

Living Quarters Allowance (LQA)
Allowable Costs
(As of 23 May 2016)

This guidance is to be used in connection with the provisions found in Army in Europe (AER) Regulation 690-500.592. LQA is a payment intended to cover substantially all average allowable costs for suitable, adequate lodging and selected utilities. LQA may be granted to employees provided DSSR, DODI 1400.25-V1250, AER 690-500.592 requirements are met. Changes in LQA treatment contained in this guidance are effective the date of this guidance, and are intended for prospective implementation only, unless otherwise determined by the proponent.

NOTE: Non-payment of rent or utilities. Employees are obliged to respect host nation law IAW the NATO SOFA, Art. II. Failure to honor financial obligations can damage host nation relations and affect housing availability and costs for all US Forces personnel.

Employees receiving LQA, who cease or fail to pay their reported rent or utilities for any reason, must inform CHRA-NE/E CPACs of this significant change. Upon receiving information that an LQA recipient has failed to pay their rent and/or utilities, the CHRA-NE/E LQA Office will instruct the employee to furnish receipts, bank statements or other acceptable evidence of payment, within 30 calendar days. If not furnished, all LQA payments will stop effective the 31st day. Any LQA amounts paid to the employee but not used for their intended purpose will be recouped. The employee will remain permanently disqualified from LQA eligibility for the duration of their overseas service in an organization serviced by CHRA-NE/E. Merely restructuring payments owed, without complete repayment of the debt, is not sufficient to restart LQA, but if a debt is fully resolved under any restructuring agreement entered into within those 30 calendar days, LQA may be restored retroactively at its conclusion. Employees fully repaying such a debt after 30 calendar days, may only be eligible for prospective reinstatement of their LQA payments.

Employees who, after timely satisfying a previous arrearage that resulted in LQA cessation, again fail to pay their obligations, will be processed for recoupment and a second incident of failure to pay rent and/or utilities is grounds for permanent disqualification from LQA eligibility for the duration of their period of overseas service in an organization serviced by CHRA-NE/E.

1. LQA Allowable Costs.

a. Basic rent, electricity, fuel for heating and cooking, water and sewage.

(1) If the quarters rented or owned by the employee is a multi-family dwelling or comprised of multiple buildings, the employee will identify the portion used as personal quarters for LQA purposes. In such cases, allowable costs for rent and utilities will be prorated using the percentage of total costs. For example, if an employee rents or purchases a duplex or a bed and breakfast type dwelling, only the portion used as the personal residence is allowable for LQA.

(2) No LQA will be paid to an employee for more than one set of quarters. No LQA will be authorized for any quarters considered capable of partition into distinct residential units in the same or another dwelling structure (i.e., that have a separate entry way (internal or external), separate bedroom and bathroom and separate or shared kitchen). Employees in doubt should seek CPAC assessment prior to committing to a property purchase or lease.

(3) Pooling of LQA is restricted in shared quarters situations. Total reimbursement for shared quarters by two civilian employees shall not exceed the LQA of the highest quarters group occupant. LQA is intended to offset the costs of suitable, adequate quarters, not extravagant arrangements. Pooling escalates local housing costs making it difficult for Soldiers and civilians to find reasonably affordable premises. Exceptions to this policy may be requested from HQ USAREUR G1, Civilian Personnel Directorate (CPD) in cases involving extraordinary circumstances in the public interest, (e.g., unusual family needs or size with adequate housing otherwise unavailable). Military/civilian sharers may receive up to half their allowance each IAW applicable guidance.

b. Personally Owned Quarters (POQ). The rental portion for POQ does not include fees or taxes associated with the purchase.

(1) The DSSR 10-year period for POQ is cumulative but will not exceed actual cost remaining at the time of application/reapplication for LQA as discussed below.

(2) No LQA for leased quarters is authorized where an employee already owns or has possession of/purchased a POQ in the commuting area of their PDS. (A commuting area may include the distance they drive daily to work). LQA for rent of quarters at the same PDS ordinarily will not be authorized where an employee sells POQ for which any LQA payments have been received; only the utility portion may be paid after that time. Exceptions to this policy may be requested from HQ USAREUR G1, CPD in cases involving circumstances beyond an employee's control, e.g., natural disasters.

(3) If an employee sells, transfers or exchanges their POQ and leases back those same quarters, they may receive LQA for actual rent only up to the DSSR 10-year period that was applicable when he/she owned the quarters. Only the utility portion of LQA may be paid after that time for rental quarters at the same PDS.

(4) POQ LQA is limited to actual costs IAW OPM decision no. 12-0037 (April 22, 2013).

(a) Effect of prior payments. All LQA received for the same POQ under the DSSR authority from any employer (e.g., Departments of the Air Force, Navy and Army, DOD or other Gov't agencies), applies toward satisfaction of the DSSR 10-year period for POQ. Transfer within an agency or between APF and NAF employment in the same PDS commuting area does not establish a new 10-year period. Any prior payments for POQ made by the employee (e.g., during military service, contractor employment, as a private individual, etc.), that reduce the original purchase price, reduce the actual cost used for LQA calculation. Failure to

provide this information will result in LQA denial. The actual cost will be prorated as the rental portion of POQ LQA and may continue for up to the DSSR 10-year period.

(b) Effect of continued payments. Any payments on POQ made after LQA has commenced, but while the employee is not drawing LQA (e.g., mortgage payments between overseas tours of duty) that reduce the original purchase price, reduce the actual cost payable on that POQ upon reapplication for LQA. The reduced actual cost will be prorated as the rental portion of POQ LQA and may continue for up to the DSSR 10-year period.

(c) Inherited quarters. The rental portion of POQ LQA is not authorized for POQ acquired without purchase (e.g., through inheritance or marriage) even if subject to mortgages, liens or other payments. The DSSR does not explicitly provide for LQA such property and it is agency policy not to grant the rental portion of POQ LQA in such cases.

(d) The rental portion of LQA for leased quarters paid, under arrangements to later purchase those LQA-leased quarters or prior to later acquisition of such quarters regardless of pre-arrangement, will be applied to reduce POQ actual cost and the DSSR 10-year period. If at any time the agency becomes aware that a lessee later acquires any ownership interest in the premises they leased through marriage to or other transfer of interest from a lessor, LQA rental payments will be recouped to the extent they exceeded the 10 year POQ limitation (calculated using the maximum rate in effect when the lease first began).

(5) POQ LQA may be paid for existing structures only. LQA will not be authorized for the construction, in whole or in part, of POQ. Requests for exceptions to this policy in cases involving extraordinary circumstances may be submitted to HQ USAREUR G1, CPD.

(6) POQ LQA is limited to one POQ in theater per employee per lifetime, regardless of amounts received or the duration of payments on that POQ.

(7) POQ LQA will not be paid for quarters in areas that are designated as unaccompanied assignments, e.g., Bulgaria, Romania, Kosovo, etc.

(8) LQA will not be paid for any quarters, leased or purchased, located outside the country of the employee's post of assignment IAW OPM decision no. 14-0009 (Aug. 19, 2014). When an employee maintains more than one residence in theater (acquired personally or under prior POQ rules), the employee may properly submit expenses for LQA reimbursement for whichever residence they designate as primary only in cases where the employee maintains two residences as a result of a management generated action and the second quarters are nearer to the new post than to the former post. In all other cases the employee will only receive LQA for the quarters nearest their post of assignment.

d. Garbage and trash disposal. Cost for collection is allowable.

e. Garage. Rental of garage space or a designated parking space for one car for each employee residing in the quarters who is authorized to receive LQA is authorized when a garage or parking space for each employee recipient of LQA is not included in the basic rent. The amount authorized is determined as prescribed by DSSR section 131.2. Garage or parking rental is not authorized for POQ under the definition of rent in DSSR section 136.

f. Rental furniture. See Memorandum, HQ, USAREUR, CPD, AEPE-CB, 29 July 2013, subject: Interim Guidance for Living Quarters Allowance (LQA) – Furniture Rental. In addition, furniture rental is not authorized for POQ under the definition of rent in DSSR section 136.

g. Insurance. Insurance is not an allowable expense except where required by law to be carried by the tenant. No European country in which LQA is currently granted has such a law.

h. Taxes. Landlords may pass on taxes to tenants only when permitted by the laws of the country. Where it is permitted, it is customary to do so. Therefore, taxes included in rental agreements and leases are allowable. Taxes may not be allowed for POQ because of the definition of rent in DSSR section 136. In the Netherlands, even though property tax is required by law to be paid by the tenant, it may not be allowed for POQ under the definition of rent in DSSR section 136.

i. Contract/Lease Registration Fee. In Italy, the tenant is required to pay one half of the fee and that amount is allowable. In Brussels (only, no other location), Belgium, the total fee is required of the tenant and is allowable. In France, one half of the fee is required of the tenant and that amount is allowable.

j. Rental deposits, property deterioration or renovation fees are not reimbursable even if included on a prorated monthly basis in a rental contract. Landlords may be contacted to identify the existence of such arrangements.

k. Tassa Servizi Indivisibili (TASI) for commune expenses such as night time illumination, street cleaning and painting, rodent control, grass cutting or tree pruning in public areas, etc. Fee is payable by landlord and tenant twice annually and is applicable to Italy only.

l. Condominium fees. “Condominium fees” are generally referred to as *nebenkosten* in Germany, *charges locatives* in Belgium, *lokatieve kosten* in the Netherlands, and *spese condominiali* in Italy. Condominium fees must be itemized in or as part of the rental contract. Costs associated with the common areas of a multi-unit dwelling are allowable when the owner(s) of the individual units share common costs among tenants. It may include the grounds around the dwelling as well as interior common areas. It does not include maintenance, repair or renovation of the structure or costs for cleaning or renovating individual units within a building or complex. It does not include costs associated with individual quarters or services contracted separately by the employee. When costs for common area cleaning, such as stairwells, sidewalks, and yards, are not part of a condominium fee, they may not be reimbursed even if

they are the responsibility of the tenant. Condominium fees are not allowed for detached houses and row houses when each house is separately managed and not part of a shared cost arrangement. Under allowable costs limitations for POQ in DSSR section 136, condominium fees for POQ in multi-unit dwellings are limited to costs for heat, light, fuel, (including gas and electricity), water, garbage and trash disposal.

m. Costs that are not applicable in Europe are not included in this guidance. Questions on allowable costs should be referred to HQ USAREUR, G1, CPD, Employment, Compensation, and Benefits Division.

2. Dwelling definitions.

a. Multi-unit dwelling: Quarters with common costs shared among units when the quarters occupied by the employee are included in the shared arrangement. A row house will be treated as a multi-unit dwelling when common costs are shared among tenants. Personally owned quarters may be considered under the multi-unit dwelling definition for the cost of heat, light, fuel, garbage and trash removal when the employee-owner participates in the condominium fee arrangement with other owners. This will normally be applicable to personally owned apartments.

b. Single-unit dwelling: Detached houses and row houses where each house is separately managed and not part of a shared cost arrangement.

c. Personally Owned Quarters. Quarters occupied by the employee that are owned by the employee or the spouse, or the domestic partner, or both, for which LQA is received. Allowable costs for POQ are defined by DSSR section 136.

Living Quarters Allowance (LQA)
Allowable Costs
(As of 23 May 2016)

Table of Allowable Expenses

| Expense | | Allowed for | |
|---------|---|-------------|----------------------|
| 1 | Rent | Yes | Multi-unit dwelling |
| | | Yes | Single-unit dwelling |
| | | Yes | POQ |
| 2 | Electricity | Yes | Multi-unit dwelling |
| | | Yes | Single-unit dwelling |
| | | Yes | POQ |
| 3 | Fuel for heat and cooking | Yes | Multi-unit dwelling |
| | | Yes | Single-unit dwelling |
| | | Yes | POQ |
| 4 | Water and Sewage | Yes | Multi-unit dwelling |
| | | Yes | Single-unit dwelling |
| | | Yes | POQ |
| 5 | Garbage and Trash Disposal | Yes | Multi-unit dwelling |
| | | Yes | Single-unit dwelling |
| | | Yes | POQ |
| 6 | Garage or designated parking space, separate rental | Yes | Multi-unit dwelling |
| | | Yes | Single-unit dwelling |
| | | No | POQ |
| 7 | Furniture rental (See Memorandum, HQ, USAREUR, CPD, AEPE-CB, 29 July 2013, subject: Interim Guidance for Living Quarters Allowance (LQA) – Furniture Rental). | No | Multi-unit dwelling |
| | | No | Single-unit dwelling |
| | | No | POQ |
| 8 | Insurance | No | Multi-unit dwelling |
| | | No | Single-unit dwelling |
| | | No | POQ |
| 9 | Taxes | Yes | Multi-unit dwelling |
| | | Yes | Single-unit dwelling |
| | | No | POQ |
| 10 | Contract or lease registration fee. Only in - Italy, 1/2 France, 1/2 Brussels, Belgium (no other location in Belgium), total fee. | Yes | Multi-unit dwelling |
| | | Yes | Single-unit dwelling |
| | | No | POQ |
| 11 | Maintenance fees for Alarm System (Belgium only) | Yes | Multi-unit dwelling |
| | | Yes | Single-unit dwelling |
| | | No | POQ |

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| 12 | Rental deposit, property deterioration or renovation fee | No | Multi-unit dwelling |
| | | No | Single-unit dwelling |
| | | No | POQ |
| 13 | Tassa Servizi Indivisibili (TASI) (Italy only) | Yes | Multi-unit dwelling |
| | | Yes | Single-unit dwelling |
| | | No | POQ |
| 14 | Condominium Fees. | Yes | Multi-unit dwelling |
| | | No | Single-unit dwelling |
| | | No | POQ |
| 14 a | Indoor and outdoor common area lighting, water and heating. | Yes | Multi-unit dwelling, including POQ when POQ is an apartment or townhouse |
| | | No | Single-unit dwelling |
| | | No | POQ |
| 14 b | Maintaining indoor and outdoor common areas such as stairwells, elevators, lawns, sidewalks, driveways, parking areas. | Yes | Multi-unit dwelling, except POQ when POQ is an apartment, townhouse |
| | | No | Single-unit dwelling |
| | | No | POQ |
| 14 c | Central heating and cooling system inspection, safety inspection and related cleaning (e.g., chimney sweep). | Yes | Multi-unit dwelling, including POQ when POQ is an apartment or townhouse |
| | | No | Single-unit dwelling |
| | | No | POQ |

Prepared by HQ USAREUR G1, CPD
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