

Background

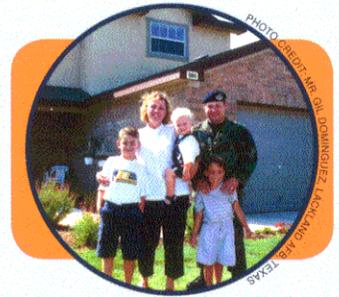
Military Housing Privatization Initiative

The 1996 Defense Authorization Act provided the military services with new authorities to privatize housing for service members. This program is known as the Military Housing Privatization Initiative (MHPI). The MHPI allows the services to address their housing needs by utilizing privately financed and built or renovated houses constructed to local market standards (i.e., the typical housing size and amenities found in the local community).

More than 38 percent of Air Force housing does not meet modern standards, requiring either major improvement or replacement to meet current needs and provide a suitable quality of life for military families. The Department of Defense (DoD) has tasked the Air Force with upgrading all required, inadequate housing by Fiscal Year (FY) 2007. The shortage of quality, affordable housing available to military service members and

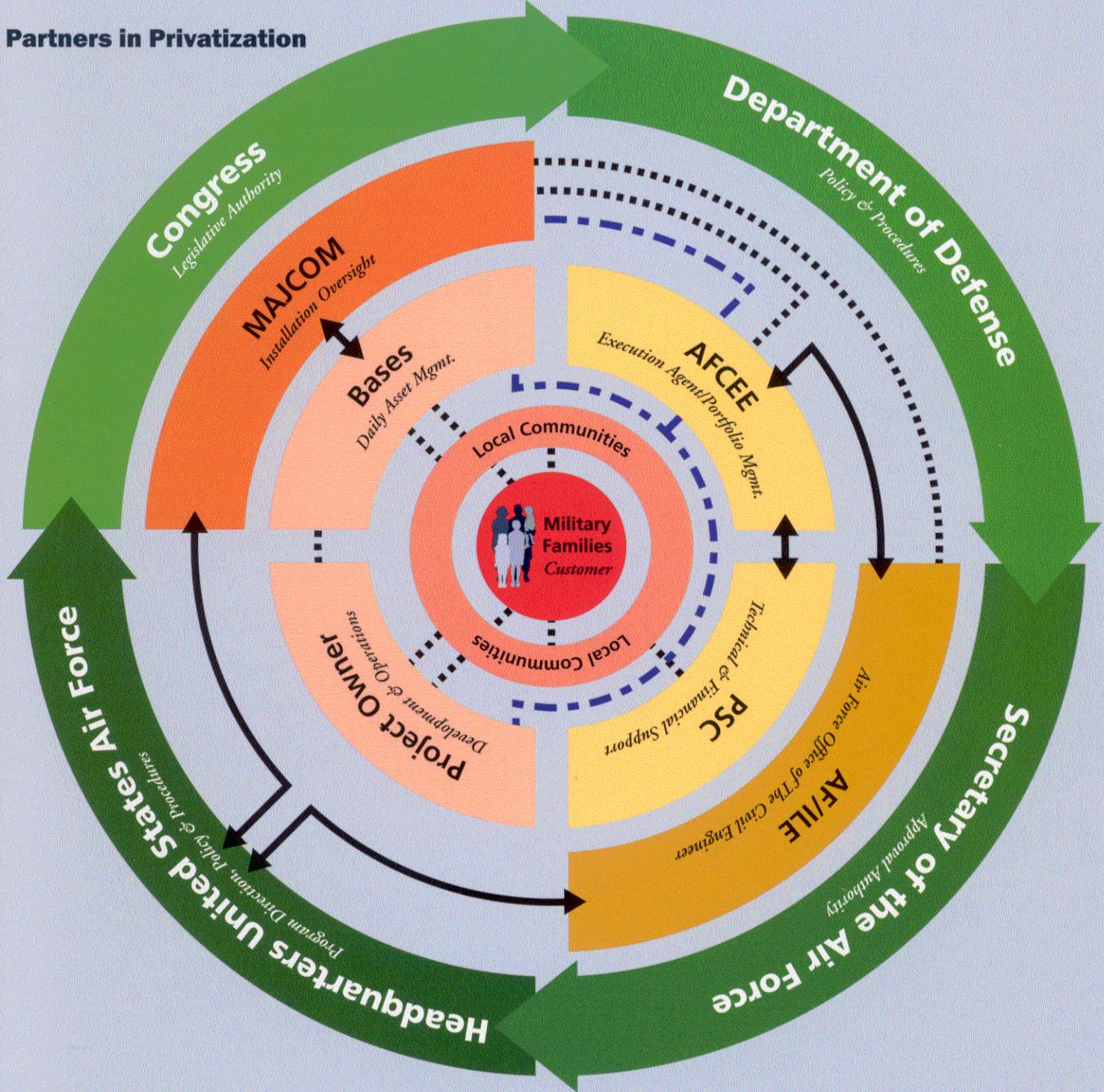
their families in local communities impacts their quality of life, and hence recruitment, retention, and readiness. The goal of the MHPI is to drastically reduce the time required to provide military members with quality, affordable housing and replace DoD's aging inventory of housing units.

In August 1998, the Air Force Center for Environmental Excellence (AFCEE) was designated as the Air Force's Military Housing Privatization Center of Excellence. To support Air Force housing privatization, AFCEE developed an internal project management structure and approach that can be tailored to fit the particular needs of cradle-to-grave program management. Key elements of this approach include experienced Project Managers; specialized contracting, real estate, and legal support services; customized transactional documents; checklists and other guidance documents; and Portfolio Management (the Air Force's long-term management and oversight of the privatized housing) of the Air Force housing privatization program.



Stakeholders

Partners in Privatization



Key	
Legislative and Stakeholder Oversight	
Chain of Command	
Lines of Communication	
Communication for Portfolio Management	
Roles	<i>Italics</i>

Acronyms	
AFCEE	Air Force Center for Environmental Excellence
MAJCOM	Major Command
PSC	Privatization Support Contractor

Housing Privatization

Goals

The goal of the MHPI is to provide a private sector business alternative to traditional military housing construction options. Privatization provides solutions to both short-term and long-term housing needs by bringing existing housing units up to modern standards, reducing the time required to provide military members with quality, affordable housing, and replacing the Air Force's aging inventory of housing units.

The objective of this initiative is to identify, define, and execute all housing privatization projects that both the private sector and the Federal Government determine to be economically feasible. The Air Force aims to provide military families with access to quality housing that is safe, affordable, well maintained, and located in desirable communities.

Benefits

Affordable Housing—Referral Tenants (accompanied military members authorized to live in military family housing) should not experience out-of-pocket expenses beyond their Basic Allowance for Housing (BAH).

Close Proximity to Work and Other Base Facilities—Privatized housing is normally located on or near the base, which provides Referral Tenants with shorter commute times and easier access to base facilities (e.g., base exchange and commissary).

Added Security—A distinct advantage for privatized housing is gated access and increased lighting.

First Priority and No Deposits—Referral Tenants have first priority to privatized housing and will not pay any security and pet deposits.

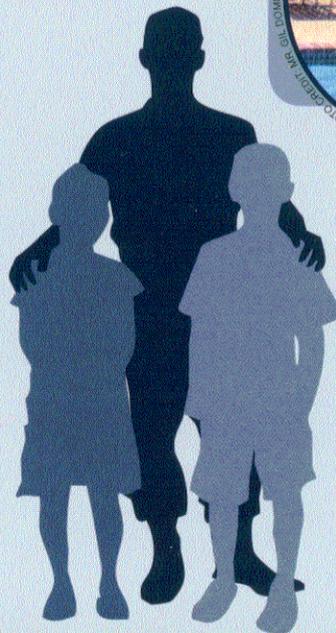
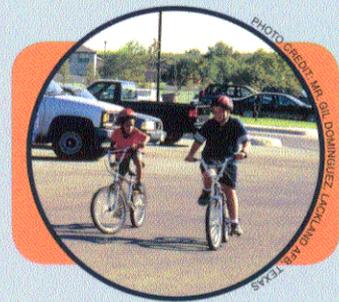
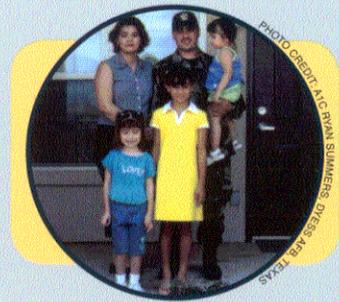
"In-to-Pocket" Savings—Referral Tenants will see cost savings if energy usage costs are less than their utility allowance.

Recreational Facilities—Community centers, swimming pools, and other recreational features may be provided within the privatized housing development.

Profit Sharing—Long-term profits are shared between the Project Owner and DoD.

Comparable Construction Standards—Housing privatization construction standards and housing sizes will be comparable to local standards.

Long-term Partnership—50-year arrangement between the Project Owner and the Air Force to provide quality, safe, and affordable housing for military families.



Upcoming Air Force Housing Privatization Projects

The following chart provides the locations, number of units, estimated solicitation issue date, and assigned Privatization Support Contractor (PSC) for 27 housing projects scheduled for privatization over the next three years. The Air Force is looking to privatize approximately 26,500 housing units throughout the United States in this PSC-led effort at a cost of approximately \$2 billion. Additional projects are in the programming stage at this time.

Installation	No. of Units	Estimated Solicitation Issue Date	Assigned Privatization Support Contractor (PSC)
Altus AFB, OK	970	March 2003	PSC Military Housing Company
Barksdale AFB, LA	432	TBD	Jones Lang LaSalle Americas, Inc.
Beale AFB, CA	1,444	March 2003	PSC Military Housing Company
Buckley AFB, CO	333	Feb. 2003	PSC Military Housing Company
Cannon AFB, NM	1,246	May 2003	PSC Military Housing Company
Columbus AFB, MS	560	2005	Jones Lang LaSalle Americas, Inc.
Dover AFB, DE	450	Sep. 2003	Ernst & Young LLP
Eglin AFB/Hurlburt Field, FL	2,739	2004	Jones Lang LaSalle Americas, Inc.
Elmendorf AFB, AK	624	June 2003	Ernst & Young LLP
F.E. Warren AFB, WY	265	2004	Kormendi \ Gardner Partners
Hanscom AFB, MA	850	TBD	Basile Baumann Prost & Associates
Hill AFB, UT	1,141	Jan. 2003	PSC Military Housing Company
Holloman AFB, NM	TBD	April 2004	PSC Military Housing Company
Keesler AFB, MS	1,682	2005	Jones Lang LaSalle Americas, Inc.
Lackland AFB, TX	653	March 2003	Ernst & Young LLP
Langley AFB, VA	1,268	TBD	Jones Lang LaSalle Americas, Inc.
Luke AFB, AZ	874	2004	PSC Military Housing Company
McGuire AFB, NJ	2,414	April 2003	Jones Lang LaSalle Americas, Inc.
Maxwell AFB, AL	614	March 2003	Kormendi \ Gardner Partners
Moody AFB, GA	606	Jan. 2003	Basile Baumann Prost & Associates
Nellis AFB, NV	1,433	March 2003	PSC Military Housing Company
Offutt AFB, NE	2,229	March 2003	Jones Lang LaSalle Americas, Inc.
Scott AFB, IL	TBD	2005	Jones Lang LaSalle Americas, Inc.
Shaw AFB, SC	1,447	March 2003	Ernst & Young LLP
Sheppard AFB, TX	1,288	2004	PSC Military Housing Company
Tinker AFB, OK	976	March 2004	Ernst & Young LLP
Travis AFB, CA	TBD	2004	PSC Military Housing Company
Total	26,538		



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