government. Per reference (e), the aforementioned employees will be paid a living quarters allowance when such government quarters are not provided. USO personnel are expected to pay FMR.

(8) **Instances of Hardship**

(a) Dependents of members of the uniformed services who die while on active duty and are occupying public quarters, including mobile home spaces, at the time of death may continue to occupy such facilities, without charge, for a period of 90 days from the date of death. When residency is extended beyond 90 days, rental rates equivalent to the member's full housing allowances or FMR will be charged.

(b) In cases of hardship where continued occupancy of public quarters is permitted for retired or discharged uniform service personnel and dependents, an amount equivalent to the member's full BAQ and other housing allowances (i.e. Variable Housing Allowances, Rent Plus,

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etc.) may be charged in lieu of FMR. Occupancy of quarters in such instances will normally not exceed 60 days.

(c) In cases of hardship where continued occupancy of public quarters is permitted for retired and resigning federal employees and dependents, or for dependents of deceased federal employees, such occupants will continue to pay the established rental rate. At overseas activities where federal employees receive rent-free quarters and an FMR rate has not been established, the EFD is to be contacted for assistance in establishing an equitable rate. EFDs normally have information available for comparable locations that can be adjusted to establish an equitable and reasonable charge.

(9) **Personnel on Leave.** Personnel on leave will continue to be charged for quarters and related facilities unless permitted to vacate quarters and make them available for assignment to others.

(10) **Alternative Requirements.** This instruction does not apply in the following instances:

(a) When employees attend training programs at federal or private facilities and the cost of housing is factored into the program cost to the Navy or through other means, so long as per diem rate (or actual per diem expense rate) 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 that the housing is provided at no cost to the employee.

(b) When employees are receiving a remote worksite commuting allowance, and housing is provided at no cost to the employees, the allowance paid will consist of factors other than the other cost portion of the allowance.

(11) **Appeals and Exceptions.** The Navy provides for systematic and expeditious consideration of appeals concerning the determination

of rents and other charges. The approval authority for appeals or requests for exception to Navy policy is the Assistant Secretary of the Navy (Manpower and Reserve Affairs) (ASSTSECNAV (M&RA)).

(a) **Appeals.** The schedule of rents and charges determined by the EFD may be appealed by the field activity, provided that the appeal is submitted without delay. The field activity will forward a detailed rationale for the appeal to the ASSTSECNAV (M&RA) via the EFD, COMNAVFACECOM, and the Chief of Naval Operations (CNO). The 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 resulting in a lower rental schedule is made, an adjustment of the charges will be made 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 an appraisal are inappropriate, a request for exception may be submitted. All requests for exception will be addressed to ASSTSECNAV (M&RA) via the EFD, COMNAVFACECOM, and CNO. Requests for exception must be submitted early enough to allow time for a decision to be reached before the next scheduled appraisal.

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

(12) **Financial Procedures.** See enclosure (4).

**5. Reports and Forms**

a. The reporting requirement contained in enclosure (2) is exempt from reports control by OPNAVINST 5214.7.