

**BY ORDER OF THE
SECRETARY OF THE AIR FORCE**

AIR FORCE INSTRUCTION 32-6007

19 SEPTEMBER 2012

Civil Engineering

PRIVATIZED HOUSING MANAGEMENT



COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

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RELEASABILITY: There are no releasability restrictions on this publication.

OPR: HQ USAF/A7CH

Certified by: HQ USAF/A7C
(Maj Gen Timothy Byers)

Pages: 88

Supersedes: AFI32-6007, 1 June 2005

Air Force Instruction (AFI) 32-6007 implements Department of Defense (DoD) Manual 4165.63-M, *DoD Housing Management*, and Air Force Policy Directive (AFPD) 32-60, *Housing*. Use this AFI together with policies and guidance in AFI 32-6001, *Family Housing Management*; AFI 32-6002, *Family Housing Planning, Programming, Design and Construction*; AFI 32-6003, *General Officer Quarters*; AFI 32-6004, *Furnishings Management*, and AFI 32-7061, *The Environmental Impact Analysis Process (EIAP)*. Federal and State law and the project transaction documents between the Air Force and Project Owner (PO) may override requirements of this AFI. Requirements set forth in this AFI are only binding on the PO to the extent such requirements are mandated by law or incorporated into project transaction documents. Installations with Housing Privatization (HP) agreements established before the publication of this AFI are exempt from its requirements upon approval by The Office of the Civil Engineer (HQ USAF/A7C). This instruction applies to major commands (MAJCOM) and installations, including the Air National Guard (ANG) in Title 10 United States Code (U.S.C.) status and Air Force Reserve Command (AFRC) units. This AFI requires collection and maintenance of information protected by the Privacy Act of 1974 (AFI 33-332, Privacy Act Program). Authority to collect and maintain this information is in 5 U.S.C. §552a. Refer recommended changes and questions about this publication to the office of primary responsibility (OPR) using Air Force Form 847, *Recommendation for Change of Publication*. Route the AF Form 847 from the installation, through MAJCOM, to HQ USAF/A7CH. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with Air Force Manual (AFMAN) 33-363, *Management of Records*, and disposed of in accordance with the Air Force Records Disposition Schedule (RDS) maintained in the Air

Force Records Information Management System (AFRIMS) located on the Air Force Portal at <https://www.my.af.mil/afirms/afirms/afirms/rims.cfm>. If there is any conflict between statements in this AFI and the Air Force Records Information Management System (AFRIMS) regarding retention of records, AFRIMS applies.

This AFI has been substantially revised and must be reviewed in its entirety. Chapter 1 roles and responsibilities were updated. Chapter 2 was restructured to reflect current concept development components to include joint basing considerations. Chapter 3 updated industry forum, offeror selection, ancillary support facilities and utilities services. Chapter 4 expanded housing support services and oversight and compliance, which includes eligibility verification, background checks, and anti-terrorism/force protection. Additions to Chapter 4 include community integrity, marketing, pet policy, demographic changes, compliance testing processes, compliance tasks and change-of-occupancy maintenance standards. Tables added in Chapter 4 include Table 4.1, Military Grade and Housing Categories, and Table 4.2, Other Eligible Tenants (OET) and Category. Chapter 5 was added and includes Phase III: Housing Privatization (HP) Post-Closing Management to address Project and Portfolio Management. At Chapter 5, Step 1-Project Management includes the Management Review Committee (MRC), HP project scope changes after award and design and construction management. At Step 2-Portfolio Management includes portfolio reporting requirements, other data requirements, project close-out and forms. Attachments added: 2 - HP Police Reimbursement Methodology, 3 - HP Fire Reimbursement Methodology, 4-Fact Sheet on Fire Police Reimbursements for HP Projects, 5 - Web site References, 6 - Standard Operating Procedure: Fire Equipment and System Protection Requirements for Privatized Family Housing and 7 - Frequently Asked Questions: Utility Allowance (UA) for Residents of Privatized Family Housing.

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Chapter 1

ROLES AND RESPONSIBILITIES

1.1. Introduction. The Air Force objective is to ensure military members and their families have access to safe, quality and affordable housing reflecting contemporary standards and receive professional housing services. The housing privatization project cycle includes three phases: Planning (Chapter 2), Execution (Chapter 3) and Post-Closing Management (Chapter 5). Air Force officials at all levels must:

1.1.1. Support the acquisition, operations and long-term oversight of privatized housing through effective and sustained partnerships with the Project Owner (PO).

1.1.2. Ensure enforcement of equal opportunity in housing to all tenant applicants without regard to race, color, religion, sex, familial status, disability and national origin.

1.1.3. Civil Engineer (CE) organizational levels addressed in this AFI are as follows:

1.1.3.1. Chief, Asset Management Flight.

1.1.3.2. Chief, Capital Asset Management Element (commonly referred to as Housing Asset Manager or Housing Manager).

1.1.3.3. Housing Management Office (HMO) (Government-controlled housing and oversight for privatized housing).

1.1.4. Responsibilities in this AFI may not be further delegated unless so stated.

1.2. Deputy Assistant Secretary of the Air Force for Installations (SAF/IEI). SAF/IEI provides Air Force-level program and project approval and is the principal interface with the Office of the Secretary of Defense (OSD) and Congress (in conjunction with SAF/LL and SAF/FMBL) on Air Force Military Housing Privatization Initiatives (MHPI), ensuring the Air Force meets the goal of eliminating inadequate family housing (FH) units.

1.2.1. SAF/IEI conveys a single Air Force voice before Congress, OSD and other Uniformed Services and chairs the Air Force Privatization Executive Steering Group (ESG). SAF/IEI has project approval authority from the Assistant Secretary of the Air Force for Installations, Environment and Logistics (SAF/IE) and may delegate some or all of this authority on an individual project basis.

1.2.2. SAF/IEI notifies the House and Senate Armed Services Committees and Authorizing committees of the Air Force's intent to solicit and award an HP project.

1.2.3. As the Selection Authority (SA), SAF/IEI ensures the proper and efficient conduct of the selection process, serves as signatory for privatization real property transaction documents and is the approval authority for changes to transaction documents.

1.2.4. SAF/IEI is the approval authority for disbursement from the reinvestment account funds. Approval for specific dollar thresholds may be delegated to the AFCEE/CL.

1.2.5. SAF/IEI makes the final determination on the feasibility of combining Housing and Utilities into one privatization project.

1.3. Deputy Assistant Secretary of the Air Force for Environment, Safety and Occupational Health (SAF/IEE). SAF/IEE determines the level of environmental analysis required for Air Force proposals consistent with AFI 32-7061, as promulgated at 32 CFR 989.

1.4. Secretary of the Air Force, General Counsel (SAF/GC). SAF/GC provides legal advice and assistance on source selection, execution and portfolio management issues related to HP transactions, including development and approval of policy, guidance and transaction documentation.

1.5. Secretary of the Air Force, Deputy General Counsel for Environment and Installations (SAF/GCN). SAF/GCN provides day-to-day legal services supporting HP and ensures timely and comprehensive legal support for HP projects. SAF/GCN includes the Air Force Housing Privatization Program Management Office Legal Division. SAF/GCN serves as advisor to the ESG.

1.6. Secretary of the Air Force, Deputy General Counsel for Acquisition (SAF/GCQ). SAF/GCQ provides legal advice and assistance related to the MHPI source selection process. SAF/GCQ serves as advisor to the ESG.

1.7. Headquarters Air Force Judge Advocate (HQ USAF/JA). AF/JA supports HP by providing legal advice and counsel to MAJCOMs and Commanders. Ensures that advice and counsel provided by the Staff Judge Advocate (SJA) is coordinated with SAF/GC. AF/JA advises the ESG through AF/JAQ, AFLOA/JAQ and AFLOA/JACA.

1.8. Deputy Assistant Secretary of the Air Force for Budget (SAF/FMB). SAF/FMB provides budget policy and guidance and supports the Office of Management and Budget (OMB) formal scoring determination. SAF/FMB also reviews and approves programming documents and submits annual MHPI program budgets to Congress. SAF/FMB provides congressional notifications to the House and Senate Appropriation Committees of the Air Force's intent to solicit and award an HP project. SAF/FMB notifies the Office of the Under Secretary of Defense Comptroller, Directorate for Program and Financial Control (OUSD (C)/P&FC) of proposed HP project funds transfers, and obtains funding authorizations prior to the HP project closing from the Office of the Under Secretary of Defense Comptroller, OUSD (C) Directorate of Military Construction, SAF/FMB is a member of the ESG.

1.9. Deputy Assistant Secretary of the Air Force for Cost and Economics (SAF/FMC). SAF/FMC establishes Air Force policy and procedures for economic and financial analyses related to HP programs; assists in developing evaluation criteria for HP projects; oversees financial aspects of portfolio management; and reviews and coordinates on economic and financial analyses certified by AFCEE/HP. SAF/FMC is a member of the ESG.

1.10. Chief of Staff of the Air Force (CSAF). The CSAF approves the Air Force Housing Privatization (HP) Program as part of the Family Housing Master Plan (FHMP), which provides the direction and vision for all Air Force housing programs.

1.11. Executive Steering Group (ESG). The ESG will advise on the execution of a multi-year program of privatized housing projects in conjunction with the Office of the Under Secretary of Defense Office of Facilities, Energy and Privatization (OUSD (FE&P)). The authority for the HP program is Section 2801 of the 1996 National Defense Authorization Act (codified at 10 U.S.C. §2871-2885, as amended), the Military Housing Privatization Initiative (MHPI). The ESG oversees the HP Program, reviews and approves policy and resolves program issues while

monitoring the progress of program execution and reviewing portfolio performance. Specifically, the ESG shall:

- 1.11.1. Advise on housing privatization policy and legal issues.
- 1.11.2. Advise on process guidelines and policy for implementing the privatization programs.
- 1.11.3. Advise on criteria for identifying and integrating candidate private sector financed projects.
- 1.11.4. Advocate Air Force projects for approval by OSD, the Office of Management and Budget (OMB) and Congress.
- 1.11.5. Advocate use of Air Force and DoD resources to fund housing privatization initiatives.
- 1.11.6. Advise the Field Operating Agencies (FOAs) (Air Force Center for Engineering and the Environment (AFCEE), Air Force Civil Engineer Support Agency (AFCESA) and the Air Force Real Property Agency (AFRPA)), MAJCOMs and base teams as needed to execute the approved housing privatization projects.
- 1.11.7. Review project and portfolio performance standards to monitor progress and results.
- 1.11.8. Approve template documents and any proposed subsequent changes to the template documents for each housing privatization project.
- 1.11.9. The ESG is comprised of the following members:
 - 1.11.9.1. Chair, Deputy Assistant Secretary of the Air Force for Installations (SAF/IEI).
 - 1.11.9.2. The Air Force Civil Engineer (AF/A7C).
 - 1.11.9.3. Office of the General Counsel of the Air Force, Installations and Environmental Law (SAF/GCN).
 - 1.11.9.4. Office of the General Counsel of the Air Force, Acquisition Law (SAF/GCQ).
 - 1.11.9.5. Deputy Assistant Secretary of the Air Force, Contracting (SAF/AQC).
 - 1.11.9.6. Deputy Assistant Secretary of the Air Force, Cost and Economics (SAF/FMC)
 - 1.11.9.7. Deputy Assistant Secretary of the Air Force, Budget (SAF/FMB).
 - 1.11.9.8. The Air Force Judge Advocate General (AF/JA).
 - 1.11.9.9. Headquarters Air Force Housing Division (AF/A7CH), Air Force Real Property Agency (AFRPA), Air Force Center for Engineering & the Environment (AFCEE), Air Force Civil Engineer Support Agency (AFCESA) and the respective MAJCOM civil engineering authorities are not ESG members but shall serve as advisors to the ESG.

1.12. Deputy Chief of Staff, Logistics, Installations and Mission Support, Headquarters, Air Force Office of The Civil Engineer (HQ USAF/A7C). AF/A7C provides housing policy and oversees the Housing Requirements and Market Analysis (HRMA) and the Housing Community Profile (HCP) processes and planning, programming, budgeting and execution of the FHMP, to include implementation and oversight of HP. AF/A7C is a member of the ESG.

1.13. Headquarters, Air Force Housing Division (HQ USAF/A7CH). AF/A7CH establishes policy and provides oversight of requirements for HP accomplished through development of the FHMP and input to Future Year Defense Program (FYDP). AF/A7CH also provides Housing Management and Utilities Privatization (UP) Program policy and direction, including guidelines for interface between the Housing Asset Manager and the PO. AF/A7CH also:

- 1.13.1. Defines criteria for identifying projects.
- 1.13.2. Develops Air Force HP initiatives to satisfy Air Force housing requirements.
- 1.13.3. Advocates use of Air Force and DoD resources to fund privatization efforts.
- 1.13.4. Establishes policy for HP Program funds (P727) and oversees P727 requirements, validation, distribution and execution.
- 1.13.5. Assists MAJCOMs in conducting feasibility analyses for specific installations and validating project requirements.
- 1.13.6. Conducts HRMA and HCP studies, as required.
- 1.13.7. Coordinates with the Air Force Civil Engineering Support Agency (AFCESA) on issues related to UP and facilities energy.
- 1.13.8. Monitors and supports long-term project management activities.
- 1.13.9. Assesses AFCEE and AFCESA recommendations on the feasibility of combining housing and utilities into one privatization project, as required, and provides recommendation to ESG and SAF/IEI for approval.

1.14. Air Force Center for Engineering and the Environment, Director (AFCEE/CL). SAF/FM and SAF/IEI have delegated specific roles and fiduciary responsibilities to AFCEE/CL. AFCEE/CL is the Air Force Portfolio Manager. The Director has the following responsibilities:

- 1.14.1. Execute processes, procedures and activities necessary to ensure the Air Force maintains appropriate oversight and monitoring of MHPI projects, including fiduciary responsibility for all direct and guaranteed loans made as part of the MHPI program.
- 1.14.2. Provide oversight, monitor privatized projects on behalf of the Air Force and applicable Government lender and assist the MAJCOM and installation in the resolution of transaction document disputes, as required.
- 1.14.3. Approve project operating budgets as delegated.
- 1.14.4. Has delegated authority to approve disbursements from project reinvestment accounts under lockbox agreements and authority to consent to and execute modifications to HP project documents.

1.15. Air Force Center for Engineering and the Environment, Housing Privatization Division (AFCEE/HP). AFCEE/HP is the execution agent for MHPI and serves as AF Portfolio Manager for the AFCEE Director. Execution and Post-Closing Management responsibilities include:

- 1.15.1. Develops and executes contracts to provide consulting support services, Environmental Impact Analysis Processes (EIAP), Environmental Baseline Surveys (EBS),

geo-technical reports, metes and bounds surveys, real estate appraisals and other support, as required.

1.15.2. Serves as the Contracting Officer of record for HP real estate transactions and provides training to the AST on ethics, contract integrity and source selection.

1.15.3. Ensures required National Defense Authorization Act (NDAA) reporting requirements (i.e., construction progress and General Officer Homes (GOH) expenses) are executed and forwarded to appropriate Headquarters Air Force (HAF) offices for review and submittal to SAF/IEI as required.

1.15.4. Assists installations and MAJCOMs, as required, in the development and coordination of Memoranda of Agreement (MOA), Programmatic Agreements (PA), or other alternatives in compliance with Section 106 of the National Historic Preservation Act (NHPA).

1.15.5. Chairs Project Development Teams (PDT) and Acquisition Support Teams (AST), provides an approval recommendation to the ESG and ensures the integrity and conduct of the source selection process.

1.15.6. Provides recommendation to AF/A7CH on feasibility and reasonableness of privatizing housing area utility systems with the HP Request for Proposal (RFP) or Request for Qualification (RFQ) or the UP solicitation documents in coordination with AFCESA.

1.15.7. Prepares and certifies Economic Analyses (EA).

1.15.8. Prepares the OMB scoring report.

1.15.9. Coordinates utility rate structure and pricing policy and project documents with the installation and AFCESA/CEN on an annual basis.

1.15.10. Reviews and submits annual project budgets to AFCEE/CL for approval.

1.15.11. Provides oversight, guidance and approval authority for the HP fire and police protection reimbursement program at installations.

1.15.12. Incorporates fire protection services and preventive maintenance support to include fire flow testing of the water distribution system, and recurring repair, maintenance and inspections on fire hydrants, as well as incorporating the hydraulic modeling and leak detection at a frequency equivalent to and in coordination with that of the AF current standards in all MHPI real estate transactions. For more information see Attachment 6, *Standard Operating Procedure: Fire Equipment and System Protection Requirements for Privatized Family Housing*.

1.15.13. Supports the installation throughout the privatization process. Duties include performing site visits, developing and submitting project information and plans, approving and reporting schedules, obtaining authority to advertise and close projects, and facilitating conflict resolution.

1.15.14. Conducts oversight of HP portfolio, reports on project/portfolio performance, ensures transaction compliance, leads restructure, refinance and amendments of projects, and recommends/takes action(s) to mitigate financial and legal risk to the AF.

1.15.15. AFCEE monitors co-location of the HMO and the PO's Property Management Office (PMO) through annual site visits.

1.15.16. In conjunction with AF/A7CH, develops and publishes Management Review Committee (MRC) guidance. Responsible for ensuring all MRC activities are IAW applicable guidance.

1.15.17. Serves as group MRC Co-Chair for multiple-commands, and performs oversight role for non-AFCEE co-chaired MRCs to ensure meetings occur as directed in transaction documents.

1.15.18. In conjunction with A7CH, develops and maintains a Stakeholder Outreach Plan and associated HP Communications Toolbox, to provide accurate, consistent and timely information on the HP program. Additionally, provides advice and support to MAJCOMs and installations on project-specific communications and activities, as needed.

1.15.19. Controls the Air Force Portfolio and Asset Control and Evaluation System (AFPACES) Web site and training archive, and ensures updated information and documents are posted.

1.16. Air Force Civil Engineer Support Agency (AFCESA). AFCESA supports AFCEE in matters pertaining to utility systems asset management, UP and utility rate structures and pricing policy and fire reimbursement policy; assists and coordinates with AFCEE to resolve interface issues between the HP and UP programs; and determines feasibility and reasonableness of privatizing housing area utility systems with the HP or UP solicitation documents.

1.16.1. The Air Force Fire Chief and Fire Emergency Services Branch (CEXF) Chief within the Readiness Support Division (CEX) facilitates AF fire protection by providing program management and functional oversight for the AF Fire Emergency Services program. For specific guidance, as necessary, to support operational objectives (firefighting and rescue), refer to AFI 32-2001, *Fire Emergency Services Program*.

1.16.2. The Air Force Fire Chief (CEXF) coordinates and provides AFCEE/HP with annual updates to personnel and vehicle amounts for use in annual HP fire reimbursement calculation.

1.17. Headquarters Air Force Resources Division (HQ USAF/A7CR). AF/A7CR provides program oversight of the privatization support funding (P727) for the HP program.

1.18. Major Commands (MAJCOMs) and Direct Reporting Units (DRUs):

1.18.1. Coordinate with AF to identify planning requirements. MAJCOMs coordinate with AFCEE throughout the execution and post-closing processes for HP projects.

1.18.2. Identify and submit budgetary requirements during AF/A7CH data calls and supervise execution of programs.

1.18.3. Support the installation throughout the HP process, including conducting site visits, developing and submitting project information and plans, reporting schedules and progress to AFCEE and AF/A7CH, and resolving conflicts. MAJCOMs also provide oversight, support and guidance, as necessary, to the installation before, during and after project closing. Following transaction closing, MAJCOMs support installation oversight responsibilities.

1.18.4. Participate in Project Development Teams (PDT) and Acquisition Support Teams (AST). MAJCOM staff support to these teams is integral to the success of an MHPI.

1.18.5. Responsible for establishing procedures that comply with AFI 32-7061 and 32 CFR Part 989, as the host unit for preparing and using required EIAP, metes and bounds, programmatic agreements and environmental baseline survey documentation in decisions about proposed actions in its MAJCOM. The MAJCOM also assists, as requested, the installation in activities to comply with Section 106 of the NHPA where historic properties are involved. See AFI 32-7065, *Cultural Resources Management Program*, for details.

1.18.6. Review installation Program Evaluation Plan (PEP) reports, approve PO Performance Incentive Fees (PIF) for single-MAJCOM group, attend ESG meetings and participate in discussions of MAJCOM-specific projects.

1.18.7. Participate and support in the MRC IAW published guidance. The MAJCOM/CC may delegate co-chair of the MRC for single MAJCOM-grouped projects to MAJCOM A7, but may not re-delegate other authority delegated by AFCEE/CL.

1.18.8. Review and oversee installation submittals of compliance reports, GOH reports and waiver packages prior to submittal to higher headquarters.

1.18.9. Monitor occupancy, review demographics, resolve issues within the MAJCOM Portfolio.

1.18.10. Attend Base Site Assessment Visits to monitor base asset management compliance.

1.18.11. Review Base quarterly compliance checklists.

1.18.12. Review construction oversight reports.

1.18.13. Review and be aware of tenant survey data and project action plan.

1.18.14. Coordinate requested changes to the transaction documents, either by base or PO.

1.18.15. Work with installation and AF Portfolio Manager to resolve issues.

1.18.16. Utilize AFPACES to review reports, documents, notices and project information.

1.18.17. Share MRC best practices throughout all command asset management offices.

1.18.18. Ensure budget inputs to support occupant moves.

1.18.19. Review PO annual Operations and Capital Repair and Replacement budgets/plans; provide input to base for AF Portfolio Manager.

1.18.20. Review Extraordinary Operating Expenses requests and provide feedback for further reporting requirements.

1.18.21. Review and, if applicable, advise base on proper fire, police and utility calculations.

1.18.22. Provide guidance on communications techniques and standard public relations materials.

1.18.23. Attend base partnering meetings when available.

1.19. Major Command Staff Judge Advocate (MAJCOM/SJA). The MAJCOM/SJA advises and assists field-level and MAJCOM, and coordinates with SAF/GCN-RPO on issues that may require a policy determination or amendment to project documents.

1.20. Installation Commander. The Installation Commander (referred to herein as the “Commander”) ensures sufficient resources are available to develop, acquire and oversee installation asset management responsibilities set forth below. Authority relating to installation security and mission; health, welfare, safety and security of persons on the installation; and maintenance of good order and discipline established in law remains unchanged. The Commander:

1.20.1. Ensures appropriate installation organizations support the acquisition, operations and long-term oversight of the HP project.

1.20.2. Appoints installation members to the PDT and AST.

1.20.3. Establishes, and co-chairs with the PO, the Management Review Committee (MRC) for single-base HP projects IAW transaction documents and other established guidance, as a forum to facilitate discussions related to the Project. At single command group projects, the MAJCOM and PO co-chair the MRC. AFCEE and PO co-chair multiple Command projects. The Commander ensures appropriate functional area OPRs support the MRC.

1.20.4. Ensures partnering meetings with the PO are established to provide informal discussions to resolve local and day-to-day issues at the lowest level possible. Grouped projects should conduct partnering meetings in advance of an MRC to prepare the installation for issues to be vetted at the MRC.

1.20.5. Ensures Permanent Change of Station (PCS) installation in-processing and out-processing requires that each member report to the HMO during in-processing and prior to entering into a rental, lease or sales agreement.

1.20.6. Ensures all personnel and their families are provided housing relocation and referral services to assist in the location and attainment of housing.

1.20.7. Directs local moves and Non-Temporary Storage (NTS) IAW transaction documents and Joint Federal Travel Regulations (JFTR), Volume I, Uniformed Service Personnel. Approval authority may be delegated to the installation Housing Asset Manager. (See JFTR Web site at Attachment 5.)

1.20.8. Approves discretionary portion of PO Performance Incentive Fees (PIF) for single-base projects and provides feedback to MAJCOMs and AFCEE/HP for grouped projects.

1.20.9. Ensures proper reviews of the annual project Operating and Capital Repair and Replacement budgets are accomplished by appropriate personnel and is advised of findings. Include as item of discussion at the MRC as necessary.

1.20.10. In conjunction with the AFCEE/HPM, participates in resolution of transactional disputes with the PO IAW transaction and delegation documents.

1.20.11. Takes actions or makes decisions IAW authorities identified in the legal documents and letters of delegated authority.

1.20.12. Establishes local credentialing procedures for non-DoD affiliated persons applying for privatized housing. Commanders must ensure Federal Bureau of Investigation (FBI) and OMB guidance is used in using the FBI National Crime Information Center (NCIC) as the authoritative database when conducting background checks.

1.20.13. Establishes disclosure processes for persons applying for privatized housing who are sex offenders. Commanders must ensure all current residents comply with the requirements for disclosure and determine appropriate actions based on results of disclosure (AF Form 4422, *Sex Offender Disclosure and Acknowledgement*). See AFI 32-6001 for implementation guidance.

1.20.14. Ensures consistent application of base access procedures for all tenant categories and the procedures are in compliance with AF guidance.

1.20.15. Ensures pending and future project solicitations and project documents require privatized housing project owners to support Government standards and incorporate AF pet standards into tenant leases to the extent consistent with applicable state and local law (IAW AFI 32-6001). For closed projects, Commanders must coordinate with project owners to incorporate the standards into existing project documents.

1.20.16. For information on Joint Base commander responsibilities refer to paragraph 2.1.5, *Privatized Housing at Joint Bases*.

1.21. Base Civil Engineer (BCE). The BCE manages the installation Asset Management Program, including project oversight. The BCE:

1.21.1. Ensures an installation-level housing management staff is established to accomplish duties associated with PH oversight and provide housing support services.

1.21.2. Ensures appropriate easement requirements are provided through the Real Property Office and approved by the proper authority.

1.21.3. Reviews the PEP report.

1.21.4. Supports the MRC and partnering meetings IAW transaction documents or other established guidance.

1.21.5. Attends or ensures Subject Matter Expert (SME) attendance during the HP project design review process.

1.21.6. Ensure the Fire Services Flight provides fire protection services to privatized housing located within the Installation boundaries under proprietary or exclusive federal jurisdiction IAW applicable jurisdictions and project transactions documents. Under concurrent jurisdiction the Air Force or local municipal fire protection response will be determined upon established/applicable MOAs and as outlined in project transaction documents. The level of service will include fire emergency response and preventive maintenance support and shall be the same as that provided to Government property. As required, the BCE provides annual response data in accordance with reimbursement methodology with supporting documentation and source references to the CE Resource Advisor to compute annual updates for reimbursable costs for fire protection services. For guidance on preventive maintenance support refer to Attachment 6, *Standard Operating Procedure: Fire Equipment and System Protection Requirements for Privatized Family Housing*.

1.21.7. Ensures the installation HMO coordinates with necessary installation offices to compute annual updates for reimbursable costs for fire protection services and submits to AFCEE/HP for review and approval (see Attachment 3, *Methodology for Estimating Reimbursement of Fire Protection Services for Housing Privatization Projects*).

1.21.8. Ensures annual updates to Utility Rates are accomplished IAW project transaction documents and provides updates to the CE Resource Advisor for billing applicable utility reimbursements.

1.21.9. Ensures the proper fire protection repair, maintenance, inspection and testing is completed and documentation is provided to the AF Fire Chief (see Attachment 6).

1.21.9.1. Determines the responsible party for accomplishing fire hydrant repair, maintenance and fire flow testing on the water distribution system within the premises of PH.

1.21.9.2. Coordinates with the AF Fire Chief and obtains the specific installation criteria and timetable required for periodic fire hydrant maintenance, inspection and water flow testing, and provides the requirement to the appropriate party responsible for completing the task.

1.21.9.3. Ensures the responsible party performing fire protection, repair, maintenance, inspection and testing, coordinates with the Fire Chief and PO prior to commencing work.

1.21.9.4. Ensures the AF Fire Chief, or delegated representative, monitors the fire protection, repair, maintenance, inspection and testing taking place.

1.21.9.5. Tracks completion and ensures the appropriate documents validating the accomplishment of fire hydrant repair, maintenance/inspection and certification of water distribution system fire flow tests are prepared. Documents should validate the fire emergency system and appurtenances are operating properly or describe deficiencies that need to be resolved.

1.21.9.6. Submits the appropriate documents (certifications, inspection reports, maintenance data, water distribution tests, etc.) to the AF Fire Chief for review/approval.

1.21.9.7. If deficiencies are noted, tracks completion and re-submits results to the Fire Chief.

1.21.9.8. Ensures the AF Fire Chief records receipt and approval of documents as confirmation of compliance is recorded.

1.21.10. For information on Joint Base BCE responsibilities refer to paragraph 2.1.5.

1.22. Installation Defense Force Commander (DFC). The DFC provides security, force protection and police services for PH IAW applicable jurisdictions and project transaction documents.

1.22.1. Ensures background checks for all tenant categories and PO personnel are accomplished in accordance with appropriate Air Force Instructions and Commander-approved base access processes/procedures. See paragraph 4.2, *Background Checks*; AFI 31-101, *Integrated Defense*; and AFI 31-113, *Installation Perimeter Access Control*, for more guidance on installation access requirements.

1.22.2. Advises leadership and coordinates on all actions on requests to allow sex offenders to reside in housing. Security Forces (SF) verifies through state and federal registration databases that the individual is registered and coordinates with parole officers in the event the individual is under supervision.

1.22.3. As required, the DFC provides annual response data with supporting documentation and source references to the SF Resource Advisor to compute annual updates for reimbursable costs for security services, unless otherwise stated in transaction documents.

1.22.4. Reviews the PO tenant lease agreement for compliance with transaction documents, as amended and provide comments to AFCEE/HP through the Housing Office (see paragraph 1.26.19).

1.23. Installation Staff Judge Advocate (SJA). The SJA provides legal advice and counsel to the Commander. The SJA also:

1.23.1. Forwards issues that may require a policy determination and issues related to privatization transactions to the MAJCOM/SJA with recommendations for resolution.

1.23.2. Coordinates with the MAJCOM/SJA, installation Asset Manager, installation Housing Asset Manager, SAF/GCN-RPO, SAF/GCQ, AFLOA/JAQ and AFLOA/JACA, as appropriate, during the selection process and supports the project team during the ESG approval process.

1.23.3. Forwards concerns about HP legal documents to the MAJCOM/SJA and participates in development of resolutions with AFCEE and SAF/GCN.

1.23.4. Consults on any case involving a housing applicant or other prospective resident of the home disclosed to be a sex offender. The SJA will verify that all resulting actions are conducted in accordance with state and federal law.

1.23.5. Reviews the PO tenant lease agreement for compliance with transaction documents, as amended and provide comments to AFCEE/HP through the Housing Office (see paragraph 1.26.19).

1.24. Financial Management Resource Advisors (RA). CE, SF and Wing FM RAs have financial management duties/responsibilities with regard to HP fire, police and utility reimbursements. The following reimbursement process outlines RA touch-points:

1.24.1. AFCEE/HP sends annual data call prior to 1 August to the Housing Asset Manager to update fire and police calculations. Data call will include formula template and updated vehicle and personnel rates.

1.24.2. The Housing Asset Manager forwards request to CE and SF RAs for coordination with BCE or DFC to update annual response data.

1.24.3. The updated calculations along with supporting response log backup documentation, as applicable, are submitted to the Housing Asset Manager for review and coordination through AFCEE/HP for approval. Once approved, the annual update is coordinated through the PO by the Housing Asset Manager. (See Attachments 3 and 4 for fire and police reimbursement methodologies for HP).

1.24.4. The PO receives updates to Utility rates from BCE IAW the project transaction documents for billing applicable utility reimbursements.

1.24.5. RA personnel working with the installation Accounting Liaison Office (ALO) are responsible for providing their regional Defense Finance and Accounting Service (DFAS) field operating site the appropriate billing information for their respective receivables to ensure accurate and timely billing is accomplished IAW project transaction documents. (See Attachments 3 and 4 for fire and police reimbursement methodologies for HP).

1.24.6. Reviews the PO tenant lease agreement for compliance with transaction documents, as amended and provide comments to AFCEE/HP (see paragraph 1.26.19).

1.25. Asset Management Flight-Capital Asset Management Element (Housing Asset Manager/Housing Manager). Focuses on Housing Management services. All Housing functions are performed under this element and include duties associated with oversight, compliance and housing support services for PH.

1.25.1. The Capabilities Based Manpower Standard (CMS) 44EHOP identifies required manpower for HMO at installations with PH. These duties include, but are not limited to, privatization project oversight, housing requirements, master plans, General Officer Homes oversight, budget and financial management, identification and execution, housing referral and relocation services, and other related housing services.

1.25.2. Positions specifically earned to support oversight of the privatization project are considered inherently Governmental. These are identified on the Unit Manning Document (UMD) with REASON code (RSC) E.

1.25.3. Reviews the PO tenant lease agreement for compliance with transaction documents, as amended and provide comments to AFCEE/HP through the Housing Office (see paragraph 1.26.19).

1.26. Housing Management Office (HMO). Reports to Capital Asset Management Element. The HMO shall remain on the main-base area due to tangential management of dormitories and other day-to-day interface with base agencies. However, all HMO and PMO staffs in future HP projects shall be co-located to allow for ease of staff communication and more efficient customer service. At existing privatized locations, Commanders and POs are encouraged to actively partner to share existing customer service facilities where possible. The following duties are the responsibility of the installation HMO staff. The HMO:

1.26.1. Approximately 60 days before project closing, the Housing Asset Manager will send a notice to Government FH residents for Privacy Act release of information to the Successful Offeror. This allows the PO to set up files, populate databases and be prepared for operations on the first day of ownership.

1.26.2. Performs duties related to GOH as per AFI 32-6003, *General Officer Quarters*.

1.26.3. Shall be knowledgeable of and review the installation HP transaction documents.

1.26.4. Observes and reports compliance with transaction documents via a quarterly compliance checklist to the PO with copies submitted to AFCEE and MAJCOM. Works daily with the PO towards optimum issue resolution for project benefit.

1.26.5. Initiates and staffs proposed changes to transaction documents IAW appropriate project scope change guidelines.

1.26.6. Provides AFCEE/HP required information and documents. This includes collecting, reviewing and providing information and documents as requested, such as PEP data, MRC minutes, demographic information and other information, as necessary.

1.26.7. Monitors the AFPACES Web site and training archive, and ensures updated information and documents are posted.

1.26.8. Monitors and analyzes trends using HP reports as outlined in project documents, identifies areas of concern, and ensures status is provided to installation leadership, MAJCOM and AFCEE/HPM as necessary.

1.26.9. Assists the PO and PMO in resolving issues with inherently Governmental components.

1.26.10. Identifies opportunities to improve project performance, including installation practices, policies and transactional requirements, and coordinates development and implementation of solutions with AFCEE/HP.

1.26.11. Provides oversight of PO quality control program and operations and provides feedback to the PO.

1.26.12. Recommends acceptance/approval of new construction/renovations/notice to proceed to AFCEE/HPM for approval as identified in the Construction Management Plan. If outside the approved plan, forwards to MAJCOM and AFCEE/HPM for review and recommendation to A7CH for approval.

1.26.13. Ensures inbound personnel are briefed on all housing options and responsibilities regarding tenant liability procedures for maintenance and repair (M&R) of their units during occupancy. The Housing Management staff ensures that in-bound personnel briefings include, as a minimum:

1.26.13.1. Information on PH housing categories, referral policies and lease requirements.

1.26.13.2. Details on AF, installation and PO pet standards including restrictions on aggressive breeds, pet deposits, limitations associated with number of pets per household, etc.

1.26.13.3. Firearms briefing/requirements.

1.26.13.4. Additional renter's insurance coverage, as necessary.

1.26.13.5. Allotment procedures and annual allotment adjustments.

1.26.13.6. Landlord/tenant complaint process.

1.26.13.7. Tenant responsibility for utility payments, as per transaction documents, including benefits of utility conservation.

1.26.13.8. Self-help limitations or allowances.

1.26.13.9. Grievance policy.

- 1.26.13.10. Information covering the impact of drawing Basic Allowance for Housing (BAH) on supplemental entitlements; the requirement for HMO staff to certify PH occupancy for federal food, school lunch and other related programs; any additional entitlements; and other applicable local issues.
- 1.26.14. Ensures that all personnel who are applying for privatized housing complete AF Form 4422 in accordance with guidance established in AFI 32-6001.
- 1.26.15. Assists the PMO in marketing PH to military personnel by ensuring all referrals include PH information, and all activities are in compliance with the Privacy Act of 1974. See paragraph 4.21, *Marketing Privatized Housing (PH)*, for more information. Also assists the PO/PMO in marketing to Other Eligible Tenants to help maximize occupancy
- 1.26.16. Ensures outbound personnel have appropriate data to contact gaining installation HMO.
- 1.26.17. Assists the PMO in marketing to Other Eligible Tenants to help maximize occupancy, as necessary.
- 1.26.18. Assists the PMO in establishing the waiting list procedures to ensure consistency with transaction documents.
- 1.26.19. Reviews the PO tenant lease agreement for compliance with transaction documents, as amended, and provides comments to AFCEE/HP.
- 1.26.20. Assists Target Tenants and Other Eligible Tenants and the PMO in resolving allotment issues at initial occupancy and when adjustments are necessary.
- 1.26.21. Assists, as required, to ensure PO reimburses tenant for telephone and cable reconnection fees as dictated by the transaction documents.
- 1.26.22. Ensures the PO pays tenant moving expenses IAW transaction documents when directing a move from a privatized home for PO convenience. Costs associated with an eviction and other moves associated with tenant failure to adhere to the terms of the tenant lease are responsibility of the tenant.
- 1.26.23. Budgets and authorizes Government expenditures to oversee PH.
- 1.26.24. Reviews project annual budgets, and other financial statements, as needed, and provides comments to AFCEE/HP.
- 1.26.25. Certifies the PO submission for reimbursable costs of fire protection and police services as set forth in project transaction documents and prepares annual updates to calculations in coordination with the Civil Engineer and Security Forces Resource Advisors along with backup documentation, as necessary, and coordinates updates through AFCEE/HP for approval. Once approved, provides the PO updated rates in time to allow time for proper budgeting. (For more information see paragraph 3.6.3, *Fire and Police Reimbursement*).
- 1.26.26. Ensures annual response data, vehicle operating costs and personnel cost with supporting documentation, as required, is collected and validates data.
- 1.26.27. Participates and assists with school impact aid and school lunch issues and other social programs.

- 1.26.28. Validates and staffs recommended changes to PO proposed tenant utility allowance calculations for approval.
- 1.26.29. Facilitates, in partnership with the PMO, MRC preparations to include providing administrative and logistical support for the MRC or other partnering meetings; schedules meeting space, researches issues and concerns, prepares minutes, and tracks action items. Provides information regarding major impacts to include disputes. Partners with the PMO to ensure vacancy, tenant and other eligible tenant issues are presented and discussed.
- 1.26.30. Reviews PO Extraordinary Costs & Expenditures (EC&E) report and ensures the results are presented to the MRC and/or installation leadership for subsequent submission to AFCEE/HP.
- 1.26.31. Provides support for development of the quarterly GOH cost reports.
- 1.26.32. Reviews PO action plan(s) put in place to address weaknesses and ensures inclusion as an item of discussion at MRC and partnering meetings, as appropriate.
- 1.26.33. Supports tenant satisfaction survey process. Surveys must be conducted IAW Air Force guidance and templates provided by AFCEE. PO survey requirements are specified in the project transaction documents.
- 1.26.34. Coordinates resolution of environmental issues by establishing working groups between PO and base environmental experts, as necessary, to assist PO in meeting environmental compliance requirements (i.e. water working groups, pre-closing environmental working group).
- 1.26.35. Coordinates with PO/PMO to ensure appropriate permits are on file as required.
- 1.26.36. Coordinates with base environmental personnel to ensure introductory letters go out to appropriate regulators explaining HP, and introducing the PO as the primary POC for compliance issues pertaining to their efforts.
- 1.26.37. Reviews and validates (to include random sampling when necessary) all incentive fee submittals from the PO and forwards recommended action and award amount to approval authority.
- 1.26.38. Endorses Resident Construction Manager (RCM) recommendation of acceptance/approval of new construction/renovations/notice to proceed for HQ AFCEE/HPM final approval.
- 1.26.39. Ensures compliance tasks are completed as further defined at paragraph 4.27, *Compliance Tasks*.
- 1.26.40. Maintains liaison with SF to obtain base passes for the PO and PMO, subcontractors, and potential non-DoD PH residents as required and ensure visitors are escorted IAW installation security procedures.
- 1.26.41. In coordination with the installation Public Affairs office, implements appropriate communications activities as recommended in the HP Communications Plan to ensure effective and timely program communications.
- 1.26.42. Works in coordination with the PO and PMO to schedule Town Halls, as necessary, to address key resident concerns and other topics and provide IDP updates. Requests

support in briefing key topics from other base organizations as necessary (e.g., TMO, SFS, FSS, Finance, etc.)

1.26.43. Ensures information is available on appropriate Web sites to assist current and potential residents in gaining vital housing information (Base newcomer's page, Base AF Portal page, the Automated Housing Referral Network (AHRN), AF Public Housing Web site, a PO or PH project Web site, etc.).

1.27. Asset Management Flight-Environmental Element. Performs management functions required to assure installation compliance with relevant environmental rules, regulations, permits and policy. The Environmental Flight conducts limited oversight of the PO's compliance with environmental duties as outlined in the closing documents.

1.28. Privatized Housing (PH) Target Tenants:

1.28.1. In-bound personnel are responsible for in-processing through the HMO to be briefed on Fair Housing laws and any restrictive housing sanctions.

1.28.2. Tenant responsibilities are also identified in the tenant lease. PH tenants sign a lease and are bound by its terms and conditions. Disputes between the tenant and the PO/PMO may be referred to the Housing Asset Manager in an attempt to informally resolve the issue. Unresolved disputes are to be settled using the provisions contained in the tenant lease and local laws. Target tenants and other military affiliated tenants are to be encouraged to seek legal guidance from the base Judge Advocate General (JAG) office.

Chapter 2

PHASE I: PLANNING/CONCEPT DEVELOPMENT

2.1. Project Identification - Key Components. The agencies required in establishment of project documents include, but are not limited to, Civil Engineering (Housing, Fire, and Environmental), Security Forces, Judge Advocate, Contracting and Public Affairs.

2.1.1. Housing Requirements and Market Analysis (HRMA). AF/A7CH conducts and manages the HRMA process. HRMAs determine installation(s) accompanied and unaccompanied housing requirements. HRMAs are conducted periodically to identify housing requirements by grade and number of bedrooms for 5 years in the future, and are reviewed and approved by the Commander, MAJCOM and AF/A7C. Installations and MAJCOMs must obtain AF/A7C approval for deviations from an approved HRMA.

2.1.2. Housing Community Profile (HCP). AF/A7CH conducts and manages the HCP process. The HCP documents the condition of FH, identifies construction requirements to bring FH and communities up to Air Force standards and analyzes data to determine the economical method of investment for the improvement or replacement determination. The HCP represents the minimum military housing construction requirements and is the basis for privatization project development decisions. An HCP update is not completed for installations where FH is fully privatized. HCP updates that are in progress at the time privatization project development is initiated are completed through Commander approval of the 50 percent submittal of the HCP update.

2.1.3. Family Housing Master Plan (FHMP). AF/A7CH executes and manages the Air Force FHMP which articulates the Air Force housing investment strategy and identifies privatization candidates, anticipated scored costs, scopes and years of execution. The FHMP incorporates information from the HRMA and the HCP to estimate the required scoring cost for HP. It is used by the Air Force to prepare the Program Objective Memoranda (POM) and Budget Estimate Submission (BES). FHMPs are reviewed and approved by the installation, MAJCOM, AF/A7C, CSAF and Secretary of the Air Force (SecAF). Installations and MAJCOMs must obtain AF/A7C approval for deviations from an approved FHMP.

2.1.4. Project Programming. IAW AFI 32-6002, HP projects are programmed using a completed Defense Department (DD) Form 1391, *FY___ Military Construction Project Data*. The purpose of DD Form 1391 is to obtain authorization for the project and funding appropriations for scored costs, if any, associated with an MHPI project. DD Form 1391 identifies the project end-state, scope (number of units resulting from demolition, renovation and construction) and the estimated scored cost documented in the FHMP for a particular installation. It also includes the scope of traditional Military Construction (MILCON) projects that could be accomplished with the available funding when a privatization initiative proves infeasible. DD Forms 1391 are reviewed and approved by the installation, the MAJCOM and AF/A7C, Programs Division (AF/A7CP). Installations submit DD Forms 1391 for HP, through the MAJCOM to AF/A7CP as part of the same budget cycle as other FH DD Forms 1391. Each installation that plans to be part of a grouped project must submit an independent DD Form 1391 reflecting the scope of work planned for their installation.

2.1.5. Privatized Housing at Joint Bases. Project management and oversight for PH shall remain with the Service that executed the privatization project. Oversight functions such as Referral/Relocation and furnishing support transfers to the Supporting (Lead) Base.

2.1.5.1. Management of the ground lease and responsibility for providing municipal services for privatized housing (e.g., utilities, refuse removal, fire, and police) shall transfer to the supporting Service or as established in a MOA.

2.1.5.2. The amounts that the PO must reimburse the supporting Service for municipal services shall be calculated using the methodology employed by the Service that entered into the privatization project.

2.1.6. Concept Plan Brief. AFCEE will present the Concept Plan Brief, which includes the HP project scope, authorities, financials and milestones, to AF/A7C and SAF/IEI prior to requesting formal ESG approval. AF/A7CH will then brief the Office of the Under Secretary of Defense, Office of Facilities, Energy and Privatization (OUSD (FE&P)) for concept approval.

2.2. Project Definition - Key Components.

2.2.1. Preliminary Planning (Concept) Pro Forma. AF/A7CH determines the feasibility of the project by executing a preliminary planning pro forma which serves as the preliminary Government cost estimate for scored costs, Government direct loan or Government equity investment as well as project unit requirement. The pro forma calculates the projects scored costs using risk, recovery and inflation rates established by OMB.

2.2.2. Execution (Concept) Pro Forma. Once the project feasibility is established by AF/A7CH, AFCEE will develop an execution pro forma based on planning pro forma guidelines for concept development. The execution pro forma will be used as the basis for ESG project concept approval and establishes the amount and terms of Government direct loan or Government equity investment. The execution pro forma is coordinated through A7CH and SAF/FMCE. Pro forma data is considered source-selection sensitive and must be annotated "For Official Use Only," and may not be released outside Government channels.

2.2.3. Economic Analysis (EA). The EA calculates life-cycle costs of available alternatives to revitalize housing (i.e., status quo, privatization and identical MILCON). See AFI 65-501, *Economic Analysis*, and applicable SAF/FM guidance. The EA report will be prepared by the PRESS or RESS contractor, certified by AFCEE and coordinated through AF/A7CH and SAF/FMC.

2.2.4. Credit Scoring Report. The preliminary Credit Scoring Report is prepared with data from the concept pro forma and provides insight into the impact of budget scoring when offering federal credit for HP. This report will be prepared using the latest version of the OMB Credit Subsidy Calculator.

2.2.4.1. The preliminary report provides an executive level summary of the project and provides insight into the level of Government participation and the calculation of budget scoring when offering federal credit for HP. The report will be used by AFCEE, AF/A7C, SAF/FMCE, the ESG and the Office of the Secretary of Defense (OSD). The Government estimated scored costs may not be publicly disclosed, unless approved by

the ESG. See the SAF/FM Web site at A3.2 for the most current guidance and template for this report.

2.2.4.2. Final scoring reports are submitted to AF/A7C, SAF/FMB and SAF/FMC no later than 10 work days after completion of negotiations and closing of an HP transaction. Final scored cost must match the OMB-approved scored cost and subsidies, unless OMB approved a change to the scored cost and subsidies.

2.2.5. Environmental Compliance. Air Force regulations require the execution of an Environmental Baseline Survey (EBS) and the Environmental Impact Analysis Process (EIAP) for the proposed leased premises during the privatization process.

2.2.5.1. Environmental Baseline Survey (EBS). During the early stages in the privatization process, the environmental condition of the property must be determined. This is a Real Property action required by AFI 32-7066, *Environmental Baseline Surveys in Real Estate Transactions*. The EBS process should gather as much environmental and historical/cultural information from the base as possible for the proposed leased premises. This can include specific site data such as past hazardous waste storage areas, Installation Restoration Program documents and historical/cultural information and natural resources information. This data will be used this data (along with other factors) to determine the viability of land for use in an HP project from an environmental standpoint. The purpose is to determine the environmental condition at the property, potential environmental liabilities and issues that would make the privatization project unfeasible; therefore, the EBS should be started early in the HP process. If the EBS designates the land in the project to be either category five (known contamination with removal or remedial action, or both, underway, but all required remedial actions have not been taken) or six (known contamination where required response action have not been initiated), the land may not be conveyed. If the land is designated category seven (area is unevaluated or requires additional evaluation), use of that land for PH is not authorized until the category is upgraded.

2.2.5.2. The EIAP is the Air Force process for compliance with National Environmental Policy Act (NEPA) and Council of Environmental Quality (CEQ) regulations. 32 CFR 989, *Environmental Impact Analysis Process*, contains more specific direction on implementing the procedural provisions of NEPA, and information for the public and other Governmental bodies regarding how NEPA regulations are implemented. The purpose of EIAP is to provide agency decision makers information to make environmentally informed decisions. EIAP must start early in the privatization concept development process. Advance planning is critical to the successful completion of an EIAP action. Delayed planning often causes delays in the EIAP schedule and privatization implementation.

2.2.5.3. Where the HP action involves facilities listed on or eligible for the National Register of Historic Places, compliance with Section 106 of the NHPA and 36 CFR 800, *Protection of Historic Properties*, is mandatory prior to completion of the EIAP and contract award. Refer to AFI 32-7065 for details. It is important that the installation work closely with the State Historic Preservation Office (SHPO) and potential offerors on drafting language for any agreement concluding Section 106 compliance, which will be executed and included in the transaction legal documents.

2.2.5.3.1. Formal agreements made under NHPA typically require the PO to operate and maintain designated historic facilities in a manner meeting federal preservation standards, and maintain coordination with the installation Cultural Resources manager. When land upon which the PO operates remains AF property, the land remains subject to provisions of NHPA Section 110, the Archaeological Resources Protection Act and the Native American Graves Protection and Repatriation Act and the AF retains responsibility for compliance with such authorities.

2.2.6. Utilities Services Considerations. The Government may not provide utility service to every MHPI project; however, provision of utility service is a key component of the project costs and must be explored by the project team early in the solicitation process. If the plan for the PO to provide utility service to tenants is a cause for concern to the local utility or state regulatory utility commission, and there is reason to believe there might be utility regulatory or utility contract problems encountered in the HP process, the MAJCOM should consult with the AFCESA/CEN at least 6 months prior to solicitation. See paragraph 3.6, *Utilities Services*, for more information.

2.3. Project Feasibility Determination.

2.3.1. Prior to CSAF approval to begin MHPI project development, a series of project criteria are verified to determine if proposed installation housing is a valid privatization candidate. When an installation is not a valid privatization candidate, it may be analyzed in combination with one or more other installations, also known as a grouping, to determine if this results in a viable project. The requirements stem from both statutory, OMB and OSD guidance and a project must meet or exceed all of the requirements before approval is granted. Criteria are checked again at OSD concept and award approvals.

2.3.2. Criteria.

2.3.2.1. Life-cycle cost of an HP project must be equal to or less than the traditional MILCON approach. See current SAF/FM policy for life cycle costing for an HP project at Web site referenced in Attachment 5.

2.3.2.2. According to OMB guidelines, Governmental financial participation in a HP project with a direct loan or loan guarantee may not exceed 80 percent of the total value of the project and private sources must provide at least 20 percent of all resources in the project. This is known as the "participation test." IAW 10 U.S.C. §2875, *Investments*, for a HP project with equity investment, the cash amount of the government investment may not exceed 33-1/3 percent of the capital cost of the project. If the government conveys land or facilities to the project owner in an equity investment transaction, the total value of the Government's investment (cash, land and facilities) may not exceed 45 percent of the capital cost of the project. The participation amount includes the value of housing conveyed and the scoring required to support the project.

2.3.2.3. According to OSD policy, the leverage calculation (equivalent MILCON development cost of a project divided by the amount of scored dollars required for the project) should be equal to or greater than 3:1. However, the Air Force and OSD may consider candidate projects with a leverage ratio less than 3:1 on a case-by-case basis.

2.4. Transaction Structuring.

2.4.1. Non-Federal Acquisition Regulations (Non-FAR) Transaction. The Air Force executes the HP Program through non-FAR acquisitions. The real estate transaction utilizes fair, timely and cost-effective procedures of real estate development, real estate finance and real estate management for solicitation, evaluation and selection of a Highest-Ranked Offeror (HRO) proposal most advantageous to the Government.

2.4.2. Long-term Lease. To the extent practicable, use long-term ground leases and avoid conveyance of land underlying existing housing or other Government land for privatization projects. However, if land is conveyed, transfers of land from federal ownership will require additional environmental and cultural resources compliance actions; see 32 CFR 989, AFI 32-7066 and AFI 32-7065 for details. Finances, current and future land use and school impact aid issues must be fully justified in the Concept Plan Brief.

2.4.2.1. Low-level Impact Aid is paid for children living on private property, whose parents are on active duty and serves to compensate the local area for the loss of local sales tax revenue due to the parents purchasing items tax-free on base.

2.4.2.2. High-level Impact Aid is paid for children who live on federal property to reimburse the school district for the revenue they otherwise would have received from property tax. The amount paid by the Federal Government is inversely proportional to the wealth of the school district. The district must cover the remainder of the education costs, which is paid primarily from sales and property taxes.

2.4.2.3. Many states have the right to claim high Impact Aid for students who reside on federally leased land as well as the ability to tax the real property improvements to the property that now belong to the PO. Local school districts may also receive Federal Impact Aid from the Department of Education and/or the DoD for children of active duty military and civilians who work on military installations. When Government housing is privatized, Impact Aid may be affected depending on whether the land is leased or conveyed.

2.4.2.4. The Department of Education has the responsibility to determine each district Impact Aid benefits based on the inputs of the school district and verification from the installation and PO.

2.4.3. Legal Jurisdiction of Federal Property. Legal jurisdiction of federal property can be exclusive, proprietary, or concurrent as defined by AFH 32-9007, *Managing Air Force Real Property*. Installations may have different jurisdictions on different real estate parcels. Jurisdictional status is subject to change at the discretion of the federal and state Governments. Jurisdiction is not changed by leasing property but may change when conveying property.

2.5. Development Site Visits. Installations and MAJCOMs work with AFCEE to coordinate and schedule site visits to meet project milestones. Installations and MAJCOMs maximize PDT participation during AFCEE visits to ensure objectives are achieved and the project meets installation requirements. The process timeline makes it essential for the Air Force to provide timely Government-furnished materials and comments on deliverables.

2.6. Program Adjustments: After a DD Form 1391 is provided to Congress for authorization and appropriation, projects must follow MILCON procedures for scope, cost changes and approvals, through the Notification of Intent to Solicit and the Notification of Award, provided to

SAF/LLP and SAF/FMBL by AF/A7C, and then to Congress. AF/A7C also notifies OUSD (FE&P). After such notifications, no substantive changes may be made to a project scope or scoring without approval from AF/A7C and SAF/IEI.

2.6.1. Scoring or scope changes of 15 percent or less of the dollar amount of the approved DD Form 1391 require approval by AF/A7CH. Scoring or scope changes greater than 15 percent and up to 25 percent require approval by AF/A7C. Scoring or scope changes greater than 25 percent require approval by SAF/IEI and congressional notification through the congressional notifications in paragraph 2.6. AFCEE submits requests for scoring or scope changes to AF/A7CH.

2.6.2. After SAF/IEI, AF/A7C or AFCEE/CL approves program changes (approval authority dependent upon scope parameters outlined in delegated authorities or other ESG approved program operating guidelines) to an HP project, AFCEE forwards a proposed development and solicitation schedule to AF/A7CH and the ESG for approval and inclusion in the FHMP. AFCEE monitors compliance with the project schedule and coordinates changes with AF/A7CH, the ESG and SAF/IEI.

2.7. Project Cancellation. When an MHPI project is no longer practical for an FHMP-identified project, AFCEE sends a memorandum to AF/A7C with full justification requesting cancellation of the project and authority to proceed with the alternative MILCON project identified in DD Form 1391. The funding of design funds to affect the MILCON project will be the responsibility of the MAJCOM.

2.8. Program Reporting. In coordination with each MAJCOM, AFCEE provides quarterly updated milestones to AF/A7C on projects in development. Milestones include EIAP completion dates (if applicable), projected and actual OSD concept approval dates, congressional notifications (solicitation, award and funds transfer) and closing dates. Changes to the milestones must be IAW paragraph 2.6. AF/A7CH coordinates this information with the appropriate offices and sends it to OUSD (FE&P).

Chapter 3

PHASE II: PROJECT EXECUTION

3.1. Phase II—Project Acquisition Key Components.

3.1.1. Request for Proposal (RFP) / Request for Qualifications (RFQ). The RFP or the RFQ is the solicitation document AFCEE uses to solicit proposals to privatize military family housing. The RFP or RFQ describes to industry the existing conditions, project requirements, proposal submittal requirements and evaluation standards. Use of the most current version of the generic solicitation document is mandatory. After the project concept is approved by SAF/IEI, AF/A7C coordinates with OUSD (FE&P) for approval to release the solicitation.

3.1.2. AFCEE develops the RFP or RFQ in coordination with functionals at all levels. After SAF/IEI approves the concept, SAF/IEI (through SAF/LL) and SAF/FMB (through SAF/FMBL) notify Congress of the intent to solicit the project IAW 10 U.S.C. §2884, *Reports*.

3.1.3. If the HP transaction includes conveyance of the land under the housing structures, utilities in the housing area may be included in a separate Utilities Privatization (UP) solicitation.

3.1.4. Points of demarcation (POD) for utility systems shall be established, clearly delineating where ownership responsibility for utility infrastructure changes from the MHPI Project Owner (PO) to either the Base Civil Engineer (BCE) or the UP System Owner (SO). PODs shall normally be established in accordance with the J-Section templates in the approved UP Generic RFP. PODs shall be established by installations, in coordination with their MAJCOMs, AFCEE/HP and AFCESA/CENU.

3.1.5. To ensure the MHPI project properly reimburses the Air Force for the marginal cost of providing utilities to privatized housing, an “MHPI System” will be identified for each utility at each base. The MHPI System will consist of all utility infrastructure components that solely serve housing, including utility infrastructure owned by the PO. Multi-purpose components of the installation utility system that serve housing, but are also used to deliver utility services to Air Force facilities located within the housing area, or are also for the further delivery of utility services to Air Force facilities located outside of the housing area (Multi-Purpose Lines), will not be included in the MHPI System. The MHPI System shall be established by installations, in coordination with their MAJCOMs, AFCEE/HP and AFCESA/CENU.

3.1.6. A description of the MHPI System and the approved POD shall be included in MHPI project solicitation, as well as a description of the methodology used to determine the utility reimbursement rate charged the PO for the commodity plus the O&M, capital repair, and improvements for the MHPI System. Solicitations that have been previously issued but for which a Highest Ranked Offeror has not been selected shall be amended to incorporate this information. The installation or PO (if the installation has privatized the utility) shall retain ownership of the MHPI System. The MHPI System, if owned by the installation, may be subsequently conveyed to a UP contractor pursuant to the award of a UP project at the installation after closing of the MHPI project.

3.1.7. Reimbursements by MHPI Project Owners for utility O&M and capital repair and improvements shall be computed as follows:

3.1.7.1. The installation pays 100% of the costs of O&M and capital repair and improvements of the Multi-Purpose Lines. However, the MHPI Project Owner shall reimburse the Air Force IAW 10 U.S.C. §2872a for the cost of any work undertaken by the Air Force on the Multi-Purpose Lines for the sole purpose of accommodating the MHPI Project, e.g., relocating a utility main to facilitate the construction of the privately-owned housing units.

3.1.7.2. The MHPI Project shall reimburse the Air Force IAW 10 U.S.C. §2872a for the cost of any O&M or capital repair and improvements on the MHPI System that meet the “sole benefit test” as defined in AFI 32-1061.

3.1.7.3. If the HP transaction includes leasing land under the housing structures, utilities may be included in a separate UP solicitation.

3.2. Industry Forum. The purpose of the Industry Forum is to communicate the HP project requirements and receive comments from industry, local Government officials and other interested parties. The forum is presented to educate the local community, interested private companies and other functions on the aspects of each MHPI. As a courtesy, SAF/FMBL and SAF/LLP send an informal notice of the Industry Forum to congressional representatives and senators from the district and state of project location.

3.3. Offeror Selection. The Acquisition Support Team (AST) consists of representatives from the installations, MAJCOMs and AFCEE. The Contracting Officer, SAF/GCN-RPO and the PRESS or RESS contractor advise the AST. The AST evaluates proposals against the RFP or RFQ factors, conducts comparative analyses and ranks the offerors. The PRESS or RESS contractor provides advisory and assistance services in support of the Government's efforts to solicit, evaluate, negotiate and finalize real estate transactions for military housing, but does not have overall contractual responsibility for finalizing the transactions. Activities of the PRESS or RESS contractor may include developing solicitation documents, ensuring all submittal requirements are met; developing real estate appraisals, land leases and conveyance documents; evaluating proposals, use agreements, management and operations plans, and other financial and legal instruments; and, facilitating project development activities, such as Site Orientation Visits, Industry Forums and PDT workshops. The Task Orders issued to the PRESS or RESS contractors govern their activities.

3.3.1. The AST recommendation to SAF/IEI and the ESG of the HRO must include all financial documents (e.g., pro forma, scoring report) and be coordinated with members of the ESG before AFCEE presents the AST selection briefing to SAF/IEI for approval.

3.3.2. Following SAF/IEI approval of the HRO and coordination with OUSD (FE&P) of the source selection, SAF/IEI (through SAF/LL) and SAF/FMB (through SAF/FMBL) notify Congress of intent to award IAW 10 U.S.C. §2884, *Reports*. Following OMB approval of the scored cost, OSD(C) also notifies Congress IAW 10 U.S.C. §2883, *DoD Housing Funds*, of the intent to transfer funds to the OSD Family Housing Improvement Fund (FHIF) to cover the project scored cost.

3.4. Transaction Closure.

3.4.1. The notifications to award and transfer funds give congressional members the opportunity to comment on the proposed award.

3.4.2. During the notification of intent to award period, negotiations with the HRO commence, and may lead to closing the project. Once the congressional notification to award period expires, exclusive negotiations with the HRO continue. Tenant lease agreements may be signed and public announcements may be made with approval from SAF/IEI.

3.4.3. Once congressional notification of intent to transfer funds is complete, OSD(C) has authority to approve funds transfers to the FHIF.

3.4.4. The AST shall concur, by majority agreement, on negotiated changes before final approval by the selection authority, SAF/IEI.

3.4.5. Design Process. At transaction closure a design schedule is established. A preliminary design, as agreed to by the AST members, has been accomplished (typically 35%) at or near HRO selection. Although the majority of design development, due diligence and review typically occurs after transaction closing, it is vital to ensure required stakeholder input is also captured before the transaction is finalized.

3.4.5.1. Selected MAJCOM and installation reviewers must understand the project requirements, architectural plans, construction specifications, environmental requirements and applicable code requirements.

3.4.5.2. AFCEE/HP must ensure stakeholders are made aware of the design review process and deadlines for each level of design.

3.4.5.3. The MAJCOM GOH coordinator should be involved if GOH is under design and/or renovation to ensure all specific Air Force GOH design items and standards are included.

3.5. Ancillary Support Facilities.

3.5.1. In accordance with 10 U.S.C. §2871(1), *Definitions*, ancillary support facilities, such as community centers, swimming pools, tot lots, other recreational facilities, HMO, maintenance facilities and other similar facilities may be included in the project if they are designed to serve the privatized housing tenants and support FH.

3.5.2. Ancillary supporting facilities must be sized to support only PH, not other populations. Additional capacity, if not used by the tenants of PH, may be used by others, if the PO agrees.

3.5.3. The PO is otherwise prohibited from providing any resale merchandise, services, or commercial recreational operations or activities that would be in direct competition with Army and Air Force Exchange Service (AAFES), Defense Commissary Agency (DeCA) unless approved by the appropriate authority and as outlined in project transaction documents.

3.5.4. The project solicitation documents require the PO to compensate AAFES, DeCA or the installation Nonappropriated Fund Instrumentality (NAFI) for the undepreciated or surcharge investment in any facilities or improvements conveyed with the project where these entities have an investment.

3.5.5. All future HP projects will include the requirement for a customer service facility which allows for the co-location of AF and PO privatization property management (PMO) staff, when feasible. At existing privatized housing locations, Installation Commanders and POs are encouraged to actively partner and share existing customer service facilities where possible, to include joint base locations. At a minimum, at least one person from each staff should permanently relocate to the other's customer service facility to conduct their daily activities. All costs associated with relocation, furnishings & communications for the Government housing staff will be funded with P-721 Military Family Housing (MFH) appropriations.

3.5.5.1. Co-location solutions will be monitored and included within project reports during Annual Site Visits and Compliance Audits conducted by the AFCEE/HP.

3.5.5.2. The AF HMO shall remain on the main-base area due to tangential management of dormitories and other day-to-day interface with base agencies.

3.5.5.3. All HMO and PMO Staff should be co-located to the maximum extent possible. When HMO and PMO offices are co-located in the same facility, they should be situated in separate office spaces so as to minimize conflicts over the use and funding of resources and to allow for some degree of privacy. However, there should be a common reception area to properly greet and direct customers. Conference rooms can be shared. Where there is a common receptionist in the Welcome Center, both the HMO and PMO should share responsibility and ensure all incoming personnel first receive a briefing by HMO regarding housing options, including PH. Property Managers and Capital Asset Managers should be located in proximity to each other.

3.5.5.4. Ground rules need to be established at the local level regarding responsibility for use of common equipment/spaces, expenses, alterations, utilities, communication requirements, Government telephone lines (Defense Switched Network [DSN]) for the PMO.

3.5.5.5. Joint installation government Web sites shall be monitored by the HMO.

3.5.5.6. Formal training and partnering sessions shall be conducted regularly between the PMO and HMO staff to ensure mutual understanding and open channels of communication (i.e., within first 90 days of co-location and every 2 years thereafter for the first five years).

3.5.5.7. Residents should be educated up-front regarding appropriate points-of-contact for different issues and the relationships between the various housing management parties.

3.6. Utilities Services. The solicitation documents must provide a detailed description of the utility service to be provided to PH tenants, including maintenance and response times to routine and emergency service calls. After a project is awarded, costs and usage (estimated or actual) for the utility allowance are calculated using the process outlined in transaction documents. The utility owner/provider must comply with applicable provisions of the Clean Water Act and the Safe Drinking Water Act, including, but not limited to, sampling and employing certified operators. See paragraph 2.2.6 for more information.

3.6.1. Utility Charges. Utility infrastructure and commodity charges are installation specific. The installation provides information (costs and usage) to the PDT to estimate the Utility Allowance for electricity and gas or heating oil for each type of house to be privatized and for common areas. The offerors use this information to estimate the utility costs in their pro forma.

3.6.2. Utility Reimbursement. Use information on AF Form 3556, *Utility Sales Rates Computation Worksheet*, as the source document to calculate the reimbursable rate. Refer to AFI 32-1061 for guidance in calculating rates. Rates are updated IAW project transaction documents. The PO reimburses the Government for utility services in two separate charges: commodity charge and O&M or capital construction charge.

3.6.2.1. The first charge is the monthly utility bill, which is based on the sum of cost of the basic commodity (average cost of purchased utility service) plus utility distribution system line losses.

3.6.2.2. The second charge, applicable when part of the installation utility distribution system is used solely to provide service to the HP project, is a “pay-as-you-go” charge for O&M or capital construction required only on that part of the system solely servicing the MHPI project. If there are Air Force facilities either within the boundaries, of or further serviced through the MHPI project that receive utility service from the MHPI system, that particular MHPI project is entirely exempt from O&M and capital charges on utility lines leading to the MHPI project.

3.6.2.3. For utility reimbursement at joint bases, the amount owed shall be based on the privatized housing project’s legal documents, accepted pro formas, and the historical practice of calculating such costs by the supported Service. Reimbursement calculations shall not be based on the methodology of a supporting Service if the calculations conflict with the original deal terms, and any payment received shall be credited to the appropriation or working capital account from which the cost of furnishing the utilities or services concerned was paid. The only exception is when the Services and project developer/owner enter into a mutually agreed adjustment that is determined to be in the best interest of all parties.

3.6.3. Fire and Police Reimbursement. When fire protection and security force protection and police services is a requirement for PH the Housing Asset Manager will facilitate annual updates to fire protection and security forces calculations with Civil Engineer and Security Forces Resource Advisors IAW the project transaction documents and annual reimbursement guidance. The respective Resource Advisors will receive updates for annual number of responses, with supporting call logs, as necessary, which will exclude Privacy Act information, from the Fire Department and Security Forces IAW the fire protection and security forces reimbursement methodology (Attachments 2/3; Fire/Police Reimbursement Methodology and Attachment 4 Fact Sheet-Fire & Police Reimbursement for HP Projects). AFCEE/HP will initiate an annual data call to the Housing Asset Manager with applicable updates to Personnel and vehicle costs.

3.6.3.1. The Installation Housing Asset Manager is the liaison for coordinating the fire protection and security forces reimbursement annual updates with appropriate installation offices; Fire Department and Security Forces and their Resource Advisors, Accounting Liaison Office (ALO), Regional DFAS site office, and PO/PMO personnel, with review

and approval by AFCEE/HP. The Housing AM should ensure a reimbursement process is established; billings prepared and costs updated annually IAW transaction documents and established reimbursement guidance. Annual updates are accomplished IAW project transaction documents and in time to allow PO time for proper budgeting of these expenses.

3.6.3.2. The Housing Asset Manager, as required, will advise AFCEE/HP of disputes or other significant issues concerning fire protection and security forces reimbursements.

3.6.3.3. For fire and police services reimbursement at joint bases, the amount owed shall be based on the privatized housing project's legal documents, accepted pro formas, and the historical practice of calculating such costs by the supported Service. Reimbursement calculations shall not be based on the methodology of a supporting Service if the calculations conflict with the original deal terms, and any payment received shall be credited to the appropriation or working capital account from which the cost of furnishing the utilities or services concerned was paid. The only exception is when the Services and project developer/owner enter into a mutually agreed adjustment that is determined to be in the best interest of all parties.

3.7. Appropriated Funds (APF).

3.7.1. Housing Privatization (HP) (P727) Funds. A subproject of the MFH Operations Budget Programs Activity Codes (BPAC) (P727) is the sole source of funds used to develop, acquire and execute HP. BPAC P727 provides funding for:

3.7.1.1. Environmental assessments, baseline surveys or supplemental studies, initial pro forma and EA development, historic properties inventory under NHPA Section 106 and required property surveys.

3.7.1.2. Industry forums and solicitations.

3.7.1.3. AFCEE/HP costs to include all contract costs, temporary duty (TDY), training and nonmaterial support costs.

3.7.1.4. Project oversight (construction and day-to-day operations), portfolio management and PH operations support.

3.7.1.5. Support consultants and higher headquarters oversight and supervision.

3.7.1.6. P727 funds may not be used for construction, demolition and service contract requirements to support execution of an MHPI.

3.7.2. Military Family Housing (MFH) Operations (P721) and Maintenance (O&M) (P722) Funds. Prior to transaction closure, P721 funds may be used to fund environmental surveys and studies. P722 or MFH MILCON funds may be used to perform abatement, remediation or other environmental projects in preparation for HP. Other Government-specific functions associated with maintaining Housing Management and Operations are funded within the MFH O&M appropriation budget process. For installations with pending HP, continue funding Housing Management and Operations with MFH P721 funds until transaction closure. The installation Housing Asset Manager is responsible for budgeting for and executing MFH funds. The Housing Asset Manager will validate P721 costs associated with PH. Once project is closed no P-722 funds will be used.

3.7.2.1. The HP project will include a requirement for co-location of AF and PMO staff. All cost associated with relocation, furnishings & communications for the Government housing staff will be funded with P-721 MFH appropriations. Co-location solutions will be monitored and included in project reports during annual site visits by AFCEE/HP. For more information on funds, see AFMAN 65-604.

3.8. Project Financials.

3.8.1. Reserve and Escrow Accounts. Project solicitation documents and transaction documents require the PO to set up a Lockbox Account with interest bearing subaccounts to provide for (a) operation of the property IAW terms and provisions of the Air Force lease, (b) demolition, rehabilitation, construction and other work comprising the project, (c) funding of certain accounts described herein for the continued maintenance of the property as required by the Air Force lease and (d) timely repayment of the construction, permanent and direct Government loans and the payment of certain related fees and expenses. All project revenues are required to flow through the lockbox accounts. Project receipts and loan proceeds (other than construction loan proceeds) must be deposited into accounts created and governed by a Lockbox Agreement to which the Government, all lenders and the PO are parties.

3.8.2. Taxes. The PO is solely responsibility for project taxes. Transaction documents may also state PO responsibilities for funds if a tax savings is realized.

3.8.3. Government Financing.

3.8.3.1. The Air Force may provide a Government Direct Loan (GDL) at or below the project year-budgeted Treasury rate or other government financing (loan guarantees, differential lease payments, etc.) in accordance with the MHPI authorities and AF/A7C, SAF/IEI, SAF/FM, OSD and OMB policies. AFCEE will justify the need for government financing to SAF/IEI (and the ESG), who will approve the government financing as part of the concept and award approval process, or when changes to the approved financing are required due to market or other conditions.

3.8.3.2. The PO is responsible for financing HP construction. The Air Force does not provide a Government loan for construction financing; however, at the end of construction or at the end of a construction phase, the Government disburses all or part of the Government direct loan, if applicable.

3.8.3.3. Net Operating Income (NOI) from existing units conveyed to the PO by the Air Force is considered a Government contribution to the project until the units are renovated or demolished. The pro forma and scoring report must demonstrate the NOI from existing units is fully used in funding of construction or renovation during the Initial Development Period (IDP).

Chapter 4

HOUSING ASSET MANAGEMENT

Section 4A—Housing Support Services

4.1. Eligibility for Occupancy. Target Tenants include active duty members assigned or attached to the installation for housing support (including independent duty personnel), eligible for BAH at the with-dependent rate, and accompanied by dependents (or will be within 30 days), or military-married-to-military without dependents, and are eligible for PH as identified in transaction documents and the HRMA. (See Housing Categories at Table 4.1).

Table 4.1. Military Grade and Housing Categories.

RANK	HOUSING CATEGORIES	MILITARY GRADE
General Officer	General Officer	O-7 thru O-10
Colonel	Senior Grade Officer	O-6
Lieutenant Colonel Major	Field Grade Officer	O-4 and O-5 W-4 and W-5
Captain and below	Company Grade Officer	O-1, O-2, O-3 W-1, W-2, W-3
Command Chief Master Sergeant Chief Master Sergeant	Prestige Housing	E-9
Senior Master Sergeant Master Sergeant	Senior Noncommissioned Officer (NCO)	E-7 and E-8
Enlisted	Enlisted/Junior NCO	E-1 thru E-6

4.1.1. Activated Guard or Reservists. Target tenants if they are on orders, assigned to the installation, entitled to with-dependent rate BAH, and have concurrent/delayed travel of dependents.

4.1.2. Foreign Military. Foreign military and foreign military students/trainees are considered target targets when assigned to the installation. The project solicitation and transaction documents shall specify when foreign personnel/students are assigned PH, the rental rates for the units will be established at the time of assignment and will not increase for the period of occupancy unless otherwise stated in project legal documents or signed tenant/rental agreement.

4.1.3. Military-married-to-military. For this category of tenants, rent is based on the BAH with-dependent rate of the highest ranking member.

4.1.4. Unaccompanied Dependents Restricted (UDR) Tour. If family members apply at an installation other than that of the follow-on or home-basing assignment of the sponsor, they are considered Other Eligible Tenants IAW the transaction closing documents and are charged at the with-dependent rate BAH. For more information see AFI 32-6001.

4.1.5. Eligibility Verification Process. The HMO is required to verify the eligibility of all potential tenants. The PO must receive validation of eligibility from the HMO before finalizing a lease with a potential tenant. The following documentation should be verified by the HMO to determine eligibility for Target Tenants and Other Eligible Tenant (OET):

4.1.5.1. Target Tenant - valid military identification (ID) and copy of Permanent Change of Station (PCS) orders.

4.1.5.2. Other Eligible Tenants (OET) - Accompanied and Unaccompanied.

4.1.5.2.1. Category 1. Other Active Duty Members of the Uniformed Services - valid military ID and Permanent Change of Station (PCS) orders.

4.1.5.2.2. Category 2. Guard and Reserve Military Members – valid military ID, assigned unit validation (applicable for active and inactive) and/or validate status through DEERS.

4.1.5.2.3. Category 3. Federal Civil Service Employees – valid ID card and proof of employment.

4.1.5.2.4. Category 4. Retired Military Members of the Uniformed Services – valid military ID, copy of DD Form 214 and/or validate status through the Defense Enrollment Eligibility Reporting System (DEERS).

4.1.5.2.5. Category 5. Retired Federal Civil Service Employees – valid ID card and copy of Standard Form 50.

4.1.5.2.6. Category 6. DoD Contractor Permanent Employee (US Citizen) – validate Common Access Card (CAC) via the Joint Personnel Adjudicating System (JPAS) or Contracting Officer Representative and proof of employment.

4.1.5.2.7. Category 7. General Public – follow transaction document requirements and installation base access/credential policy/process.

4.1.6. All Target Tenants and OET categories must complete AF Form 4422, *Sex Offender Disclosure and Acknowledgement Form*, in accordance with guidance established in AFI 32-6001, *Family Housing Management*. The HMO will ensure the disclosure form is completed before the PO finalizes a lease with a tenant. The HMO will provide written or electronic documentation of the tenant's validation to PO.

4.1.7. OET Category Placement. Transaction documents specify the order of priority for Other Eligible Tenants, identify triggers to offer units to Other Eligible Tenants, and specify the process to implement the other eligible tenant list. Transaction documents also specify:

4.1.7.1. According to the project transaction documents, the PO may immediately rent to the first priority of OET, Category 1 and 2 (See Table 4.2), when the occupancy rate drops below 95 percent.

4.1.7.2. The Commander may agree, on a case-by-case basis, to permit Other Eligible Tenants to occupy vacant units if Target Tenants do not require the units, even though more than 95 percent of the units are occupied. The Commander may also waive 30-day requirement between the Other Eligible Tenant categories (See Table 4.2, *Other Eligible Tenants (OET) and Category*) if waitlists exist.

4.1.7.3. Leases for Other Eligible Tenants are generally limited to one year. At the end of the lease term, the PO and HMO will discuss extension eligibility.

4.1.7.4. The PO offers units to Other Eligible Tenants in the order specified in Table 4.2.

Table 4.2. Other Eligible Tenants (OET) and Category.

When to Offer Leases to Other Eligible Tenants	Category	Other Eligible Tenants
Immediately when occupancy drops below 95 percent	Category 1	Other Active Duty members of the Uniformed Services/Families
	Category 2	National Guard and Reserve Military Members/Families (See Note below)
Upon 30 consecutive days of occupancy below 95 percent	Category 3	Federal Civil Service employees, including NAF, DeCA and AAFES personnel
	Category 4	Retired Military Members/Families
	Category 5	Retired Federal Civil Service
Upon 60 consecutive days of occupancy below 95 percent	Category 6	DoD Contractor Permanent Employees (US citizens)
Upon 90 consecutive days of occupancy below 95 percent	Category 7	General Public
<p><i>Note: For Category 2 personnel above, first priority should be given to Key and Essential positions including Wing, Group and Squadron Commanders and Command Chief Master Sergeants assigned to a tenant organization on the installation. Dual status individuals (Air Reserve Technicians) will be prioritized based on military rank unless otherwise stated in project transaction documents.</i></p>		

4.2. Background Checks. The Access Integrity Unit of the FBI's Office of General Counsel has determined civilians applying for residence in privatized housing on military installations fall within the scope of previous authorizations for using the National Crime Information Center (NCIC) and the Interstate Identification Index (III). As a result, the installation Security Forces Squadron are authorized on behalf of the AF to and will conduct all name-only background checks (name checks) on those persons applying for housing on military installations, and current individuals already residing in housing on military installations who have not already been subject to a background check (FBI reference Directive-Type Memorandum (DTM) 09-12, Interim Policy Guidance for DoD Physical Access Control, 08 Dec 2009). Additionally, refer to

AFI 31-113, *Installation Perimeter Access Control*, for guidance on AF installation access procedures and HP credentialing categories.

4.2.1. Name checks may only be performed once (considered “visitors”) for privatized housing residents and not on a regular basis for site security purposes. However, subsequent name checks may be authorized if there is reasonable suspicion/probable cause to suspect criminal activity. Installations will consult with their servicing Staff Judge Advocate when making these decisions.

4.2.2. The Commander will provide specific procedures for access credential issuance implementation at the installation IAW applicable DoD, AF and MAJCOM policies, to include:

4.2.2.1. Access credentials will only be issued by following an approved identity proofing process which utilizes the NCIC; the CONUS authoritative database for determining fitness of an individual for entry onto an AF installation.

4.2.2.2. One valid DoD credential, or other valid local access credential, as approved by the installation commander, is sufficient for entry to an AF installation.

4.2.2.3. Installation commanders will determine escort privileges based on validated needs.

4.2.2.4. Local Civil Engineering Squadron or Capital Asset Manager must sponsor individuals in HP OET categories that do not have DoD issued identification, and must conform to applicable CAC or local credentialing standards.

4.3. Referrals.

4.3.1. Eligible Target Tenants assigned to the local area are required on their PCS orders to process through the HMO upon arrival and receive information about all available housing in the local area, including Government-controlled, privatized and community housing, as well as related community services. Housing Asset Manager assures referrals and/or information concerning privatized housing is IAW specific legal documents and requirements. Eligible applicants who are interested in or desire to live in privatized housing will be referred to PH. The PO/PMO is responsible for advertising to prospective tenants. The Housing Asset Manager should coordinate and partner with the PMO to ensure sufficient advertisement to potential tenants.

4.3.2. Target Tenants, unless K&E, must be given freedom of housing choice at all times, except where restrictive sanctions are in effect in the community. Housing Asset Managers, to ensure applicants may make an informed decision on HP, will brief applicants on the benefits of PH.

4.3.3. HMOs may provide applicant information to the privatized housing PMO IAW paragraph 12.2, AFI 33-332, *Privacy Act Program*, to assist in forecasting available homes for leasing.

4.3.4. HMO will provide all incoming personnel email or written notifications of PO/PMO contact information.

4.3.5. Occupancy Rates for determining Other Eligible Tenants (OETs) placement are included in transaction documents, which specify when houses are considered unavailable or

included in the vacancy calculation for implementation of the OET placement. However, generally Occupancy Rates are determined by dividing the total number of occupied available HP units by the total number of available HP units in the inventory (Table 4.2). Units are considered unavailable when:

- 4.3.5.1. Unit is or is forecast to be unavailable for 30 or more days for repair or maintenance.
- 4.3.5.2. Unit does not meet standards IAW transaction documents.
- 4.3.5.3. Unit is excluded by mutual agreement between the PO and the Government, IAW transaction documents.
- 4.3.5.4. Unit is new construction or renovated that has not yet been accepted by the Air Force for occupancy via an Acceptance Notice or equivalent.
- 4.3.5.5. Unit has been taken out of inventory due to impending renovation or demolition.

4.4. Applications. The housing application process should comply with the transaction documents, and installation-specific processing requirements.

4.4.1. The HMO uses information on DD Form 1746, *Application for Assignment to Housing*, for referral purposes. However, members choosing privatized or community housing may also be required to complete an application specific to the HP.

4.4.2. Members may contact the PO/PMO to submit an advance application for privatized housing.

4.5. Waiting Lists. The PO/PMO will maintain the HP waiting list based on tenant eligibility IAW transaction documents and Privacy Act requirements.

4.6. Tenant Lease Agreements. The PO has sole responsibility for entering into a lease agreement with tenants authorized to live in HP. The PO will give first priority to Target Tenants (Table 4.1). Leases will contain appropriate requirements for pet policies to include deposits, acceptable breeds and density (number of animals per unit). The transaction documents provide a list of pre-approved addendums for use; additionally, Delegations of Authority documents provide further guidance for lease amendments/addendums.

4.7. Privatized Housing Community Integrity (Rank Segregation). Maintaining military tradition in military housing communities necessitates rank segregation between the Officer and Enlisted housing areas. Exceptions to this policy are permitted to mitigate the need to pursue Other Eligible Tenants to maximize occupancy. In order to promote military member residency while ensuring privatized housing projects remain financially viable, Installation Commanders should support reasonable integration of Non-Commissioned Officers (NCOs) and Officers (to include quarters within the same roof configuration). In doing so, the Installation Commander's authority to take necessary actions to maintain good order and discipline is not impaired. Consideration for applicable project transaction documents must also be considered. Housing community integration may occur when:

- 4.7.1. Overall occupancy of privatized housing falls below 95% and the occupant waterfall is enacted. Specifically, when no eligible Active Duty, Guard, or Reserve military members are available on the waiting list and willing to immediately move into vacant housing following 30 consecutive days of occupancy below 95%.

4.7.2. Rank integrity will be restored as soon as possible. In such cases, allowing the integration of NCOs and officers may reduce the requirement to pursue further waterfall actions necessary to achieve maximum occupancy.

4.8. Retention and Lease Termination.

4.8.1. Retention.

4.8.1.1. Members must terminate their HP lease when they are no longer eligible for PH unless retention is approved or the project is in the Other Eligible Tenant category placement to the point of the tenant's new eligibility. Refer to transaction documents and tenant lease for continued eligibility, the process to request continued occupancy and termination procedures.

4.8.1.2. Tenant or family member may request HP retention for tenant status changes for situations including hardship situations or death of the military member, as per transaction documents.

4.8.2. Lease Termination.

4.8.2.1. Title 37 U.S.C. §403 provides for continuation of BAH to dependents of a military member who dies while on active duty for 365 days after the date of the member's death. Therefore, dependents of a member who dies on active duty, and whose family lives in PH, should be advised to contact the PO/PMO to discuss eligibility to terminate or extend their lease in these circumstances.

4.8.2.2. Tenancy may be terminated by the PO if a member/tenant does not abide by the signed tenant lease stipulations. For disputed matters, military members may request informal assistance from the HMO, or formal legal assistance through the installation JAG office.

4.9. Key and Essential (K&E) Personnel, and Command and Special Command Positions (SCP).

4.9.1. CSAF, MAJCOM and Installation Commanders may require K&E personnel, including incumbents of command positions, to reside on the installation as a condition of employment, when incumbent is required to respond to continual operational requirements or emergencies, and off-base residency would adversely impact the installation readiness, safety and security or health and welfare of the base population. The Commander may designate specific PH for personnel as indicated in AFI 32-6001 or AFI 32-6003 and/or in accordance with the project's transaction documents. K&E personnel include civilian personnel who are required to live on base as a condition of their employment and whose positions are identified in a base supplement to AFI 32-6001. Civilian K&E personnel will pay rent equal to military members of equivalent grade and be subject to lease terms equivalent to those of military members of equivalent grade. Single/unaccompanied K&E civilian personnel will pay rent based on the without-dependent BAH rate of their equivalent military grade.

4.9.2. Extraordinary Costs and Expenditures (EC&E). The PO should consult with the Housing Asset Manager and Commander on requests from tenants for project improvements. No member of any rank has the authority to direct the PO to expend funds. The PO may not be directed to spend any unbudgeted funds and must report expenditures that exceed \$50,000 annually on any house to AFCEE/HP. Key stakeholders must fully understand the concept

of Extraordinary Cost & Expenditures (EC&E) and quarterly expenditure reporting. AFCEE/HP notifies SAF/IEI of unreasonable EC&E based on dollar value, purpose and frequency. (See 5.6.8 and *Terms* and AFI 32-6003 for more on EC&E). All required GO reports are identified in AFI 32-6003.

4.10. Prestige Housing (E-9). The HRMA determines maximum number of E-9 Prestige Housing. The transaction documents will identify all E-9 housing as Prestige Housing (AFI 32-6001).

4.11. Rental Payments. The Housing Asset Manager assists the PO/PMO and military member with preparation, submission and any general issues pertaining to allotments, as required. The PO may use a third party allotment processing company to assist tenants with completing allotments and tracking payments for the PO, at project expense. The Housing Asset Manager forwards other allotments to appropriate financing centers for Air Force, Army, Navy, Marines, Coast Guard, AFRC, ANG and other agencies. Air Force policy is for rent for Target Tenants to be paid in arrears, and to equal the amount of the BAH rate received by the military member, less the utility allowance (110 percent of the estimated cost of utilities). If K&E personnel are single or unaccompanied, they shall pay rent based on the without-dependents BAH rate. Other rent payment arrangements for military members may be used depending on project-specific transaction documents and the policy in effect at the time of the transaction closing. HMO should assist PO/PMO with any issues regarding allotments. Rental payment for other tenants are governed by the transaction documents, but rent for active duty military members will equal to the BAH of the installation to which they are assigned, minus the utility allowance.

4.12. Utilities Costs and Allowances. Utility allowance is calculated for each house type and is based on 110 percent of the average consumption. The utility allowance is recalculated annually and rents are adjusted accordingly, IAW transaction documents.

4.13. Local Drayage, Nontemporary Storage (NTS). Government-directed local moves and NTS into and out of PH are authorized in JFTR Volume 1, Chapter 5, Part D, paragraph U5355, Section B. A Government-directed local move is authorized prior to project closing for MFH residents who choose not to sign a lease with the PO after having been notified in writing by the Installation Commander of their housing options upon FH privatization (e.g., sign a lease with the PH Project Owner, vacate FH and move to the local community, etc.). Members are entitled to one local Government-paid move into PH after PCS. Subsequent moves into PH for convenience of the member are at member expense. For more guidance, refer to AFI 32-6001.

4.13.1. MAJCOMs may determine a reasonable timeframe for these moves in advance of transaction closing. Moves authorized and certified, but not initiated prior to transaction closing due to no fault of the member or family members, are still honored. This includes the inability of Traffic Management Office (TMO) to schedule the contracted move to occur before closing. A member who does not complete an authorized Government-paid move prior to closing, unless exempted above, is subject to PO terms and conditions of occupancy and local landlord/tenant law.

4.13.2. HP military tenants are entitled to one Government-funded move after project closing specifically to facilitate construction, renovation and demolition IAW the approved construction phasing and transition plan. Additional moves for PO benefit are at project expense. The Housing Asset Manager verifies when the PO pays for drayage IAW transaction documents.

4.14. Cable, Telephone and Reimbursements. The Government reimburses reconnection and reinstallation fees when the associated local move is a Government-directed move into and out of PH (see 4.13). The transaction documents specify when the PO is responsible for reimbursing the tenant for telephone and cable reconnection fees. The Housing Asset Manager verifies the PO pays the reconnection fees IAW transaction documents.

4.15. Appropriated Funds (APF). APF may not be used to support HP assets or infrastructure except where specifically authorized by legislation. APF may not be used to purchase United States, state, Air Force or other flags for PH, for funding Maintenance and Repair (M&R) or modification, or for related PH expense, except for the following items:

4.15.1. Communications Support. Readily removable Government AT/FP and communications equipment is funded with non-MFH funds. Systems must be installed and maintained in accordance with transaction closing documents. Refer to AFI 32-6003 for Communications Support requirements in GOHs.

4.15.2. As with Government-controlled housing, FH APF (operations funds, P-721) may be used to purchase supplemental furnishings for PH occupied by eligible personnel (SCP, General Officers, O-6 installation commanders, CMSAF) as prescribed by AFI 32-6003.

4.16. Antiterrorism/Force Protection (AT/FP). Transaction documents specify PO responsibilities for AT/FP requirements known at the time of closing. In the event that AT/FP requirements have not been identified for a closed PH project, or new AT/FP requirements arise after a PH project has closed, the Air Force may attempt to renegotiate with the PO for an amendment to the transaction documents to require compliance with specific AT/FP requirements. The Commander must advise the PO of all future AT/FP requirements and tenancy changes.

4.16.1. AT/FP Requirements and Funding. AT/FP requirements for any building or other improvement in a PH project may not be authorized and funded with MFH APF (MFH M&R P-722). AT/FP project requirements are identified by the installation using resources such as a higher headquarters or installation documented vulnerability assessments (VA).

4.16.1.1. AT/FP construction requirements must be IAW appropriate Unified Facilities Criteria (UFC). AT/FP construction requirements must be included in the project for community facilities or when more than 12 housing units are combined into one building. During the planning and development phases, AT/FP requirements identified and validated must be specified in the project solicitation and transaction documents as the responsibility of the PO and all costs accounted for in project financials. The Commander, using the installation MRC as a forum, retains AT/FP responsibility. The installation reviews project siting, considering law enforcement response and force protection capability (AFI 10-245, *Air Force Antiterrorism (AT) Standards*).

4.16.1.2. On-base PH receives the same AT/FP as Government-controlled FH. The Commander may use the MRC to address specific installation access issues of individuals housed from the other eligible tenant category placement (paragraph 4.1), including threat or AT/FP conditions. During installation lock-down for FP conditions, all residents will be provided access as appropriate and defined by FPCON.

4.16.1.3. Installation transaction documents specify actions necessary if PH is not located on installation proper.

4.16.1.4. Project solicitation and transaction documents specify that local law enforcement provide security in off-base PH areas. If a specific threat is imminent, (depending on the nature of the threat), Security Forces may provide additional protection to PH based on established jurisdiction.

4.17. Commercial Activities in Privatized Housing (PH). Commercial activities are defined as business enterprises conducted for profit by family members and are permitted in PH IAW mandatory tenant lease clauses. Family child care in PH is generally permitted by the mandatory tenant lease clauses, and the PO is the approval authority. The tenant must comply with standards for child care in AFI 34-276, *Family Child Care Programs* and all parties must comply with the tenant lease agreement. When PH is located on non-federal land and within city limits, certain fees, code compliance and community regulations may apply.

4.18. Self-Help. The PO may provide self-help guidance in the tenant lease and Housing Resident Guide, if a self-help facility is provided for the project. Tenants' use of the base APF self-help facility is not authorized.

4.19. Insurance Coverage. The project solicitation shall specify the PO is responsible for real property damage and liability coverage. If tenant rental insurance is provided as a desired feature by the project, the PO/PMO will advise all tenants of limits and claims procedures.

4.20. Federal Assistance Programs:

4.20.1. If the Federal Government transfers (or conveys) title to tax-exempt land to the PO, the land is no longer considered federal property for Impact Aid purposes and the school district receives low-level Impact Aid for children living in housing on that property when a parent is on active duty.

4.20.2. If the Federal Government retains title to land and leases the land to a private PO, the land remains federal property for Impact Aid purposes. Local school districts will continue to calculate Impact Aid based on the number of eligible children living in PH on this land, even if the housing is owned by the PO and subject to state and local taxation.

4.20.3. BAH is categorized as income on members Leave and Earnings Statement. This change may affect their eligibility for the Food Stamp Program. To assist military members, the FY2001 National Defense Authorization Act (Title 37 U.S.C. §402a and Executive Order 9397) established the Family Subsistence Supplemental Allowance (FSSA) (Food Stamp Program) to provide members not receiving food stamps an amount of money required to bring their income to 130 percent of the federal poverty line, not to exceed \$500 per month. Refer members to Family Support Services/Airmen and Family Readiness for more information or to the FSSA Web site at A5.13 for the online application.

4.21. Marketing Privatized Housing (PH). The Housing Asset Manager assists in marketing the PH project to the extent possible without violating applicable laws, as it is in the best interest of the Air Force and PO for the project to be successful. Refer to the Stakeholder Outreach Plan and the HP Communications Toolbox, maintained by AFCEE/HP, for marketing guidance.

4.22. Pet Policy. AF housing policy establishes pet standards for all installations. Commanders must ensure their staffs partner with the PO to incorporate these standards to privatized housing projects. See AFI 32-6001 for guidance.

Section 4B—Oversight and Compliance.

4.23. Oversight. The Housing Asset Manager provides quality oversight of project performance using a partnering methodology and understanding that the level of project performance should dictate the level of oversight required. See 1.25 for more information on oversight responsibilities and 4.27 related specific tasks. Transaction documents also prescribe procedures for dispute resolution.

4.24. Demographic Changes:

4.24.1. The Housing Asset Manager reviews demographics with the PO/PMO and forwards recommendations for demographic changes to the Commander for coordination, prior to assisting the PO in the request to AFCEE for demographic change (AFI 32-6001, paragraph 9.8 and 9.10).

4.24.2. Varying demographics generally do not require a change to transaction documents. The mix of available homes in the PH complex and rent structure must ensure Government flexibility in referral of Target Tenants to the project.

4.24.3. Because the project income stream is based on the total income anticipated from the original project target demographics, ideally, adjustments are made to minimize vacancy rates and maintain positive income stream for the project.

4.24.4. When required by changing demographics, the installation coordinates any change requests to reflect correct mix of available homes in PH project in transaction documents with AFCEE/HP. Unless there are potential legal or safety impediments, the Government should support occupancy of Other Eligible Tenants and waive rank separation to maximize the health of the project.

4.25. Change of Occupancy Maintenance (COM) Standards. COM is minor M&R required to make the unit ready for the next occupant. Identify repairs during the pre-termination and final inspection to ensure consistency in COM implementation. For more information on COM standards refer to AFI 32-6001 and project final transaction documents.

4.26. Compliance Testing Processes. The processes involve direct liaison between the PMO and the Housing Asset Manager to coordinate observations, results and reports. Completed compliance testing checklists are submitted to the AF Portfolio Manager on a quarterly basis. The Housing Asset Manager should use the compliance-testing tool as their operating procedures. See 4.27 Compliance Tasks for more information.

4.26.1. AFCEE/HP will conduct periodic compliance reviews of all closed HP projects. This function may involve direct and indirect verification of certain compliance items as well as coordinating the efforts of legal, engineering, environmental, and other installation functions, as applicable, to ensure timely and accurate reporting to the Air Force Portfolio Manager.

4.26.2. At a minimum, AFCEE/HP will maintain records adequate to demonstrate compliance verification was accomplished.

4.27. Compliance Tasks. The installation Housing Asset Manager assures that appropriate compliance testing has been accomplished and will maintain records adequate to demonstrate compliance. Consider the following items for inclusion into the Compliance Testing Tool (Note: the Compliance Tool is developed by AFCEE and includes all the requirements within the transaction documents):

- 4.27.1. Provide random oversight of maintenance work orders to ensure compliance with transaction documents.
- 4.27.2. Provide random oversight of occupancy initial, pre-termination and final inspections.
- 4.27.3. Verify compliance with Davis Bacon Wage Act criteria, as required.
- 4.27.4. Assist with and coordinate prepared communications with wing leadership, as necessary.
- 4.27.5. Provide random oversight to assure appropriate preventive maintenance and capital repairs are accomplished IAW approved Facilities Maintenance and CR&R plans respectively.
- 4.27.6. Assist the PO/PMO in compliance with base fire, safety, and security and associated maintenance requirements.
- 4.27.7. Provide assistance to PO/PMO regarding base escort services, vendor access lists, and base passes for PO and subcontractor employees IAW base Security Forces requirements.
- 4.27.8. Provide random oversight to assure provision/performance of required services as identified in transaction documents (refuse, snow, grounds, pest control services, etc).
- 4.27.9. Verify that damaged or destroyed Government property is repaired or the AF is reimbursed for repair or replacement.
- 4.27.10. Provide oversight of PO compliance with provisions of applicable licenses and permits.
- 4.27.11. Provide oversight of appropriate management plans to ensure target, referral and other eligible tenant rental policies are IAW with transaction documents.
- 4.27.12. Review tenant/resident leases as requested by appropriate military/civilian tenants.
- 4.27.13. Review PO provided resident brochure/handbook and web pages.
- 4.27.14. Assist military members in resolution of tenant complaints.
- 4.27.15. Assist the PO/PMO with media releases and communications.
- 4.27.16. Provide results of compliance testing IAW transaction documents to appropriate MAJCOM and AF portfolio manager.
- 4.27.17. Review annual recalculation of utility rates.
- 4.27.18. Review utility payment to ensure accuracy.
- 4.27.19. Review Fire and Police Protection Services reimbursements to ensure accuracy.

Chapter 5

PHASE III: POST-CLOSING MANAGEMENT

5.1. Step 1: Project Management. The Capital Asset Manager, in coordination with the HMO, is the primary focal point for installation activities related to MHPI and closed HP projects. For successful project oversight and closing, support from other BCE and installation agencies is necessary, as follows:

5.1.1. While resource requirements vary, an effective Asset Management team includes an Asset Manager and a Capital or Housing Asset Manager to coordinate the HP project effort with the PO/PMO, Financial Services Officer, Environmental, Judge Advocate (JA), Security Forces, Public Affairs and other agencies as appropriate.

5.1.2. The Housing Asset Manager and AFCEE/HP coordinate the PO annual budget submission IAW transaction documents. AFCEE/HP provides a letter of review and a recommendation for approval/disapproval to the approval authority (AFCEE/CL) and attaches a copy of the budget submission.

5.1.3. After project closure, AF Asset Managers will continue to incorporate guidance in Chapter 4, Housing Asset Management, for unimpaired project management.

5.2. Management Review Committee (MRC). The Commander or Vice Commander establishes and co-chairs the MRC with the PO for single-base HP projects IAW transaction documents and other established guidance, as a forum to facilitate discussions related to the Project. At single command group projects, the MAJCOM and PO co-chair the MRC. AFCEE and PO co-chair multiple Command grouped projects.

5.2.1. The MRC is conducted IAW the transaction documents and other established guidance as a forum to facilitate discussions related to the project. Other Government representatives include, but are not limited to, AFCEE/HP, BCE, MAJCOM and installation Housing Asset Manager, Security Forces, Fire Department, Public Affairs, Judge Advocate's Office and tenant representatives where applicable.

5.2.2. The MRC meets at least quarterly through the Initial Development Period (IDP) and no less than semi-annually throughout the remainder of the lease term, but may meet as often as required to promote a positive working relationship among all stakeholders.

5.2.3. HMO may brief, among other issues; PEP report, CEL survey results, site visits conducted, project ratings, occupancy, construction progress, and any proposals or compliance issues that require further discussion

5.2.4. Partnering Meetings. The Commander ensures partnering meetings are held to provide an informal round table discussion to resolve local and day-to-day issues at the lowest level possible. Weekly meetings are recommended between the HMO/PMO Team. After the IDP, the Commander may determine the frequency of partnering meetings.

5.3. HP Project Scope Changes After Award. Scope changes that are not driven by building codes, law and safety during the construction and renovation period are rare due to the stringent legal transaction documents agreed to by all parties. Requests that exceed Air Force housing

design and construction standards, validated and approved by applicable HRMA or HCP may not be considered during the IDP.

5.3.1. The installation and MAJCOM Asset Managers coordinate on recommended changes affecting the project and forward the changes to the AFCEE/HP for review and coordination.

5.3.2. AFCEE/HP forwards recommended transaction document changes to AF/A7CH for review against FHMP and HRMA/HCP documents and coordination with SAF/IEI to obtain approval or disapproval.

5.4. Design and Construction Management. The Resident Construction Manager (RCM) represents AFCEE at each construction site and is responsible for ensuring construction is conducted in compliance with transaction closing documents. The RCM coordinates actions with the installation for staffing and concurrence on significant design changes affecting the project. The RCM keeps stakeholders informed of construction status via weekly and monthly construction reports that are posted to AFPACES.

5.4.1. The RCM reviews the PO final plans and specifications IAW transaction documents. Upon confirmation that final plans meet design criteria, the AF Portfolio Manager issues the PO a Notice to Proceed before construction may begin.

5.4.2. The PO is responsible for providing their own quality control and construction inspection to ensure compliance with transaction documents, federal, state and local laws and construction codes. The RCM provides construction oversight only to the level necessary to ensure compliance with the transaction closing documents. But for Federal responsibilities that cannot be delegated to the PO, the AF does not augment or supplement PO compliance responsibilities with building construction codes or federal, state and local laws. Funding for construction oversight is limited and managed by AF/A7CH.

5.4.3. At the end of each construction phase, and/or as units are available for occupancy, transaction documents require the PO to obtain a Certificate of Compliance from the AF to confirm all construction and documentation requirements are met. As part of this process, the PO also obtains a Certificate of Occupancy (or equivalent document) from the local municipality (if required) or other qualified independent third party construction consultant to certify that homes and other facilities constructed or renovated as part of the project meet applicable building codes and the transaction design documents.

5.4.4. Post-Closing Construction Management (PCCM). Involves assessments of project construction budget, scope, and schedule during IDP to identify risk elements, recommend mitigation strategies and identify best practices.

5.4.4.1. Assessments are conducted by AFCEE during periodic Development Review Visits (DRVs) to the project sites.

5.4.4.2. RCMs track action items stemming from the DRV and provide updates in monthly construction reports.

5.5. Step 2: Portfolio Management. Executed at AFCEE/HP, Portfolio Management ensures expedient and direct lines of communication with stakeholders. The Portfolio Management role includes oversight of both AF and private sector performance.

5.5.1. Portfolio Management may engage directly with all stakeholders, ensuring adherence to established AF internal coordination requirements, on issues relating to the performance of the project in order to protect the Government's interest. Stakeholders, include but are not limited to SAF/IEI, SAF/GCN, AF/A7C, Asset Managers, Housing Asset Managers, MAJCOMs, lockbox agents, POs, PMOs, senior lenders, bondholder representatives, insurance brokers, DFAS and other private or Governmental entities. Functions of the AF Portfolio Manager include, but are not limited to:

5.5.1.1. Notification of significant events, such as annual site visits and material project issues to the installation, MAJCOM and AF/A7CH.

5.5.1.2. Communication of information on defaults or potential default issues directly to the installation Asset Manager, MAJCOM, AF/A7CH, and through established AF internal coordination channels SAF/FMC, SAF/GCN and SAF/IEI, as well as during ESG meetings to above-referenced and all other ESG stakeholders.

5.5.1.3. Verification that all accounts are maintained and funds disbursed IAW lockbox agreements. Validation of PO requests regarding funds disbursement and reimbursements from lockbox accounts.

5.5.1.4. PO Capital Repair and Replacement (CR&R) Plan and Budget. The PO prepares the CR&R Plan and Budget and submits to the Government and the Lender as part of the preliminary Project Budget for each FY. The CR&R Plan and Budget, (1) identifies projected CR&R requirements for the Project, with anticipated funding sources for the 50-year term of the Government Lease, and (2) explains any variances from the CR&R Plan for the prior FY. In general, PO fiscal years are calendar years, but may vary, refer to project documents for verification.

5.6. Portfolio Reporting Requirements. The AF Portfolio Manager prepares a variety of reports for various stakeholders to include the PEP report, which is comprised of the Program Executive Summary and Project Summary Reports (PSR). Reports are completed with the assistance and input from the installation Housing Asset Manager.

5.6.1. The PEP report must be completed within timelines established for the reporting period. Most information for the PEP report is sourced from the PO. However, the installation provides certain Government sourced data points as well as narratives relating to project performance. All of this information must be delivered to Portfolio Management within the timeframes established by Portfolio Management to facilitate timely, accurate and informative quarterly reports.

5.6.2. Annual Reforecast Report. Prepared for each project and the portfolio and utilizes historical performance and revised forward looking assumptions to assess future risks to the Government's financial interests and policy objectives.

5.6.3. Scorecard. Assessment tool included in Quarterly Project Reports and displayed on AFPACES that provides a current snapshot and four-quarter trend of Project performance

across key financial, construction and operational metrics through utilization of color-coded rating levels (blue/exceptional, green/acceptable, yellow/marginal, red/unacceptable).

5.6.4. Annual Insurance Report. Annual report for each project indicating the adequacy of current certificates of insurance, including comments and recommendations.

5.6.5. Project Summary Report. Annual report for each project detailing the findings of annual site visits, including trends, comments and recommendations.

5.6.6. Compliance Testing Report. Quarterly report for each project summarizing compliance with the transaction documents.

5.6.7. Direct Loan and Loan Guarantee Re-estimates. Financial reporting in conjunction with DFAS, as required by the Federal Credit Reform Act of 1990, Circular A-11, to appropriate Government offices.

5.6.8. Extraordinary Costs & Expenditures (EC&E) report. EC&E are expenses for work on any privatized home that exceed normal operations, M&R or replacement of an item within its expected service life, including work that primarily benefits a tenant and is not necessary for the safe utilization, functionality or habitability of the facility, as intended. EC&E excludes all routine O&M activities. EC&E reports for each installation are provided by the POs to the AF. These quarterly reports are forwarded to SAF/IEI for review.

5.6.9. GOH Cost Reports. The FY09 National Defense Authorization Act requires the Services to annually report any GOH acquired or constructed and used or intended to be used as GOH and for which the total Operations, Maintenance and Repair (OMR) costs for the unit exceeded \$50,000. For more information on GOH reporting requirements, refer to AFI 32-6003.

5.7. Other Data Requirements.

5.7.1. The project solicitation and transaction documents require the PO to collect, maintain and transmit HP financial and operations data, including the EC&E report, account data, insurance certificates and policies and tax receipts to the AF Portfolio Manager periodically, which are used to compile the required portfolio reports.

5.7.2. AFCEE provides the PO information/reports to the installation, as needed, for compilation of data required for installation reports.

5.8. Project Closeout. Transaction documents specify provisions for expiration of the lease of property, including scheduled actions and disposition of improvements and land.

JUDITH A. FEDDER, Lieutenant General, USAF
DCS/Logistics, Installations & Mission Support

Attachment 1

GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION

References

- 5 U.S.C. §552(a), *The Privacy Act of 1974, Records Maintained on Individuals*, as amended
- 10 U.S.C. §2871, *Definitions*
- 10 U.S.C. §2872, *General Authority*
- 10 U.S.C. §2872a, *Utilities and Services*
- 10 U.S.C. §2873, *Direct Loans and Loan Guarantees*
- 10 U.S.C. §2874, *Leasing of Housing*
- 10 U.S.C. §2875, *Investments*
- 10 U.S.C. §2876, *Rental Guarantees*
- 10 U.S.C. §2877, *Differential Lease Payments*
- 10 U.S.C. §2878, *Conveyance or Lease of Existing Property and Facilities*
- 10 U.S.C. §2880, *Unit Size and Type*
- 10 U.S.C. §2881, *Ancillary Supporting Facilities*
- 10 U.S.C. §2882, *Effect of Assignment of Members to Housing Units Acquired or Constructed under Alternative Authority*
- 10 U.S.C. §2883, *Department of Defense Housing Funds*
- 10 U.S.C. §2884, *Reports*
- 10 U.S.C. §2885, *Oversight and Accountability for Privatization Projects*
- 20 U.S.C. §7703, *Payments for Eligible Federally Connected Children*
- 32 CFR Part 989, *Environmental Impact Analysis Process (EIAP)*
- 36 CFR 60.4, *Criteria for evaluation*
- 37 U.S.C. §407(f), *Travel and Transportation Allowances: Partial Dislocation Allowance*
- 37 U.S.C. §701, *Pay and Allowances of the Uniformed Services; Chapter 13, Allotments and Assignments of Pay*
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DUSD(IA&I), *Military Housing Revitalization Program Policies and Procedures*, 3 December 1996

ADUSD(IA&I), *Nomination of FY 1997 Sites for Potential Housing Privatization*, 16 September 1996

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DoD Housing Revitalization Support Office, *Funds Appropriated Directly to Family Housing Improvement Fund*, 21 March 1997

SAF/MI, *Delegation of Authority to Implement Housing Privatization Initiatives Under 10 U.S.C. §2871-2885*, 4 February 1997

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Prescribed Forms

None

Adopted Forms

AF Form 150, *Drayage/Storage Authorization - Government Quarters*

DD Form 1391, *FY___ Military Construction Project Data*.

AF Form 4422, *Sex Offender Disclosure and Acknowledgement Form*

Abbreviations and Acronyms

AAFES—Army and Air Force Exchange Service

ACES—Air Force Civil Engineer System

AFCEE—Air Force Center for Engineering and the Environment

AFCEE/CL—AFCEE Director

AFCEE/LD—AFCEE Legal Division

AFCEE/HP—AFCEE Housing Privatization Division

AFCESA—Air Force Civil Engineer Support Agency

AFI—Air Force Instruction
AF/A7C—Office of the Air Force Civil Engineer
AF/A7CA—Office of the Civil Engineer, Asset Management and Operations Division
AF/A7CP—Office of the Civil Engineer, Programs Division
AF/A7CR—Office of the Civil Engineer, Resources Division
AF/A7CH—Office of the Civil Engineer, Housing Division
AF/JA—Air Force Judge Advocate
AFLOA/JAQ—Air Force Legal Operations Agency, Commercial Litigation Division
AFMAN—Air Force Manual
AFPACES—Air Force Portfolio and Asset Control and Evaluation System
AFPD—Air Force Policy Directive
AFRC—Air Force Reserve Command
AFRIMS—Air Force Records Information Management System
AFRPA—Air Force Real Property Agency
AHRN—Automated Housing Referral Network
ALO—Accounting Liaison Office
ANG—Air National Guard
APF—Appropriated Funds
AST—Acquisition Support Team
AT/FP—Antiterrorism/Force Protection
BAH—Basic Allowance for Housing
BCE—Base Civil Engineer
BES—Budget Estimate Submission
BPAC—Budget Program Account Code
CAC—Common Access Card
CE—Civil Engineer
CEQ—Council of Environmental Quality
CFR—Code of Federal Regulation
CCM—Command Chief Master Sergeant
CMS—Capabilities-based Manpower Standard
CR&R—Capital Repair and Replacement (Plan)
CSAF—Air Force Chief of Staff

DD—Department of Defense (forms)
DCR—Debt Coverage Ratio
DeCA—Defense Commissary Agency
DEERS—Defense Eligibility Enrollment Reporting System
DFAS—Defense Finance and Accounting Service
DoD—Department of Defense
DUSD (I&E)—Deputy Under Secretary of Defense for Installations and Environment
EA—Environmental Assessment
EA—Economic Analysis
EBS—Environmental Baseline Survey
EC&E—Extraordinary Costs and Expenditures
EIAP—Environmental Impact Analysis Process
ESG—Executive Steering Group
FAR—Federal Acquisition Regulations
FBI—Federal Bureau of Investigation
FE&P—Facilities, Energy and Privatization (formerly Housing and Competitive Sourcing (H&CS))
FH—Family Housing
FHMP—Family Housing Master Plan
FHIF—Family Housing Improvement Fund
FSS—Force Support Squadron
FSSA—Family Subsistence Supplemental Allowance
FY—Fiscal Year
FYDP—Future Year Defense Program
GAAP—Generally Accepted Accounting Principles
GOH—General Officer Homes
GPM—Government Paid Move
HQ USAF—Headquarters United States Air Force
HCP—Housing Community Profile
HP—Housing Privatization
HRMA—Housing Requirements and Market Analysis
IAW—In Accordance With
ID—Independent Duty

IDP—Initial Development Period
IFP—Individual Facility Profile
IMT—Information Management Tool
JA—Judge Advocate
JFTR—Joint Federal Travel Regulation
JPAS—Joint Personnel Adjudicating System
K&E—Key and Essential
M&R—Maintenance and Repair
MAJCOM—Major Command
MAJCOM/CC—MAJCOM Commander
MAJCOM/A7—MAJCOM Director, Installations and Mission Support
MAJCOM/CV—MAJCOM Vice Commander
MFH—Military Family Housing
MHPI—Military Housing Privatization Initiative
MILCON—Military Construction
MOA—Memorandum of Agreement
MRC—Management Review Committee
NAFI—Nonappropriated Fund Instrumentality
NCIC—National Crime Information Center
NCO—Noncommissioned Officer
NDAA—National Defense Authorization Act
NHPA—National Historic Preservation Act
NOI—Net Operating Income
NEPA—National Environmental Policy Act
NTS—Nontemporary Storage
OMB—Office of Management and Budget
OMR—Operation, Maintenance and Repair
O&M—Operations and Maintenance
OPEX—Operating Expense
OPR—Office of Primary Responsibility
OSD—Office of the Secretary of Defense
OUSD(C)—Office of the Under Secretary of Defense, Comptroller

OUSD(P&FC)—Office of the Under Secretary of Defense Comptroller, Directorate for Program and Financial Control

OUSD(FE&P)—Office of the Under Secretary of Defense, Installations and Environment, Office of Facilities, Energy and Privatization

PCS—Permanent Change of Station

PDLA—Partial Dislocation Allowance

PDT—Project Development Team

PEP—Program Evaluation Plan

PH—Privatized Housing

PO—Project Owner

POA—Power Of Attorney

POM—Program Objective Memoranda

PMO—(Privatization) Property Management Office

PRESS—Privatization Real Estate Support Services

RCM—Resident Construction Manager

RESS—Real Estate Support Services (Replaced PRESS)

RFP—Request for Proposal

RFQ—Request for Qualification

RSC—Reason Code

SA—Selection Authority

SAF/AQC—Deputy Assistant Secretary of the Air Force, Contracting

SAF/FM—Deputy Assistant Secretary of the Air Force for Financial Management and Comptroller

SAF/FMB—Deputy Assistant Secretary of the Air Force, Budget

SAF/FMC—Deputy Assistant Secretary of the Air Force, Cost and Economics

SAF/GC—Air Force General Counsel

SAF/GCN—Air Force Deputy General Counsel for Installations and Environment

SAF/GCN—RPO—Air Force Deputy General Counsel for Installations and Environment, Real Property Office

SAF/GCQ—Air Force Deputy General Counsel for Acquisition

SAF/IE—Assistant Secretary of the Air Force for Installations, Environment and Logistics

SAF/IEE—Deputy Assistant Secretary of the Air Force, Environment, Safety and Occupational Health

SAF/IEI—Deputy Assistant Secretary of the Air Force, Installations

SAF/LLP—Deputy Assistant Secretary of the Air Force, Legislative Liaison

SAFO—Secretary of the Air Force Order

SCP—Special Command Position

SecAF—Secretary of the Air Force

SF—Security Forces

SHPO—State Historic Preservation Office

SJA—Staff Judge Advocate

SOP—Standard Operating Procedure

TDY—Temporary Duty

TMO—Transportation Management Office

UMD—Unit Manning Document

UP—Utilities Privatization

U.S.C.—United States Code

UA—Utility Allowance

VA—Vulnerability Assessment

Terms

Acquisition Support Team (AST)—Committee chosen by the SA to evaluate proposals in the solicitation process and make recommendations to the SA.

Annual Budget Review—90 days prior to year-end, review operations and capital repair and replacement budgets for reasonableness relative to prior year actual spending, pro forma, industry benchmarks and portfolio benchmarks.

Annual Site Visit (ASV)—On-site visit from AFCEE/HP to assess the overall health and condition of the Project and performance of key stakeholders (PO, Property Manager and HMO).

Applicable Law—All federal, state and local laws, rules, regulations, orders, ordinances and other Governmental standards and requirements which are applicable to the PO or the Property during the term of the Government Lease.

Air Force Portfolio Manager—Official to whom AF/A7C and SAF/FM delegate authority and responsibility for long-term oversight of AF MHPI projects, beginning at project closure and ending upon expiration of all project transactional documents to which the AF is a party, including all successive terms that may be negotiated or required by regulation. Areas of responsibility include: long-term oversight of the financial performance of the PH project, including monitoring all aspects that impact the financial health of the project during its life cycle, reporting the status of project requirements, reporting project status and facilitating problem resolution.

Asset Manager—Air Force property manager for installation-owned and leased property and, in coordination with the Housing Asset Manager, provides oversight for PH.

Automated Housing Referral Network (AHRN)—AHRN is a program sponsored by the Department of Defense and all Service Branches to assist military members and their families in locating available housing at their duty station. AHRN.com is the preferred and trusted housing referral resource for US military members and their families around the world. AHRN.com provides military members with access to information on available housing from anywhere in the world 24/7/365, allowing them to start the home finding process as soon as they receive their orders.

Basic Allowance for Housing (BAH)—Sum allotted to each service member to cover the cost of housing, including utilities and personal property insurance. The respective amount corresponds with service member rank and dependent status.

BAH With-Dependent Rate—Allowance to defray the cost of housing for members and their families when Government housing is not available.

BAH Without-Dependent Rate—Allowance for single members to defray cost of housing when Government housing is not available.

Borrower—PO or any successor or assignee who is approved as owner of the project by the approval authority prior to the closing date and who is the borrower under a guaranteed loan, a direct second loan or any other financing secured by a mortgage on the project.

Budget Scoring Analysis— Provides a concise synopsis of the rationale and scope of the privatization effort and the detailed calculations used to establish the cost (“Scored” cost) of the project to the parent agency. AFCEE/HP coordinates the report with AF/A7C, SAF/FMCE and SAF/FMBI before sending to OSD and OMB for approval. The MHPI project is a public-private partnership, as such, the report details the values of the commitments offered by the Government and Private Industry towards the successful partnership venture. Chief among these are the proposed project financing mechanisms in terms of private and Government financial support, the various credit and non-credit authorities used by the project, the terms of any Government Loan or other financing (e.g., loan guarantees or differential lease payments) offered to the project, and the scored cost of the project to be charged to the sponsoring agency. This report is the primary document to get the OSD and OMB approval to process the notifications to Congress for award or transfer of funds.

Business Day—Any day other than a Saturday, Sunday, legal holiday or a day on which national banks where the Lockbox Agent or the corporate trust office of the Trustee is located, are authorized by law or executive order to close.

Capital Repair and Replacement (CR&R) Plan—The CR&R Plan and budget for the Project prepared by the PO and submitted to the Government and the Lender as part of the preliminary Project Budget for each FY, which identifies the projected capital repair and replacement needs of the Project, together with anticipated funding sources for the 50-year term of the project, and explains any variances from the Capital Repair and Replacement Plan for the prior FY.

Certificate of Compliance—Certificate of compliance with the Construction Requirements issued by an independent certified professional hired by the Lessee and approved by the Government and any Approved Mortgagee to perform inspections.

Certificate of Occupancy—Certificate that a local municipality issues for a house on private land or on Government land to be conveyed, which states the house has been inspected and meets all requirements of local building codes.

Civilian (Federal) Employee—Non-military individual employed by the Federal Government (includes NAF, DeCA and AAFES personnel).

Command Position—MAJCOM Commander and Vice Commander (if not designated SCP); Commander and Vice Commander of a numbered Air Force, center and wing; Mission Support Group Commander and Deputy; and CCM to the installation and MAJCOM Commander.

Communications Plan—Resource for installation Asset Managers that identifies communication tools that can be implemented to promote the HP project at their installation. The Asset Managers' Toolkit is available in hard-copy, electronic, and Web-based formats. The Web-based Toolkit is available at A5.9.

Communications Support—Readily removable equipment can be unplugged and removed and is dependent on, but not a part of, the installed infrastructure. Readily removable communications equipment is usually necessary for the tenant to meet mission requirements.

Community Development Plan—Contains community design and specifications, and comprehensive planning documents.

Commuting Distance—Distance from the installation that can normally be traveled by a person during rush hour traffic (one way) is either 60 minutes or 20 miles or within other limits to satisfy mission requirements.

Compliance Checklist Tool—MS Excel tool that catalogues all compliance tasks by transaction documents and divides oversight responsibilities into Base, AF Portfolio Management and PO tasks in order to identify all transaction document criteria that require Government oversight.

Construction Management Plan—The Construction Management Plan attached to the Operating Agreement contains the construction schedule and the PO Transition Plan.

Construction Oversight—Government oversight of all aspects of a Project's construction processes during the IDP to ensure compliance with the transaction documents.

Construction Surveillance—On-site supervision of construction quality and progress (HP Program oversight process that replaces MILCON Title II).

Debt Coverage Ratio (DCR) or Debt Service Coverage Ratio (DSCR)—This is an index of the financial strength of a project. It is defined as the ratio of net operating income to principal and interest payments. That is, the effective monthly gross rent plus other income less operating expenses (to include among others, reserves for taxes, capital repair and replacements, property management fees, etc.) divided by the monthly debt payments. This ratio is used to assess the ability of a project to generate enough income to pay its monthly debt service obligations. A DSCR of less than 1 would mean the project is not generating enough income to cover its debt obligations while a DSCR of 1.20 or higher assures lenders that the project can adequately cover its loan obligations while maintaining sufficient cash reserves.

Debt Service—the amount set aside annually in a fund to pay the interest and the part of the principal due on a debt.

Demographics (or Target Demographics)—Approved distribution of end-state PH units broken out by bedroom type and military pay grade.

Demolition Plan—Part of the Construction Management Plan that delineates the schedule and process of demolition activities.

Design and Construction Plan—Phased development plan that includes the architectural and civil drawings for the Project.

Design Criteria—Housing and site design requirements set forth in the Solicitation, housing and site design features and components included in the Selected Proposal, and building codes and standards identified in the Government Lease. Only the desired features identified in the Solicitation included in the Selected Proposal are Design Criteria.

Differential BAH (BAH-DIFF)—The difference between BAH at the with-dependent and without-dependent rate. Members paying child support for dependents living elsewhere receive BAH at the with-dependent rate. Single members who pay child support and reside in UH receive BAH-DIFF.

Direct Loan—Subordinate lien loan made by the Government to the Borrower pursuant to the Forward Commitment and for the purpose of financing part of the Project. The Direct Loan includes all Draws on the Direct Loan.

Discrimination—Act, policy or procedure that arbitrarily denies equal treatment in housing because of race, color, religion, sex, national origin, age, handicap, or familial status to an individual or group of individuals.

Economic Analysis—Systematic method for quantifying costs and benefits of alternative solutions to find the most cost-effective (economical) solution and a structured method to identify, analyze and compare costs and benefits of the alternatives.

Effective Date—Date the Government Lease is made effective.

Environmental Assessment (EA)—Concise environmental assessment of whether an Environmental Impact Statement is required or whether a Finding of No Significant Impact may be signed. The EA is used as an aid to decision-making when the potential for environmental effects in a proposal is reasonably certain and believed to be insignificant and a categorical exclusion is not appropriate or available. An EA provides an analysis of the potential environmental effects of the proposed action, reasonable alternatives and a no-action alternative.

Environmental Baseline Survey (EBS)—Current environmental condition of facility or location being assessed before assigning real property responsibility.

Equity—Funds provided by the PO to secure their participation within the project. AF requires the PO to contribute between two to five percent (as approved by the ESG) of the total development costs in the form of a direct cash contribution or an irrevocable letter of credit, or a combination acceptable to the Government.

Excusable Delay—Period of time the Government and the Lessee are excused from performing an obligation or undertaking provided for in the Lease, and a time extension equivalent to the delay, when performance is prevented or unavoidably delayed, retarded or hindered by the following: act of nature, fire, explosion, war, invasion, insurrection, riot, mob violence, sabotage, or act of terrorism, inability to procure or a general shortage of labor, equipment,

facilities, materials or supplies in the open market, failure or unavailability of transportation, strike, lockout, action of labor unions, a taking by eminent domain, requisition, laws, orders of Government or of civil, military or naval authorities, Governmental restrictions or any other cause, outside the reasonable control and without the fault or negligence of the Government or the Lessee.

Executive Steering Group (ESG)—Cross-functional Air Staff working group responsible for overall vision and oversight of the HP Program.

Executive Summary—Concise document which summarizes project transaction documents and provide an overview and description of key project issues including: structure, financing, scope, operations and stakeholders.

Expenses—Lockbox Agent, the Credit Enhancer, Reserve Account Contractor Provider, Rating Agencies, Trustee, Construction Consultant and Bondholder/Lender Representative bank fees and other expenses, charges, costs and direct expenses incurred in connection with the performance of duties under the Agreement, the Bond/Loan Documents, Reserve Account Contract Documents, and Credit Enhancer Documents, as applicable, including the costs incurred under any indemnity provided by the PO to these officials.

Extraordinary Costs and Expenditures (EC&E)—Expenses for work on any privatized house that exceed normal operations, M&R or replacement of an item within its expected service life, including work that primarily benefits a tenant and is not necessary for the safe utilization, functionality or habitability of the facility, as intended. Extraordinary costs are typically, but not necessarily limited to changes, alterations or expansions to the physical layout of a dwelling, services or service levels not included in the accepted proposal, chattel replaced or services provided before the end of their useful life, excluding damaged or repaired items and charged to the tenant. Extraordinary costs exclude all routine O&M activities.

Facilities Design and Construction Plan—Transaction document that contains housing design and renovation specifications and design documents.

Facilities Maintenance Plan—Transaction document that includes routine operations and management and change-of-occupancy maintenance, tenant services (i.e., locksmith, entomology) and service response criteria.

Family Housing (FH)—On-base and off-base Government-owned, -leased and -controlled residential dwellings provided for eligible military and civilian members and their families.

Federal Property—For Federal Impact Aid purposes, real property (land) owned or leased by the Federal Government and not subject to taxation by any state or any political subdivision of a state due to federal agreement, law or policy. It includes any improvement (structures) on the real property, whether or not subject to taxation.

Final Plans—Final development plans and specifications submitted by the PO IAW requirements of the selected proposal and approved by the Government IAW the lease of property or the use agreement.

Financial Dashboard—Comparison of the key financial metrics for the project against the highest, lowest and weighted average for the portfolio, included in the Quarterly Project Report.

Fiscal Year—A 12-month period at the end of which all accounts are completed in order to provide a statement of a company's, organization's, or Government's financial condition, or for

tax purposes. A fiscal year does not necessarily correspond to a calendar year. The Federal Fiscal Year runs from October 1 of the prior year through September 30 of the next year.

Foreign Military Personnel—Non-U.S. military personnel, including liaison personnel, assigned to a tour of duty to a U.S. Government installation or unit.

Foreign Military Student/Trainee—Foreign personnel receiving training from the U.S. military under Foreign Military Sales, International Military Education and Trainee and similar Security Assistance Trainee Programs.

Forward Commitment—Forward Commitment for the Direct Loan dated as of the Effective Date, from the Government and accepted and agreed to by the PO, and acknowledged and agreed to as of the Bond/Loan Closing Date by the Lockbox Agent, the Trustee, the Bondholder/Lender Representative and the Credit Enhancer, as further amended and supplemented from time to time.

General Officer Housing or General Officer Home (GOH)—General Officer homes, either government-owned or privatized. Also referred to as General Officer Quarters (GOQ), especially by OSD and the other Services.

Generally Accepted Accounting Principles (GAAP)—Accounting procedures and processes promulgated by the American Institute of Certified Public Accountants, as amended, and consistently applied.

Ground Lease—Lease of real property from the Government, as lessor, to the PO, as lessee, as amended or modified IAW lease terms, granting certain rights in the federal property to the lessee (AFI 32-9003, *Granting Temporary Use of Air Force Real Property*).

Grouped Project—Air Force Privatization Project containing multiple Air Force Bases under one PO and one set of legal documents.

Guaranteed Lender—Maker of a mortgage loan for the project and which loan is the subject of a Guaranteed Loan.

Guaranteed Loan—First lien mortgage loan in the original principal amount approved by the Government, from the guaranteed lender to the borrower, the payment of which is guaranteed by the Approval Authority, under certain specified circumstances pursuant to the terms of the Guaranty Agreement.

Guaranteed Loan Documents—Note, security instrument and related documents, evidencing or securing obligations of the borrower and guaranteed lender for the guaranteed loan.

Guaranty Agreement—Military Housing Loan Guaranty Agreement executed between the Approval Authority and the guaranteed lender pursuant to which the Approval Authority has agreed to guarantee the guaranteed loan.

Hardship—Unique and unusual circumstance beyond member's control that, in the Commander's judgment, imposes an extraordinary burden on a member not normally encountered by other members of similar grade at the installation.

Historic Property—Any prehistoric or historic district, site, building, structure or object included on, or eligible for inclusion on, the National Register of Historic Places (National Register), including artifacts, records and material remains related to such a property or resource. 36 CFR §60.4 explains criteria for determining eligibility for listing to the National Register.

Housing Allowance—See Basic Allowance for Housing (BAH).

Housing Asset Manager—Air Force property manager for Government-controlled (owned and leased) housing and, in coordination with the Capital Asset Manager, provides oversight of PH.

Housing Privatization (HP)—Conversion of Government housing to privatized housing through the authorities in 10 U.S.C. Sections 2871-2885, as amended.

Housing Referral List—Monthly report provided by the installation HMO to the Lessee identifying applicants referred to the PH Office on the leased premises and includes: (1) name and pay grade of referral tenant and (2) the number of dependents of the Target Tenant.

Housing Requirements and Market Analysis (HRMA)—Analysis that determines the total military FH requirement for a military installation based on expected base military population, plus any other supported military agencies for a five-year period of time, ability of local housing market to absorb military residents, availability of adequate rental properties, as well as affordable homes available for purchase, and expected growth trends in the market.

Impact Aid—(1) Low-level impact aid paid for children living on private property, whose parents are on active duty and to compensate the local area for loss of local sales tax revenue by parents purchasing tax free items on the installation. (2) High-level impact aid paid for children who live on federal property to reimburse the school district for revenue they otherwise would have received from property tax.

Impositions Account—Lockbox reserve account which receives monthly deposits held for the purpose of paying taxes and insurance premiums set forth in the Project Budget.

Impositions Plan—Detailed imposition budget and plan for the Project prepared by the PO and submitted to the Government as a part of the preliminary Project Budget for each FY, which identify for the FY all anticipated tax and insurance premium obligations.

Improvements—Improvements that are a part of the Project, whether now located or hereafter constructed on the Project site.

Independent Duty (ID) Personnel—Military member operating and subsisting far enough away from the parent Service to preclude reasonable expectation of facilities (including housing) support by the parent Service.

Individual Facility Profile (IFP)—Profile of each GOH which includes facility data such as the age and condition of quarters, improvement and major M&R requirements and estimates for work accomplished via the O&M program or as a whole-house improvement project.

Initial Development Period (IDP)—Time during which primary demolition, rehabilitation and construction for Project occur.

Installation Commander—Commander at an installation responsible for housing at the installation, referred to herein as the “Commander.”

Insurance Summary—Initial examination of insurance certificates conducted by AFCEE/HPM following receipt of the final signed transaction documents to ensure compliance with transaction documents (types, amounts, limits).

Joint Base—A location designated in Defense Base Realignment and Closure Commission report as having installation management functions transferred from one or more installations to another installation.

Key and Essential (K&E) Personnel—Personnel whose duties require immediate availability on an installation because of military necessity or operational requirements, as determined by the Commander. K&E Personnel include civilians who required to live on base as a condition of employment. K&E positions are identified in a supplement to AFI 32-6001.

Lease of Property—Department of Air Force Lease of Property, dated, by and between the Borrower and the Government, where the Government has leased the Land to the Borrower, as amended or modified.

Leverage—Use of borrowed funds to increase purchasing power. The MHPI leverage calculation is determined by dividing the Equivalent MILCON development costs for a project by the OMB score amount (see Scored Cost definition).

Life-Cycle Cost Analysis—Fifty-year analysis of construction, renovation and maintenance costs to operate a housing area. Costs in the analysis of the traditional MILCON approach are utilities, O&M, construction, drayage, manpower and School Impact Aid. In the privatization approach, costs are BAH, scored costs, drayage, manpower and School Impact Aid.

Lockbox Administration Report—Quarterly report developed by AFCEE/HPM that provides the status of the Lockbox Administration Tool, and lists current lockbox account balances, identifies discrepancies and ensures adherence to cash-flow management as detailed in the final transaction documents.

Lockbox Administration Tool—Spreadsheet tool utilized by the Portfolio Management Team to track lockbox account balances, monitor disbursements and deposits and develop the lockbox administration report.

Lockbox Agent—Official who establishes and maintains the Accounts and Subaccounts IAW the terms of the Agreement and accepts all cash, cash equivalents, instruments, investments and other securities to be delivered to or held by the Lockbox Agent pursuant to the terms of the Agreement, and from such cash, cash equivalents, instruments, investments and other securities, makes deposits, releases and transfers contemplated by the Agreement as and when specified IAW the terms of the Agreement.

Lockbox Agreement—Transaction document that contains information regarding Project bank accounts and cash flow management.

Lockbox Revenue Account—Account established by the PO, which contains all project income and any other amounts required to be deposited by the account administrator (Lockbox Agent). The conditions and terms of this account are defined in the lockbox agreement.

Lockbox Waterfall—Order of priority in which funds in the Lockbox Revenue Account are transferred or disbursed by the Lockbox Agent to the Accounts or Persons specified.

Management Review Committee (MRC)—Informal, asset-level mechanism to facilitate discussion of post-transaction closure issues and administrative matters, including, but not limited to, routine development and operations, tenant relations, quality of service, quality of safety, tenant referral issues, budget approval recommendations, capital reinvestment expenditures and possible changes to the transaction documents.

Market Rent—Maximum monthly rent the PO can charge Other Eligible Tenants for a housing unit. Market Rent may not be less than the highest rent charged to Target Tenants (Target Rent) within the previous 30 days for the same unit.

Mortgage—Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Financing Statements, by the PO for the benefit of the Trustee, as amended and supplemented, which secures the payment of all indebtedness and performance of all obligations of the PO under the Bond Documents.

Most Advantageous Proposal—Proposal that offers military families the most outstanding quality designs, construction and real estate services in a secure and well-planned community for the 50-year term, taking into consideration all evaluation factors set forth in the RFP/RFQ.

Net Operating Income (NOI)— A value that represents the financial health of a project based solely on its operational performance. Generally calculated before interest, depreciation and amortization, NOI equals Revenues minus Operating Expenses.

Net Proceeds—Gross proceeds from the insurance or condemnation award or other recovery, less all reasonable fees and expenses incurred in collecting such gross proceeds.

Notice to Proceed (NTP)—A notice from the Government to the PO, confirming receipt of the Final Plans and authorization for the Lessee to proceed with construction of leased premises, subject to Lessee's continued compliance with the lease.

Occupancy Leases—Leases between the PO, as landlord, and Tenants of the Project with respect to the use and occupancy of the Improvements for residential purposes.

Occupancy Rate—Total occupied units divided by total available units.

Offeror—Entity submitting a proposal in response to the solicitation.

Operating Agreement—An agreement between the Members (owners) of a Limited Liability Company (LLC). The Operating Agreement governs the operation of the LLC and defines the rights and obligations of the Members to each other and to the LLC.

Operating Expense (OPEX)—Expenses (determined on a cash basis) incurred for the operation, maintenance and management of the Project, (including Additional Rent, renters insurance and management fees paid to a Management Company that is not an Affiliate of the PO). Operating Expenses do not include expenditures classified as capital expenditures for federal income tax purposes, any expenses, payments, or deposits or transfers to the Imposition Reserve Account, any Debt Service Reserve Account, costs for which the PO is entitled to specific reimbursement by any Tenant or other third party, non-cash expenses (including depreciation), and Default Purchaser Base Rent.

Operating Plan—Detailed annual operating plan and budget for the Project prepared by the PO and submitted to the Approving Parties for approval as part of the preliminary Project Budget.

Operations and Maintenance (O&M) Account—Account the PO uses to pay day-to-day expenditures for normal business activities.

Operations and Management Plan— The operations and management plan is designed to describe how the business functions on a continuing basis. The plan may highlight the logistics of the organization such as the various responsibilities of the management team, the tasks assigned to each division within the company, maintenance procedures and schedules,

documentation methods necessary to demonstrate proper adherence of reporting requirements as per project documents and capital and expense requirements related to the operations of the business. The Operations and Management Plan for a Project is submitted as part of the Selected Proposal and accepted by the Government, and can be supplemented or amended with the Government consent.

Other Eligible Tenant Waiting List—List of non-Target Tenants applying for PH.

Partial BAH—Member without dependent assigned to UH and not entitled to BAH is entitled to partial BAH at rates established in DoDR 7000.14, Volume 7A, Chapter 26, Table 26-12.

Partnering—Concept of PO and Government working together to resolve privatized housing problems and issues.

Performance Incentive Fee (PIF)—Additional management fee paid to the Management Company based upon successful achievement of performance metrics outlined in the Property Management Agreement and/or transaction documents.

Performance Incentive Plan (PIP)—Detailed plan included within the Property Management Agreement and/or transaction documents which outlines the Management Company's ability to earn extra fees based upon several performance metrics.

Privatized Housing (PH)—refers to Government housing that has been privatized and is owned and operated by the PO.

Privatized Property Management Office (PMO)—Project Owner office with property management personnel who handle day-to-day PH property management activities at a particular installation.

Prestige Housing—Units designated for all E9s at an installation meeting standards in the Air Force Family Housing Guide for Planning, Programming, Design and Construction; some variations apply due to installation transaction documents.

Pro Forma—Financial model for the Project, including sources and uses, development budget and projected future cash flows and expenses.

Program Evaluation Plan (PEP)—Semi-annual report required by OSD, which includes standardized information regarding key project metrics, both qualitative and quantitative, to provide OSD with a high-level summary of military privatization projects across all armed services. This report is submitted by the Portfolio Management Team and inputs are provided by MAJCOMs and installations.

Project Budget—Submitted by the PO, reviewed and approved by AF entities.

Project Cash Flow Statement—A monthly cash flow statement and financial report for the prior calendar month or other period, disclosing the aggregate gross revenues received and Operating Expenses paid on a cash basis during the month or other period.

Project Development Demographics—Anticipated housing requirement by military pay grade and bedroom type from the HRMA.

Project Development Team (PDT)—Cross-functional team responsible for the development of the project concept and RFP/RFQ.

Project Documents—Documents issued or executed by the Lessee/Borrower and the Government in connection with the Project, including but not limited to; Solicitation, Design-Build Agreement, Property Management Agreement, any service contracts, Selected Proposal, Lease of Property, Final Plans, Lockbox Agreement, Agreement to Share Proceeds, Intercreditor Agreement, any use agreement, the Operating Agreement, and payment and performance bonds. The project Documents do not include the Direct Loan Documents.

Project Income—Total of all revenues derived from the Property.

Project Owner (PO)—Refers to the non-Government/private industry owner and operator of privatized family housing units.

Property Manager—Business entity that manages leasing, M&R and customer relations for PH. This may be employees of a PO or a separate company under contract with the PO.

Property Operations and Management Plan—Transaction document that contains HP on-site personnel and office structure, as well as relationship with stakeholders.

Quarterly Reports—Standardized reports developed by the Portfolio Management Team, which include assessment of key performance metrics, analysis of trends and discussion of relevant issues for each project and the portfolio as a whole.

Referral and Relocation Service—Housing support service by which DoD personnel receive counseling on housing and other community services available.

Reinvestment Account—Account funded after the completion date; contains funds primarily used for protecting and enhancing the Project through reinvestment in the Project in the form of community improvements including, but not limited to, modernization programs, which will directly benefit the Tenants.

Rental Rate Management Plan—Includes tenant rent structure, special assignments (i.e., K&E, SCP) and security deposit details.

Replacement Reserve Account—Account to fund major renovation and improvements expected during the life-cycle of HP project. Repairs include roof repair, appliance replacement, carpet replacement, repaving, and similar capital improvements; sustainment costs, including annual maintenance and scheduled repair to maintain real property assets through its expected service life. It also covers major repair or replacement of facility components expected throughout the life cycle of facilities, including regular roof replacement; refinishing of wall surfaces; repairing and replacement of heating and cooling systems; replacing tile and carpeting; and similar work. The replacement reserves do not include restoration, modernization or historical preservation.

Resident Guide/Handbook/Brochure—Publication prescribed by some project solicitation and transaction documents, which outlines tenant responsibilities and identifies services provided by the PO.

Scorecard—Assessment tool included in Quarterly Project Reports and displayed on AFPACES that provides a current snapshot and four-quarter trend of Project performance across key financial, construction and operational metrics through utilization of color-coded rating levels (blue/exceptional, green/acceptable, yellow/marginal, red/unacceptable).

Scored Cost—Government funds obligated at contract signing IAW the Federal Credit Reform Act of 1990 to meet the Government legal obligations under the terms of the contract.

Selection Authority (SA)—Air Force Official who directs the solicitation process and makes the final selection for the installation and headquarters based on the recommendations of the AST.

Severability Plan—Plan the PO submits to the Government to sever an area of the privatized development once waterfall tenants are permitted to occupy PH.

Special Command Position (SCP)—A position shall be designated as a "special command position," if as follows: The incumbent is a general or flag officer or a civilian official of equivalent rank and the public relations responsibilities require the incumbent to represent U.S. interests in official and social entertainment activities involving foreign and/or U.S. dignitaries or high Governmental and/or military-rank, and outstanding members of the business, industrial, labor, scientific, and academic communities. Generally, each position occupied by an officer in grade O-10 shall be designated as "special command". Refer AFI 32-6003 for more information on position designations and the list of Air Force approved SCPs.

Stakeholder Outreach Plan—Document that outlines the communication outreach, goals, audiences, key messages, and tools and tactics that support the Housing Privatization Program.

Target Rent—BAH at the "with dependent" rate, less an amount sufficient to cover average utility usage. Civilian K&E personnel will pay rent equal to military members of equivalent grade and be subject to lease terms equivalent to those of military members of equivalent grade. If K&E personnel are single or unaccompanied, their Target Rent is based on the without-dependents BAH rate.

Target Tenant—Active duty members of the Uniformed Services assigned or attached to the installation for housing support (including independent duty personnel), eligible for BAH at the with-dependent rate, and accompanied by dependents (or will be within 30 days), or military-married-to-military without dependents. Foreign military and foreign military students/trainees are considered Target Targets when assigned to the installation. K&E civilian personnel are Target Tenants.

Tenant Lease Agreement—Residential agreement between the Landlord (as PO) and Tenant for use and occupancy purposes.

Transaction Documents—Bond/Loan Documents, Government Loan Documents, Government Documents, Credit Enhancer Documents, Reserve Account Contract Documents and Project Documents.

Transition Plan—Plan prepared pursuant to the Agreement, with detailed transition activities.

Uniformed Services—The Armed Forces (Air Force, Army, Coast Guard, Marine Corps and Navy), the commissioned corps of the National Oceanic and Atmospheric Administration (NOAA) and the commissioned corps of the Public Health Service (PHS).

Unit Occupancy Plan—Plan, including housing assignments, waiting list and eligible/non-eligible tenant information.

Use Agreement—Transaction document that sets forth certain terms and conditions relating to PO responsibility for the demolition, design, construction, renovation, operation and maintenance of the Project.

Utility Allowance—110 per cent of the anticipated annual cost for electricity and heating fuel consumption by unit types.

Utilities Plan—PO plan and budget for Project utilities submitted to the Government as part of the preliminary Project Budget for each FY.

Utilities Privatization (UP)—Sale of installation utilities infrastructure to a public or private utility company who then owns, operates and maintains the utility system.

Waiting List—List of qualified housing applicants waiting to occupy privatized housing.

Attachment 2

METHODOLOGY FOR ESTIMATING REIMBURSEMENT OF POLICE PROTECTION SERVICES FOR HOUSING PRIVATIZATION PROJECTS

A2.1. Authority. Title 10 U.S.C. §2872a authorizes the Government to furnish police protection services, on a reimbursable basis, to any military housing acquired or constructed pursuant to the exercise of any authority or combination of authorities under the Military Housing Privatization Initiative (10 U.S.C. §§2871-2885, as amended) if the military housing is located on a military installation.

A2.2. Calculation. The Government will calculate the amount of the annual reimbursement due from the Lessee to the Government for such services delivered by the Government to the benefit of the Base Project in accordance with Air Force policy and the following reimbursement formula, as the same may be amended, supplemented or revised from time to time by the Government.

A2.2.1. Reimbursement for police protection services will be based on a single cost per unit and will be the same cost for all installations except as previously agreed upon in prior HP transactions. For example, the unit cost for the period 1 October 2012 through 30 September 2013 (FY13) is \$90 per unit per year, the same as FY12, and is subject to adjustment each fiscal year as detailed herein.

A2.2.2. Prior to the Base Project Completion Date, the unit cost will be applied to the average number of units available for rental in any particular Government fiscal year, including units located on the Non-Debt-Sized Unit (NDSU) Parcels, which are described in the project transaction documents. Following the Base Project Completion Date, the average number of units on line (“U”) shall equal the sum of the minimum number of units required to be available for rental pursuant to Conditions 6.1 and 17.1 of the Lease, plus the average number of units available located on the NDSU Parcels for rental in any particular Government fiscal year. The unit count shall be reduced by the number of units that are not actually receiving police protection services from the Installation.

A2.2.3. AFCEE/HP will determine the unit cost based on the Full Time Equivalent (FTE) rate billable to non-DoD entities for an Airman (E-3) based on the average number of units a Security Forces patrol will provide police protection services for in privatized housing projects. AFCEE/HP will work with AF/A7S and AF/A7CH to reestablish the baseline for the average number of units patrolled as required from time to time by the Government. FTE rate source is at the Web site at A5.14: *DoD Military Personnel Composite Pay and Reimbursement rates to non-DoD entities*.

A2.2.4. AFCEE/HP will initiate an annual data call, including applicable guidance and Rate updates, in late July to ensure installations prepare timely updates and notify the PO of the updates in accordance with the Lease of Property. Under prior HP transactions, unless amended to incorporate the updated policy, SF units will be required to submit police response numbers. Under FY 11 and later transactions, installations must only identify the average number of on-line houses. These numbers will be combined with the five-year individual unit cost calculation provided by AF/A7S to determine total costs to each installation as identified in the formula below.

A2.2.5. These costs shall be reflected in the Project Operating Budget. The Project Owner (PO) will reimburse the Installation's service agency for annual costs calculated for this level of service. The PO shall pay for police protection services furnished by the Government for the benefit of the Base Project. The Government will calculate the amount due annually and bill for reimbursement for such services in accordance with the applicable Exhibit to the Lease of Property.

A2.2.6. Payments by the PO for police protection service reimbursements are required to be made to DFAS by Electronic Funds Transfer (EFT), or as otherwise agreed. Please refer to the latest Fire and Police Reimbursement for Housing Privatization Projects Fact Sheet for guidance on the process for billing and collecting reimbursements and the funding authorities required. Reimbursements must be credited back to the relevant appropriation supplying the service. Billings must identify the appropriate line(s) of accounting to ensure compliance with Title 10 U.S.C. §2872a.

A2.2.7. The Police Protection Services Payment is Additional Rent, and shall be subject to adjustment effective each October 1 in accordance with the applicable Exhibit to the Lease of Property. On or before August 1st of each year, the Government will calculate the reimbursement amount based on a single per-unit cost, in accordance with the appropriate old or new methodology as described in the project transaction documents.

A2.2.8. On or before September 1st of each year, the Government shall provide written notice to the PO of the amount of the Police Protection Services Payment for the fiscal year commencing October 1st of such year, which amount shall be payable in 12 monthly installments in accordance with the Lease of Property.

A2.2.9. Billings must be prepared within 30 calendar days after the month in which services or performance occurred. The payment due date shall not be more than 30 calendar days from the date of the invoice. In accordance with the Lease of Property, if any installment of Rent is not paid within ten (10) business days after its due date, then such arrearage (i) shall bear a late charge equal to five percent (5%) of the amount due and be payable without demand simultaneously with the rent arrearage, and (ii) shall bear interest from the due date at the rate prescribed by the Secretary of the Treasury for amounts past due to the Federal Government until paid in full.

A2.2.10. For installations already privatized, the reimbursement formula will be based on the methodology included in the Transaction Documents. However, those projects will endeavor to negotiate with the PO to incorporate the revised police protection reimbursement calculation and formally amend the Lease of Property.

A2.2.11. Calculations for Police Protection services will be updated annually in accordance with applicable Condition and/or Exhibit of the Lease of Property.

A2.3. Formula. For each installation, the following formula will be used to calculate the reimbursement for police protection services: $R = C \times U$.

A2.3.1. R = Reimbursement

A2.3.2. C = Annual estimated per-unit Cost for providing police protection services to the privatized housing project as determined by the Government. For FY12 and FY13, the cost is \$90/unit/year.

A2.3.3. U = Average number of Units online. Prior to the HP project completion date, “U” shall equal the average number of units available for rent in any particular Government fiscal year, including units located on the NDSU Parcels, if applicable. Following the Base Project Completion Date, “U” shall equal the sum of the minimum number of units required to be available for rental pursuant to Conditions 6.1 and 17.1 of the Lease, plus the average number of homes located on the NDSU Parcels that are available for rental in any particular Government fiscal year, if applicable. “U” shall be reduced by the number of homes that are not actually receiving police protection services from the Installation.

A2.4. Example. For FY13, the unit cost (C) for police protection services is \$90 per year. If an installation has 550 privatized homes (U) on line that receive police protection services, then the annual reimbursement (R) is calculated as follows: $R = C \times U = \$90 \times 550 \text{ homes} = \$49,500$. Therefore, based on this example, the estimated cost for providing police protection services to the privatized housing project for the 12 month period from 1 Oct 2012 through 30 Sep 2013 is \$49,500, payable in arrears in equal monthly installments of \$4,125.

Attachment 3

METHODOLOGY FOR ESTIMATING REIMBURSEMENT OF FIRE PROTECTION SERVICES FOR HOUSING PRIVATIZATION PROJECTS

A3.1. Authority. 10 U.S.C. §2872a authorizes the Government to furnish firefighting and fire protection services, on a reimbursable basis, to any military housing acquired or constructed pursuant to the exercise of any authority or combination of authorities under the Military Housing Privatization Initiative (10 U.S.C. §§2871-2885, as amended) if the military housing is located on a military installation.

A3.2. Calculation. The Government will calculate the amount of the annual reimbursement due from the PO to the Government for such services delivered by the Government to the benefit of the HP project in accordance with Air Force policy and the following reimbursement formulas, as they may be amended, supplemented or revised from time to time by the Government.

A3.2.1. The level of service will include response to fire emergencies to prevent loss of life and to minimize injury and damage to property and the environment. Response is defined as a response to a housing unit or structure within the privatized project to manage an emergency or probable emergency situation. Examples of emergency situations include reported fires, fire alarms, releases of hazardous material, rescue, injury, and medical or suspected medical emergencies. Generally, emergency responses prevent loss of life or property, prevent injury, relieve pain and suffering and protect the environment. Response includes resources managed by one or more firefighting crews.

A3.2.2. The PO will reimburse the Installation's service agency for annual costs calculated for emergency response based on per house/unit figure predicated on the five-year average number of responses the fire department will respond to within a privatized housing development. These costs will be reflected in the Project Operating Budget.

A3.2.3. The validation of fire protection services takes place during the concept development stage of the HP project process and is incorporated into the RFP or RFQ. MAJCOM Fire Emergency and Services and the installation agency expected to provide the fire protection services for a privatized housing area shall review and approve the RFP or RFQ prior to final signature to ensure the appropriate agency is identified to provide fire and emergency services for the privatized housing area listed.

A3.2.4. Reimbursement Calculations. The Government will calculate the fire reimbursement amount due annually and bill the PO for reimbursement for such services in accordance with the applicable Exhibit to the Lease of Property ("Fire and Police Services Payment"). Costs reflected in the formulas for each calculation are not intended to be exact or installation specific. They capture the average costs for the major expense to the AF in providing Fire and Emergency Service for privatized housing. Do not deviate. The following calculations are to be used as applicable:

A3.2.4.1. Government Civilian Calculation. Used to calculate reimbursable costs when fire services are provided from a fire station maintained to protect government property in the area and services are provided by civilian firefighters. For Service Contract Act Firefighters, use actual contract rates.

A3.2.4.1.1. The Government Civilian Calculation formula is $R=N(C+P)$, where:

A3.2.4.1.1.1. R = Reimbursement.

A3.2.4.1.1.2. N = Average number of annual responses to the privatized housing area as applicable over the past five Government fiscal years.

A3.2.4.1.1.3. C = Estimated cost for FY12 to operate three response vehicles for one hour (Rescue, pumper, and command vehicles typically respond to each emergency response) per AFCESA guidance = \$29.70.

A3.2.4.1.1.4. P = One-hour wage of 8, GS-7 Step 5 firefighters (rest of US rate) with applicable fringe benefits (39% benefits for FY 12) = \$205.28. Per AFCESA guidance, first response includes 8 personnel. For example, in 2011, a GS-7, Step 5 fire fighter earned \$67,601.04, including overtime. The FY12 rate is a weighted average rate of the CY11 rate for 3 months and the CY11 rate inflated 3% for 9 months. ($\$69,122.06 \times 1.390 = \$96,079.66$ annually with a work schedule of 3,744 hours or \$25.66/hour).

A3.2.4.1.2. Example for 22 fire responses. $R = 22 \times (\$29.70 + \$205.28) = 22 \times \$234.98 = \$5,169.56$. Therefore, based on this example, the estimated cost for providing fire protection to the privatized housing project as applicable for the 12-month period from 1 October 20XX through 30 September 20XX is \$5,169.56, payable in arrears in 12 equal monthly installments of \$430.80.

A3.2.4.2. Military Calculation. Used to calculate reimbursable costs when fire services are provided from a fire station maintained to protect government property in the area and services are provided by military firefighters.

A3.2.4.2.1. The Military Calculation formula is $R=N(C+P)$, where:

A3.2.4.2.1.1. R = Reimbursement.

A3.2.4.2.1.2. N = Average number of annual responses to the privatized housing area as applicable over the past five Government fiscal years.

A3.2.4.2.1.3. C = Estimated cost for FY12 to operate three response vehicles for one hour (Rescue, pumper, and command vehicles typically respond to each emergency response) = \$29.70.

A3.2.4.2.1.4. P = One-hour wage of 8 E-4 firefighters = \$311.28 (Typical first response includes 8 personnel. In FY 2012, an E-4 fire fighter earns $\$38.91/\text{hr} \times 8 = \311.28 .)

A3.2.4.2.2. Example for 22 fire responses. $R = 22 \times (\$29.70 + \$311.28) = 22 \times \$340.98 = \$7,501.56$. Therefore, in this example, the estimated cost for providing fire protection to the privatized housing project as applicable for the 12-month period from 1 October 20XX through 30 September 20XX is \$7,501.56, payable in arrears in 12 equal monthly installments of \$625.13.

A3.2.4.3. Government Civilian and Military Calculation. Used when the fire station serving HP is manned with both military and civilian firefighters (regardless of actual percentage), calculate the personnel cost based on four civilian firefighters and four military firefighters. The reimbursable amount is based on “per call” average cost.

A3.2.4.3.1. The Government Civilian and Military Calculation formula is $R=N(C+P)$, where:

A3.2.4.3.1.1. R = Reimbursement.

A3.2.4.3.1.2. N = Average Number of annual responses to the privatized housing area as applicable over the past five Government fiscal years.

A3.2.4.3.1.3. C = Estimated Cost for FY 12 to operate three response vehicles for one hour (Rescue, pumper, and command vehicles typically respond to each emergency response) = \$29.70.

A3.2.4.3.1.4. P = The Personnel cost civilian firefighter hourly rate plus the military firefighter hourly rate = \$258.28. (The civilian firefighter hourly rate from A3.2.4.1.1.3 above = \$25.66/hour x 4 = \$102.64. The military firefighter hourly rate from 3.2.4.2.1.4 above = \$38.91/hr x 4 = \$155.64. $P=\$102.64 + \$155.64 = \$258.28$)

A3.2.4.3.2. Example for 22 fire responses. $R = N(C+P) = 22 \times (\$29.70 + \$258.28) = 22 \times \$287.98 = \$6,335.56$. Therefore, in this example, the estimated cost for providing fire protection to the privatized housing project, as applicable, for the 12-month period from 1 October 20XX through 30 September 20XX is \$6,335.56 payable in arrears in 12 equal monthly installments of \$527.96.

A3.2.4.4. Solely for HP use. Used to calculate reimbursable costs when fire services are provided from a fire station maintained to protect privatized homes but would not otherwise be required to protect government property. The Fire Chief uses Technical Implement Guide 1710 to determine if government facilities in the area justify a government fire station. Government facilities considered remote and outlying justify increases to response time standards. With the increased response time allowed, fire protection services could be provided from another fire station. In these cases, if a fire station is maintained, it would be reimbursed according to this formula.

A3.2.4.4.1. Exception. Projects that have already closed may be exempt from this formula based on the project's legal transaction (closing) documents and may continue to use the other three calculations in A3.2.4.1, A3.2.4.2 or A3.2.4.3, as applicable. Any deviation request must be coordinated through the MAJCOM, AFCEE, AFCESA and A7C for approval.

A3.2.4.4.2. The Solely-for-HP-Use formula is $R = P + V + M$, where:

A3.2.4.4.2.1. R = Reimbursement

A3.2.4.4.2.2. P = Personnel cost = \$768,637.28, based on the annual salary of eight GS-7, Step 5 firefighters at the Rest-of-US rate including applicable fringe benefits (39% benefits for FY12)). A typical first response includes eight personnel. In CY 2011, a GS-7, Step 5 firefighter earned \$67,601.04 annually. The FY 2012 salary is the weighted average salary of the CY11 rate for 3 months, plus the CY11 salary, inflated 3%, for the remaining 9 months. The weighted average FY2012 salary is \$96,122.06. After including the fringe benefits (39%), the weighted average salary increases to \$96,079.66. For 8 personnel, the total personnel cost (P) equals $\$96,079.66 \times 8$ or \$768,637.28.

A3.2.4.4.2.3. V = Vehicle cost = \$41,715 (Annual amortization cost for three typical first response vehicles using straight line depreciation over 20 years)

A3.2.4.4.2.4. M = Maintenance Cost = \$10,300 (the average cost for maintenance of the fire station facility, vehicles, and equipment and supplies.)

A3.2.4.4.3. Example for 22 responses. $R = P + V + M = \$768,637.28 + \$41,715 + \$10,300 = \$820,652.28$. Therefore, in the example, the estimated cost for providing fire protection solely to the privatized housing project as applicable for the 12-month period from 1 October 20XX through 30 September 20XX is \$820,652.28, payable in arrears in 12 equal monthly installments of \$68,387.69.

A3.2.5. Annual Data Call. AFCEE/HP will initiate an annual data call, including applicable guidance, in late July to ensure installations prepare timely updates and notify the PO of the updates in accordance with the Lease of Property. In response to the data call, the installation will provide AFCEE/HP the number of responses with supporting call summaries and average number of units.

A3.2.5.1. Historical responses shall be tracked with sufficient detail to determine type of response. If no historical responses are available, AFCEE/HP will provide the average number of responses based on portfolio experience for comparable sized projects.

A3.2.5.2. Fire and Emergency Service call summaries, excluding Privacy Act sensitive information, will be made available to AFCEE/HP upon submission of each annual update. AFCEE/HP will provide the call summaries to the PO upon request.

A3.2.5.3. AFCEE/HP, in coordination with AFCESA, will update personnel and vehicle amounts annually. Installations will be required to provide number of responses with supporting Summary of Responses and average number of units. The following resources will be used to update the amounts:

A3.2.5.3.1. USAF Raw Inflation Indices (AFI 65-503, *US Air Force Cost and Planning Factors*).

A3.2.5.3.2. DoD Military Composite Pay and Reimbursement rates and civilian personnel fringe benefit billing rates to non-DoD entities are available on the Web site in Attachment 5.

A3.2.5.3.3. Civilian Personnel rates are based on the weighted average rate based on three months of the current Calendar Year (CY) rate and nine months of the current CY rate, inflated 3% (average inflation rate for HP projects) to convert the rate to a Fiscal Year (FY) basis.

A3.2.6. Response Time Deviations. In the case of an approved AF deviation from response times, as outlined in DoDI 6055.06, *DoD Fire and Emergency Services (F&ES) Program*, if the PO, local civil authority, or local/state regulations prevent the deficient level of services from being provided to privatized housing, the PO is responsible to correct the deficiency unless otherwise agreed to in the transaction closing documents. Correction may include constructing a fire station, funding additional firefighters, arranging fire protection from other sources, etc.

A3.2.7. Payments. PO payments for fire reimbursements are required to be made to DFAS by Electronic Funds Transfer (EFT) or as otherwise agreed. Please refer to the latest Fire and

Police Reimbursement for Housing Privatization Projects Fact Sheet for guidance on the process for billing and collecting reimbursements and the funding authorities required for reimbursements. Reimbursements must be credited back to the relevant appropriation supplying the service. Billings must identify the appropriate line(s) of accounting to ensure compliance with 10 U.S.C. §2872a.

A3.2.7.1. The Fire Services payment is “Additional Rent” and shall be subject to adjustment effective each October 1st in accordance with the applicable Exhibit to the Lease of Property.

A3.2.7.2. On or before September 1st of each year, the Air Force shall provide written notice to the PO of the amount of the Fire Services Payment for the fiscal year commencing October 1st, which shall be payable in twelve monthly installments in accordance with the Lease of Property.

A3.2.7.3. Billings must be prepared within 30 calendar days after the month in which services or performance occurred. The payment due date shall not be more than 30 calendar days from the date of the invoice. In accordance with the Lease of Property, if any installment of Rent is not paid within 10 business days after its due date, then such arrearage shall bear a late charge equal to five percent of the amount due and be payable without demand simultaneously with the rent arrearage, and shall bear interest from the due date at the rate prescribed by the Secretary of the Treasury for amounts past due to the Federal government until paid in full.

Attachment 4

FACT SHEET – FIRE AND POLICE REIMBURSEMENTS FOR HOUSING PRIVATIZATION PROJECTS

A4.1. Purpose. The purpose of this fact sheet is to provide general guidance on appropriation reimbursements and the process for billing and collecting reimbursements of fire protection services and police protection services provided by the Government to housing privatization projects, as applicable.

A4.2. Background. Privatization Project Owners (PO) receiving fire protection and police protection services from the Installation reimburse the organizations providing these services in accordance with the HP project transaction documents. The initial annual reimbursable amount due and billed for fire protection services and police protection services is calculated in accordance with the applicable Exhibit to the Lease of Property (“Fire and Police Services Payment”) and provided in the transaction documents. The PO pays reimbursements by Electronic Funds Transfer (EFT) or as otherwise agreed.

A4.3. Reimbursement Program Management. Reimbursement programs must be closely monitored to ensure good fiscal responsibility. The AF organization supplying or performing the supplies and services is responsible for billing and collecting reimbursements for those services.

A4.3.1. Responsibilities. The Base Civil Engineer and Installation Defense Force Commander (DFC) are the primary points of contact for fire and police protection services, respectively. These duties may be delegated to the Installation Capital Asset Manager as focal point and liaison for the Air Force and PO regarding housing privatization.

A4.3.1.1. The BCE provides annual response data in accordance with reimbursement methodology with supporting documentation and source references to the CE Resource Advisor (RA) to compute annual updates for reimbursable costs for fire protection services.

A4.3.1.2. The DFC provides annual response data in accordance with reimbursement methodology with supporting documentation and source references to the Security Forces RA to compute annual updates for reimbursable costs for security services.

A4.3.1.3. Installation Capital Asset Managers, as delegated by the BCE and DFC, provide process oversight to ensure the reimbursement billing and collection process is implemented at the installation in accordance with the HP project transaction documents. This includes ensuring bills are prepared monthly by applicable Civil Engineer and Security Forces RAs and updated annually with information provided by the organization providing the services. Capital Asset Managers coordinate with appropriate BCE and SF organizational points of contact and the Property Management Office to ensure processes are established, billings are prepared and costs are updated annually as required in project transaction documents and submitted to AFCEE/HP for approval.

A4.3.1.4. Resource Advisors (RA), located at the organization supplying or performing the service, prepare the appropriate billing documents using the annual agreed-upon reimbursement provided by the BCE and DFC.

A4.3.1.5. The Accounting Liaison Office (ALO) assists the RAs, processes information received from the RAs and sends the information to DFAS. The ALO provides reach-back for verification of PO billings to DFAS and receipt/allocation of payments back to appropriate line of accounting.

A4.3.1.6. The Defense Finance and Accounting Service (DFAS) regional field site office processes billings and submits to PO for payment.

A4.3.1.7. The Project Owner (PO) pays reimbursements electronically in accordance with billing terms.

A4.3.1.8. Strong communication between all the participants: BCE, DFC, Civil Engineer and Security Forces Resource Advisors (RAs), Accounting Liaison Office (ALO), regional DFAS personnel, PO, and the installation Capital Asset Manager are essential to the process.

A4.4. Annual Reimbursement Update Overview. Annual reimbursement updates are calculated by the applicable RAs using updated response data, less any Privacy Act sensitive information, and the AFCEE/HP-provided fire and police reimbursement template spreadsheets. Updated calculations along with supporting backup documentation are submitted to the installation Capital Asset Manager for review and coordination through AFCEE/HP for approval, with copy to the BCE or DFC, as applicable. Once approved, the annual update is coordinated through the PO by the installation Capital Asset Manager for incorporation into the annual project budget. After approval and coordination with the PO, the installation Capital Asset Manager notifies the BCE and DFC to inform RAs to prepare and submit billing documents to the Installation ALO. The ALO validates and certifies the billing documents and submits them to the servicing regional DFAS field site for processing. All reimbursements must be processed through the Installation ALO, as the liaison between installation and DFAS.

A4.5. Reimbursable Orders. Authorities to incur obligation (Reimbursable Order) are the legislative authority in 10 U.S.C. §2872a and the written agreements between the Air Force and the PO (Lease of Property (LOP) and the other transaction documents).

A4.5.1. Processing Receivables from the Public. The provision of utilities and services on a reimbursable basis in connection with housing privatization projects is expressly authorized under 10 U.S.C. §2872a. OSD(C) financial reporting guidance prohibits installations from treating these accounts receivable as budgetary authority; i.e., an AF Form 406, Miscellaneous Obligation/Reimbursement Documents (MORD), is not allowed.

A4.5.2. Operation and Maintenance (O&M) funds expended to provide required services to Project Owners (PO) may not be obligated for AF purposes until compensation is received by the Air Force. Any funds received after the period of availability (fiscal year), would be effectively lost to the installation. However, the FY12 National Defense Authorization Act (NDAA) amended 42 U.S.C. §1856d, paragraph b, to allow for the collection of prior year payment, for fire protection reimbursements only, into the appropriation or fund that is currently available to the activity for the same purpose. This amendment only applies to reimbursements for expenditures of funds after the date of the enactment of the 2012 NDAA; it does not apply to FY11 funds. Installations may send advance billing requests as directed by SAF/FMP; however, the installation is still responsible to send monthly bills in arrears in accordance with HP transaction documents.

A4.5.2.1. Include all required information (Accounting Classification, Date prepared, Document Number, etc.).

A4.5.2.2. Use Responsibility Center/Cost Center (RC/CC) of the organization(s) providing the service and/or materials and the appropriate Element of Expense (EEIC) for the type of services or materials provided such as civilian pay, supplies, fuels, etc.

A4.5.3. Reimbursements received from services provided and materials sold that are included in the installations O&M (3400) appropriations and budgeted for in the annual Financial Plan are collected back to the O&M (3400) appropriation and usually into RC/CC of organization providing the service and/or materials. Reimbursements received from labor provided by military personnel to non-DoD, federal and non-federal customers are collected into the Military Personnel (MILPERS) appropriation (3500), centralized and managed at the Treasury, not at the Installation. The Installation ALO or servicing Regional DFAS field site office can provide the appropriate line of accounting for processing MILPERS collections.

A4.6. Billing and Collecting Reimbursements. Billings must be prepared within 30 calendar days after the month in which services or performance occurred. The payment due date shall not be more than 30 calendar days from the date of the invoice. In accordance with the Lease of Property, if any installment of Rent is not paid within ten (10) business days after its due date, then such arrearage shall bear a late charge equal to five percent (5%) of the amount due and be payable without demand simultaneously with the rent arrearage, and shall bear interest from the due date at the rate prescribed by the Secretary of the Treasury for amounts past due to the Federal Government until paid in full.

A4.6.1. Remittance Express (REX) is a program used by DFAS-IN to receive collections through Ca\$hLink. The PO (vendor) must sign up for REX service with their bank.

A4.6.2. The American Banking Association (ABA) Routing Number (Wiring Account Number) for DFAS-IN (Institution receiving the REX) is 051036706. All AF privatized projects use this number.

A4.6.3. Each DFAS Field site (entity receiving the REX) has an Account/Identification Number. The ALO or servicing regional DFAS Field site office can provide the appropriate account number. For example, the DFAS Limestone (6671) account number is 312030, the DFAS Columbus (5030) account number is 312039 and the DFAS Japan (6688) account number is 312032.

A4.6.4. RAs prepare the appropriate billing documents using the annual agreed upon reimbursement provided by the BCE and DFC. Billing documents are submitted to the installation ALO, who will submit the documents to the regional DFAS field site office for processing and provide a copy to the installation Capital Asset Manager.

A4.6.5. Standard Form (SF) 1080 (Voucher for Transfer Between Appropriations), DD Form 1131 (Cash Collection Voucher) or an approved installation standard billing form can be used.

A4.6.5.1. Bills in arrears are prepared monthly. Installation may prepare advanced billing requests to save their own direct budget authority; however, the PO is not required to pay in advance of services.

A4.6.5.2. Include the appropriate Accounting Data Elements (appropriation and element of expense investment code (EEIC)) receiving the collection. Reimbursements are collected back into the appropriation account providing the service or materials.

A4.6.5.3. The following information should be included on the invoice: description of services received (purpose of reimbursement); installation name and a point of contact; payment "Remit to" address; Account/Identification Number of DFAS Field site office receiving the REX; and, name and address of customer charged (i.e. Property Management Office)

A4.6.5.4. Management of reimbursement programs may vary by installation. For assistance in tailoring these procedures for your installation contact AFCEE Housing Operations (AFCEE/HPO) and AFCEE Portfolio Management (AFCEE/HPM).

A4.6.5.5. **References.** In addition to the guidance in the AFI, use the references in Figure A4-1 when determining reimbursements.

Figure A4.1. Reimbursement References.

DoD Financial Management Regulation (DoDFMR), Volume 3, Chapter 2, <i>Apportionment and Reapportionment Process</i> .
DoDFMR Volume 4, Chapters 3, <i>Receivables</i> , and 16, <i>Revenue and Other Financing Sources, Expenses, Gains, and Losses</i> .
DoDFMR, Volume 5, Chapter 10, <i>Collections</i> .
DoDFMR, Volume 11A, Chapter 1, <i>General Reimbursement Procedures and Supporting Documentation</i> .
DFAS-DE 7010.1-R, Chapter 22, <i>Reimbursements</i> .
AFI 65-601, Volume 1, <i>Budget Guidance and Procedures</i> .
AFMCI 65-603, <i>Appropriation Reimbursement Procedures</i> .
Title 10, Subtitle A, Part IV, Chapter 169, Subchapter IV Section 2872a, <i>Utilities and Services</i> (10 U.S.C. §2872a).
The Asset Managers Toolbox on the Air Force Portfolio and Asset Control and Evaluation System (AFPACES) Web site; see link at Attachment 5.

Attachment 5

WEB SITE REFERENCES

- A5.1.** OSD Housing Privatization program and project status; Housing Privatization legislation, history, etc.: <http://www.acq.osd.mil/housing/mhpi.htm>.
- A5.2.** SAF/FMC HP pro forma, economic analysis, scoring report and other guidance: <https://www.my.af.mil/gcss-af/USAF/ep/browse.do?programId=t6925EC2D67700FB5E044080020E329A9&channelPageId=s6925EC1350790FB5E044080020E329A9>
- A5.3.** AF HP project and informational materials: <http://www.afcee.af.mil/resources/housingprivatization/>.
- A5.4.** Air Force Civil Engineer (CE) Portal Housing Division: <https://cs.eis.af.mil/a7cportal/ProgramGroups/Housing/Pages/default.aspx>.
- A5.5.** AF Housing Privatization Playbook: <https://cs.eis.af.mil/a7cportal/CEPlaybooks/AM/CAM/HP/Pages/default.aspx>.
- A5.6.** Basic Allowance for Housing: <http://www.defensetravel.dod.mil/site/bah.cfm>.
- A5.7.** Air Force Portfolio & Asset Control & Evaluation System: <https://portal.afpaces.com>.
- A5.8.** The Asset Managers Toolbox on the AFPACES Web site: <https://portal.afpaces.com/sites/AssetManagersToolbox/default.aspx>.
- A5.9.** Housing Privatization Communications Toolbox, maintained by AFCEE/HP: <http://www.afcee.af.mil/resources/housingprivatization/toolbox/index.asp>
- A5.10.** Clean Water Act: <http://www.epa.gov/oecaagct/lcwa.html>.
- A5.11.** Safe Drinking Water Act: <http://water.epa.gov/lawsregs/rulesregs/sdwa/index.cfm>.
- A5.12.** JFTR: <http://www.defensetravel.dod.mil/site/travelreg.cfm>.
- A5.13.** Family Subsistence Supplemental Allowance (FSSA) (Food Stamp Program): <https://www.dmdc.osd.mil/fssa/owa/FSSA.go>.
- A5.14.** DoD Military Personnel Composite Standard Pay and Reimbursement Rates: <http://comptroller.defense.gov/rates/>.

Attachment 6

STANDARD OPERATING PROCEDURE: FIRE EQUIPMENT AND SYSTEM PROTECTION REQUIREMENTS FOR PRIVATIZED FAMILY HOUSING

A6.1. Introduction: Fire protection is an essential service for safeguarding residents and property in privatized military family housing. Since water is the principal enabler for firefighting and rescue operations, accomplishment of proper repair, maintenance, inspection and testing of water distribution systems, including fire hydrants, are crucial. This Standard Operating Procedure (SOP) focuses on fire equipment and system protection services supporting the Military Housing Privatization Initiative (MHPI). Preventive maintenance support including the preservation of water distribution systems and certification of fire flow testing are major components addressed in this document. The procedure developed is aimed at ensuring validation of fire protection requirements by the responsible party at the installation level.

A6.1.1. The responsible party charged with repair, maintenance, inspection, and testing may be a public or private entity. Depending on how the transaction agreement was crafted, and more importantly, the legal closing documents governing the real estate transaction, there may be multiple stakeholders involved with validating fire protection requirements. With that said, the first issue that should be addressed is, “Who owns the water utility infrastructure and fire protection system/equipment supporting privatized housing?”

A6.2. Ownership of Utilities and Fire Protection equipment. The responsibility for accomplishing fire hydrant maintenance and inspection, along with certifying the fire flow test in the water distribution system, falls upon the owner of the infrastructure and system/equipment. In housing privatization, the owner is also the party assigned to operate and maintain the utility system. There are four possibilities of “ownership” that may apply, as shown in Figure A6-1.

Figure A6.1. Types of Ownership of Utilities and Fire Protection Equipment.

1	The water distribution system and fire hydrants are conveyed to the MHPI PO.
2	The Government retains ownership and maintains the water distribution system and hydrants located within the boundaries of privatized housing, and the PO reimburses the Government for preventive maintenance support.
3	The water distribution system and fire hydrants are conveyed to the PO and the PO re-conveys to the local utility company, or the local utility company acquires the water distribution infrastructure.
4	Utilities Privatization Contractor (UPC) is the owner of the fire hydrants and/or water distribution system within the Metes & Bounds (M&B) parcels/grounds of privatized housing.

A6.2.1. Water distribution system conveyed to the Privatized Housing Project Owner. In many cases the water utility distribution system residing inside the boundaries of the leased land, including the fire hydrants, are conveyed to the PO. Under this circumstance, the Ground Lease agreement generally states that the PO is responsible for the repair, operation, and maintenance of the utility system it owns, and must comply with all

applicable local, county, state and federal laws, rules and regulations. Consequently in this situation, all required repair, maintenance and inspection of the fire hydrant network and flow test of the water distribution system is accomplished by the PO and, therefore, the PO is visibly the responsible party. The PO should work in close coordination with the Base Civil Engineer (Base Fire Marshall) and Base Fire Department in completing this effort and ensuring the appropriate documentation is provided to the Fire Chief.

A6.2.2. Government-owned water distribution system residing within the leased premise of housing privatization. There are housing privatization projects in the Air Force portfolio where the Government retained ownership of the fire hydrants and portions of the water distribution system within the M&B parcel boundaries of the leased land. In doing so, the Government becomes the proprietor of the fire emergency system network and is charged with undertaking repair, maintenance, inspection, and testing of the fire protection components. Typically, the Base Civil Engineer Operations Flight Chief is responsible to the AF Fire Marshal (Base Civil Engineer, CE Group or Squadron Commander) for inspection, testing, maintenance and documentation associated with the water distribution system supporting fire protection services. Under this scenario, the process by which this is carried out should be no different than what had previously been fulfilled prior to execution of the housing privatization initiative. Demarcation points should be clearly identified to distinguish the Government's responsibilities from that of the PO. Upon completion of maintenance, inspection and testing, the Base Civil Engineer should submit the appropriate documentation for validation by the AF Fire Chief. The PO will reimburse for preventive maintenance support services through the O&M component of the rate charged for water identified in the Utilities Service Agreement.

A6.2.3. Locally owned utilities residing in privatized housing. At those projects where the Air Force conveyed the water distribution system to the PO, the PO has the right to convey the system to local utility companies. Where such a conveyance has occurred, the local utility company owns, operates, repairs, and maintains the water distribution system to include the fire hydrant network inside the M&B parcels/grounds of privatized housing. With an agreement in place, the local utility provider may be held accountable for fire hydrant repair, maintenance and water distribution system flow testing, while the Base Civil Engineer (Base Fire Marshall) and the MHPI Project Owner remain focal points for validating performance. If the installation provides fire protection services, then the local utility provider will coordinate work with the AF Fire Chief to accomplish repair, maintenance, inspection, and testing. If fire protection is provided by the local jurisdiction and not by the base, then the local utility provider will comply and coordinate their efforts with the State Fire Marshal, promulgated Fire Prevention Regulations and related adopted Codes and Standards and any other State, County, or local incorporation fire prevention and/or regulatory codes and standards that have been adopted, directed, or required within the M&B parcels/grounds of the privatized housing project.

A6.2.4. Utilities Privatization Contractor (UPC) owns, operates and maintains the water distribution system. Fire hydrant repair, maintenance and water flow testing in this situation would be accomplished by the UPC. Similar to the circumstance under the Government provided utilities, the PO would not be responsible for accomplishing this task. The agreement between the installation and the UPC dictates what level of O&M must be accomplished. Each UP contract is adapted to correspond with the requirement of the

installation. Some select UP transactions may have assigned responsibility for the water distribution system to the UPC, while the Government retained responsibility for the fire hydrants. This condition will require close coordination in validating performance of fire hydrant repair, maintenance/inspection and water flow testing.

A6.3. Validating privatized housing fire protection requirements at the installation. Validating fire protection requirements for privatized military family housing is a collaborative effort among all involved participants. The AF Fire Chief and the owner of the fire hydrants and the water utility distribution system play a major role in certifying the fulfillment of fire protection requirements. The following guidance is offered to assist the installation in providing timely validation of repair, maintenance, inspection, and testing of the exterior fire protection system supporting housing privatization. Key to this effort is the Base Civil Engineer's (BCE) role as the Base Fire Marshall and the Government's focal point.

A6.3.1. Role of the Base Civil Engineer (BCE). The installation-level Asset Manager is a partner with the PO. As the Government's focal point and Base Fire Marshall, the B can channel requests to the appropriate agency, coordinate actions among a diversified group of participants, and provide base operation assistance as needed. To support the validation of fire protection requirements, the Asset Manager should perform the following:

A6.3.1.1. Determine the responsible party for accomplishing fire hydrant repair, maintenance and fire flow test on the water distribution system within the premises of privatized housing.

A6.3.1.2. Coordinate with the AF Fire Chief and obtain the specific installation criteria and timetable required for periodic fire hydrant maintenance, inspection, and water flow testing, and provide the requirement to the appropriate party responsible for completing the task.

A6.3.1.3. Ensure the responsible party performing fire protection repair, maintenance, inspection and testing, coordinate with the Fire Chief and the PO prior to commencing the work.

A6.3.1.4. Make certain the AF Fire Chief monitors the work taking place.

A6.3.1.5. Track completion and ensure the appropriate documents validating the accomplishment of fire hydrant repair, maintenance/inspection and certification of water distribution system fire flow test are prepared. Documents should validate the fire emergency system and appurtenances are operating properly, or describe deficiencies that need to be resolved.

A6.3.1.6. Submit the appropriate documents (certifications, inspection reports, maintenance data, water distribution tests, etc.) to the AF Fire Chief for review/approval.

A6.3.1.7. If deficiencies are noted, track completion and re-submit results to the Fire Chief.

A6.3.1.8. Record the AF Fire Chief's receipt and approval of documents as confirmation of compliance.

A6.3.2. Role of the Base Fire Department. If the Base Fire Department is the fire emergency service provider for MHPI, they must be involved in the process of validating fire protection requirements. As the responder to emergency events, firefighters must know the

status of water distribution systems and be aware of any deficiencies. Accordingly, the AF Fire Chief reviews the results of the water flow test and maintenance/inspections conducted on fire hydrants. The following guidelines are provided to assist the AF Fire Chief in this joint effort and ensure they receive confirmation of the results.

A6.3.2.1. Work in close coordination with the Base Civil Engineer (Base Fire Marshall) and provide the necessary information for accomplishing preventive maintenance and inspection on fire hydrants and water flow testing on the emergency system supporting privatized housing.

A6.3.2.2. Establish the schedule of events required for recurring maintenance and inspection of the fire hydrants and the timetable for accomplishing fire flow testing.

A6.3.2.3. Prompt the "Utility System/Equipment Owner" of scheduled maintenance, inspection, and testing well in advance of the established due date.

A6.3.2.4. Spot check the work in progress during the fire flow testing of the water distribution system.

A6.3.2.5. Provide guidance on the set up of fire flow testing such as identifying the pressure and flow hydrants and determining the area to be tested.

A6.3.2.6. Validate the completion of maintenance, inspection and testing on the fire emergency system and submit confirmation of compliance to the Base Asset Manager.

A6.3.2.7. If discrepancies exist, track completion of the work that needs to be corrected and request a re-test when appropriate.

A6.3.2.8. Review plans to ensure all required features are present and local emergency response elements are incorporated (i.e., accessibility to facility, location of fire hydrants, etc.).

A6.3.2.9. Provide technical consultation and assistance as necessary to the Base Asset Manager and the responsible party accomplishing the validation of fire protection requirements.

A6.4. Functions of the Forward Operating Agencies.

A6.4.1. **Air Force Center for Engineering and the Environment (AFCEE).** AFCEE in its role as the execution agent, portfolio manager and administrator for housing privatization is involved in the real estate transaction, operations, management, and compliance of the Air Force Housing Privatization program. In validating fire protection requirements, AFCEE must remain engaged from pre-closing, post-closing, and throughout the life of the lease/project. The following is a brief summary describing responsibilities as they relate to supporting the installation in this endeavor.

A6.4.1.1. Housing Privatization Execution (AFCEE/HPE). Incorporate fire protection services and preventive maintenance support to include fire flow testing of the water distribution system, and recurring repair, maintenance and inspections on fire hydrants in all MHPI real estate transactions currently in the solicitation phase. Ensure the involvement of the Fire Chief during concept development and preparations of the RFP or /RFQ document. The housing privatization closing transaction documents, "Exhibit Building Codes and Standards," provides the umbrella jurisdictionally-adopted State Fire

Marshal fire protection and fire safety codes and standards, for each state where an Air Force installation has a privatized housing project.

A6.4.1.2. Housing Privatization Portfolio Management (AFCEE/HPM). Assess the effectiveness of the process in which the base and PO validate fire protection requirements. Utilize the Compliance Testing process to monitor completion of preventive maintenance on the fire equipment and the utility infrastructure conveyed to the PO. Projects that do not accomplish specific fire protection repair, maintenance, inspection and testing based on the current transaction agreement will be amended, if possible, to incorporate the requirement in the legal documents.

A6.4.1.3. Housing Privatization Operations Management (AFCEE/HPO). Provide support to the Base Housing Management Office in establishing a program for validating fire protection requirements. Develop and provide training to ensure the Base Asset Management staff understands their roles and responsibilities in complying with the requirement. Expand the Compliance Testing checklist to address fire protection preventive maintenance as outlined in each project's Facilities Maintenance Plan.

A6.4.1.4. Housing Privatization Compliance (AFCEE/HPC). Confirm the installation's compliance with regards to the validation of fire protection requirements. Incorporate into the Housing Management Office Assessment checklist, the validation of the installation's responsibility to accomplish fire hydrant maintenance, and water distribution system flow test supporting MHPI projects.

A6.4.2. Air Force Civil Engineer Support Agency (AFCESA). The Air Force Fire Chief and Fire Emergency Services Branch (CEXF) Chief within the Readiness Support Division (CEX) facilitates AF fire protection by providing program management and functional oversight for the AF Fire Emergency Services program. Accordingly, the Air Force Fire Chief will incorporate policies supporting this SOP in AFI 32-2001, *Fire Emergency Services Program*, and provide specific guidance as necessary to support operational objectives (firefighting and rescue) while ensuring firefighter safety.

A6.5. References. Figure A6-2 is a list of references for fire protection issues in privatized housing.

Figure A6.2. References.

<p>Unified Facilities Criteria (UFC) 3-600-01, <i>Fire Protection Engineering for Facilities</i>.</p> <p>UFC 3-600-02, <i>Operations and Maintenance: Inspection, Testing, and Maintenance of Fire Protection Systems</i>.</p> <p>National Fire Protection Association (NFPA) 291, <i>Recommended Practice for Fire Flow Testing and Marking of Hydrant</i>.</p>
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Attachment 7

FREQUENTLY ASKED QUESTIONS (FAQ): UTILITY ALLOWANCE (UA) FOR RESIDENTS

A7.1. Background. In accordance with a DoD and Air Force policy, all privatized housing residents will be individually responsible for paying for their gas and electricity consumption. BAH includes amounts to pay for your rent, utilities, and personal property insurance. Prior to housing privatization and until meters are/were installed on the houses in your community, tenants paid all of their BAH for housing and were not billed for utility consumption. The Utility Allowance (UA) program breaks out the utilities portion from BAH and provides an incentive for the tenant to conserve energy and save money.

A7.2. How is the UA calculated? The local Property Manager calculates the UA and the Air Force verifies and approves that allowance annually. The calculation is the average consumption of gas and electricity of the unit type, multiplied by the applicable utility rate – including fees and taxes (kilowatt hours for electricity and cubic feet for gas) – plus a ten percent cushion. The ten percent cushion helps protect the tenant from variations in natural gas and electric rates and seasonal deviations from the average. Every unit type receives a different UA. Only similar homes are grouped together (new 3-bedroom homes are NOT grouped with older or renovated 3-bedroom homes, one-story homes are NOT grouped with two-story homes, etc.). Only occupied units are included in the calculation (periods of vacancy are not included in the average calculation for any unit type). The UA calculation is based on up to the trailing five years of actual consumption data, but no less than 12 months of data.

A7.3. How does a tenant pay for utilities? After the UA program is implemented, each tenant will be responsible for paying their utility bill each month from their BAH. As a result of the UA, each tenant's allotment for housing is less than their BAH. The difference – which they will keep to pay for utilities - is the UA. On the monthly bill, tenants will be able to compare their gas and electricity usage to the average usage on which their UA is based. If the tenants consume less utilities than the average amount, they will pocket the savings when their actual usage is reconciled with the average usage used to calculate the UA. If they consume more than the average amount, they will have to pay out of pocket for the difference. Oftentimes, the utility provider or Property Manager will provide tips on how tenants can reduce their monthly consumption. Depending on the utility distribution method at each base, tenants may receive their utility bill from a local utility provider or from the Property Manager. In either case, the Property Manager does not profit from this program. At most bases, tenants will receive one bill for natural gas usage and another bill for electricity usage.

A7.4. How does a tenant get more information about the UA? If a tenant has questions about the UA for their home, such as how it was calculated, the billing process, or when a UA will be implemented at your base, they should contact the local Property Management Office.