

FREQUENTLY ASKED QUESTIONS ON Living Quarters Allowance (LQA)

Q1: What is LQA and what does it cover?

LQA is an allowance not an automatic entitlement. LQA must be granted by employing command as a recruitment incentive prior to accepting a final job offer. LQA is provided to reimburse employees for suitable, adequate living quarters at posts where the U.S. Government does not provide quarters. LQA may be used to pay for rent, utilities, and fees required by local law. (See DSSR 131.2 for a complete listing.)

LQA does not include refundable security deposits, cleaning fees and repair fees when the employee moves out of the rental unit.

When the rent and other fees paid by employee exceed the authorized LQA, the exceeded cost will be the out-of-pocket cost of the employee. For example, to cover the housing costs of employees living in premium quarters (e.g., a penthouse apartment).

Q2: Is a Department of Defense (DoD) civilian employee assigned to a foreign area authorized LQA?

It depends. LQA is not an entitlement for a DoD civilian employee assigned to a foreign area. Some employees are eligible and some employees are not. It must be authorized by employing command.

LQA must be granted by employing activity as a recruitment incentive prior to accepting a final job offer. While the Department of State is responsible for setting LQA rates, the employing activity is responsible for determining eligibility under the regulations in Chapter 100, Section 130 of DSSR and DoD Civilian Personnel Manual - DoD 1400.25-M, Subchapter 1250.

Q3: If I live in Government quarters (on-base housing), am I still granted LQA?

No. Also, if an employee to whom LQA has been granted moves to Government-owned or Government-leased quarters that is provided to the employee at no personal cost, LQA will be terminated on the date immediately preceding the day Government quarters is made available to the employee. Please notify CHRO immediately if you are in such a situation to avoid indebtedness to the government.

Q4: Is the LQA based on family size?

Yes - but the family size is only one factor. LQA rates are established based on “quarters groups.” Civilian personnel are divided into quarters groups based on their personnel classification and/or grade. LQA is also based on family status, with family (WF) or without family (WOF).

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Q5: Where can I find my LQA rate?

You can find your LQA rate on the website of the Department of State.
https://aoprals.state.gov/Web920/lqa_all.asp?MenuHide=1

To find which group you are in, see the chart below.

QUARTERS GROUPS	PERSONNEL CLASSIFICATIONS			
	GS	Wage Grade		
		WG	WL	WS
GROUP 2	14 - 15			
GROUP 3	10 - 13	14 - 15	12 - 15	11 - 19
GROUP 4	01 - 09	01 - 13	01 - 11	01 - 10

Q6: I will be receiving LQA for the very first time. I have no clue what I should do to get the ball rolling.

Information will be provided during the in-processing at Civilian Human Resources Office (CHRO) on the employee's first week of starting a job.

You should also check with the DoD Family Housing Office (Bldg# 217) located on Kadena Air Base to make an appointment for mandatory housing brief, if your Sponsor has not done so, to attend the housing brief.

Once you've found suitable quarters, you will need to sign the lease. Submit signed lease to the DoD Family Housing Office on Kadena Air Base, and then submit documents listed below to CHRO.

- 1) Completed and signed SF-1190
- 2) Lease agreement
- 3) Completed DD Form 2367 (from Kadena Housing Office)
- 4) Summary of Expenses
- 5) Receipt for paid agency fee

Q7: What is an Agency fee?

The agency fee is a payment you make to a housing agency when you find quarters and sign a lease. The agency fee is reimbursed at one time only for the initial rental quarters. (If you move to different quarters voluntarily and are charged an agency fee, it will not be reimbursed.) The agency fee may be reimbursed by submitting the paid receipt to the Labor/Employee Relations Unit at CHRO. The agency fee is normally half month of the monthly rent amount.

Q8: How do I receive payment for my LQA?

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LQA is paid biweekly together with your salary. Paid LQA amount is listed on your Earning & Leave Statement.

LQA is computed and paid at annual rates, divided by the number of days in the calendar year to obtain a daily rate; and then the daily rate is multiplied by 14 to obtain a biweekly rate. You will receive your LQA in U.S. dollars. The Defense Finance and Accounting Service (DFAS) automatically adjusts LQA payments each pay period when there are changes/fluctuations in the yen rate. All conversions from yen to dollars are done by DFAS.

Q9: Is LQA taxable?

No, LQA is not taxable income.

Q10: Can I use LQA to make payments on personally owned quarters?

Yes. When quarters occupied by an employee are owned and mortgage for the quarters is being paid by the employee; the spouse or both, agencies may allow the employee to use LQA to pay up to 10% of the original purchase price (converted to U.S. dollars using the exchange rate that was in effect on the date of purchase) for a period not to exceed 10 years. After 10 years, the employee will be entitled only to utility expenses, trash fee and land rent. The total paid LQA cannot exceed the LQA rate set for the post.

Q11: What if my spouse and I are both eligible for LQA?

If both spouses at the same post are eligible for LQA, and have additional family members, one employee may receive 50% of "with family" allowance rate plus increments for additional family members, and the other employee may receive 50% of "without family" rate.

If the couple has no additional family members, both eligible employees may be granted 50% of "without family" rate respectively. One employee may receive 50% of "without family" rate, and the other employee may receive 50% of the "without family" rate.

In either case, you should always note on any SF-1190 you submit that your spouse receives LQA (Block 15 of SF-1190).

Q12: Is there anything I am required to do while receiving LQA?

Yes. It is your responsibility as LQA recipient to do the following:

- 1) Submit SF-1190 together with required document to CHRO to start your LQA
- 2) Pay your rent and utilities (keep your paid receipts)
- 3) Reconcile your LQA every year and when you PCS (see Question #15 for details)
- 4) Report any changes that may affect your LQA authorization (see Question #17 for details)

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Q13: Why am I not receiving a full amount of LQA at each pay period?

LQA for each pay period is computed by the following steps:

- 1) Your annual LQA rate \div 365 days (366 days in a leap year) = Your daily LQA rate.
- 2) Your daily LQA rate \times by 14 days = Your biweekly rate

There are 30 or 31 days in a calendar month but each pay period is multiplied by 14 days. Therefore, you may feel you are only getting LQA for only 28 days instead of 30 or 31 days. However, you have 26 pay period in a year (NOT 24 pay periods), which makes up full amount of your annual LQA. DFAS automatically adjusts LQA payments as often as each pay period when there are changes/fluctuations in the yen rate. All conversions from yen to dollars are done by DFAS. It takes up to eight (8) to 10 months to catch up on the difference of LQA amounts you get reimbursed and amount you actually pay for your monthly rent.

Q14: What is an LQA reconciliation?

An LQA reconciliation is the process of comparing the employee's actual allowable quarters expenses up to the maximum authorized with the amount of LQA the employee was actually paid. Employee files LQA reconciliation to CHRO. The payroll office notifies the employee of the under or overpayment, and either pays or collects the difference.

Q15: When am I required to reconcile my LQA expenses?

You are required to reconcile your LQA expenses in the following situations:

- 1) One year after you initially move into quarters out in town, and every year after if utility payments are not included in your rent (see note below)
- 2) When you change residence quarters
- 3) When you change from renting to owning quarters
- 4) When you PCS to a different post or are separated from employment (final reconciliation)

Note: If your utilities are included in your rent, you are required to do an initial LQA reconciliation on your first year anniversary date. Thereafter, you will not be required to do an annual LQA reconciliation until you are in the situation of 2), 3) or 4) mentioned above.

Q16: What do I need to submit to reconcile my LQA expenses?

You need to submit following documents to Labor/Employee Relations Unit at CHRO

- 1) LQA Expenditures Worksheet
- 2) Rent and utility receipts for 12 months (All copies are required)

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Q17: When am I required to report a change in LQA?

Employees are responsible for reporting any changes that may affect their authorized LQA amount. Listed below are some examples that may affect an employee's LQA amount.

- 1) Change in the number of family members residing at the post
- 2) Birth or death of a child
- 3) Legal adoption or custody/guardianship of a child
- 4) Child reaching age 21 (exceptions up to age 23. See Question #18)
- 5) Change in marital status (marriage/divorce/separation/death of spouse)
- 6) Sharing of LQA expenses
- 7) Change in residence quarters
- 8) Change in residential quarters from renting to owning a house
- 9) Reaching 10 years for receiving LQA for personally owned quarters

Any changes should be reported Labor/Employee Relations Unit at CHRO by submitting SF-1190 with required documents.

Q18: When can I no longer claim my dependent children?

You may claim dependent children residing with you at your post of the assignment until they reach age 21, or 23 if the child is a full time college student.

Q19: Can civilian employee live on-base housing?

Yes, however, active duty personnel has a priority to live on-base housing in Okinawa, and very few civilian employees live on-base housing.