



**DEPARTMENT OF DEFENSE  
OFFICE OF THE DEPUTY UNDER SECRETARY OF DEFENSE  
(INSTALLATIONS AND ENVIRONMENT)**

**MILITARY HOUSING PRIVATIZATION INITIATIVE  
PROGRAM EVALUATION PLAN**

**EXECUTIVE REPORT**

**AS OF**

**JUNE 30, 2009**

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## I. Introduction

The Office of the Secretary of Defense (OSD) designed the Program Evaluation Plan (PEP) as a tool to oversee the performance of the Military Housing Privatization Initiative (MHPI) and to analyze this initiative's effectiveness in eliminating the Department of Defense (DoD) inventory of inadequate housing while improving the quality of life of military service members. The PEP reporting system includes detailed information submitted by each of the Services to OSD regarding their portfolios of MHPI projects. This includes information about deal structures, government costs, use of government authorities, ongoing program performance, and tenant satisfaction. OSD uses this information to monitor the program's progress, conduct financial and performance oversight, and implement program improvements. This executive report summarizes the MHPI program's health and status, based on information submitted for the June 30, 2009 PEP reporting period.

## II. Program Progress

As the housing privatization program has evolved and proven itself, the Services have increasingly relied on the program to solve their housing needs. Except for a few isolated projects, the Services have met their family housing privatization execution goals. The program has privatized over 186,000 units, eliminated almost 133,000 inadequate units, and provided over 15,000 deficit reduction units. The main focus of the program is no longer on structuring and executing the individual projects, but on operating privatization projects already in existence. A historical overview of the program's implementation to date is provided in Appendix 1. The primary tasks now are to ensure that: all construction is completed per specifications, on schedule and within budget; the projects remain financially viable; the projects continue to address the changing requirements of the Services; and the military members and their families have access to high quality and affordable housing.

## III. Construction

Table 1 summarizes each Service's level of participation in the housing privatization initiative through June 30, 2009. The table presents both the number of planned privatized units as well as the number of units actually constructed and renovated, allowing a comparison of program progress against established housing objectives.

**Table 1**

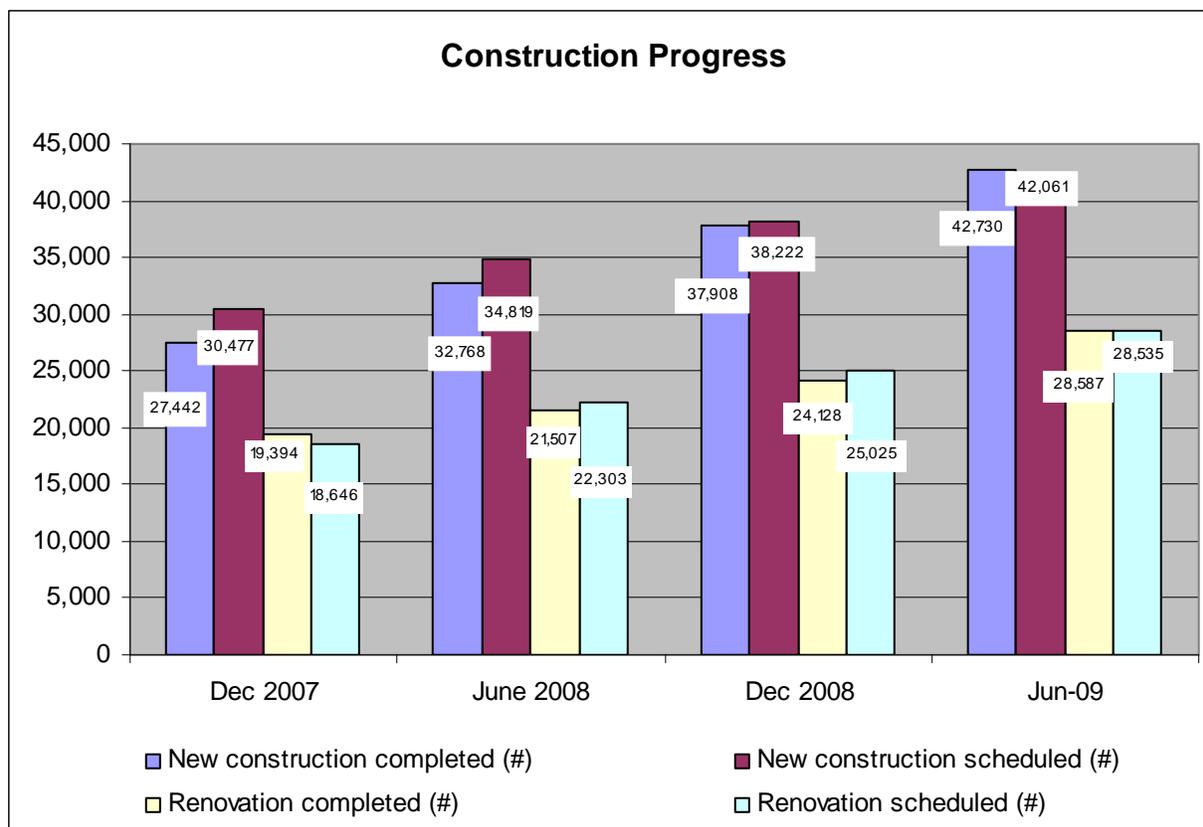
All Services: Privatized Units, Newly Constructed and/or Renovated to Date								
Service	Total privatized units	Total units with no work in IDP*	Total new units to be constructed	Total newly constructed units completed	% New construction units completed	Total units to be renovated	Total units renovation completed	% Renovation units completed
Army	85,838	15,842	41,363	19,572	47%	28,634	14,779	52%
Air Force	37,647	7,866	18,255	9,842	54%	11,526	3,520	31%
Navy/Marines	62,934	21,917	21,200	13,316	63%	19,817	10,288	52%
<b>Total</b>	<b>186,419</b>	<b>45,625</b>	<b>80,818</b>	<b>42,730</b>	<b>53%</b>	<b>59,977</b>	<b>28,587</b>	<b>48%</b>

\*Initial Development Period

The number of units whose construction is complete continues to grow as a percentage of the overall units privatized. As the program matures, and more projects complete or approach the end of their initial development periods (IDPs), the program will continue to demonstrate the benefits of military housing privatization. Appendix 2 of this report presents construction and renovation progress by Service and project.

As illustrated in Table 1, the Services report completion of a significant number of new and renovated housing units at their privatized installations. Exhibit A, graphing both the completed and scheduled new and renovated construction unit totals, indicates how the construction progress has compared with the approved schedules provided by the developers for the last several reporting periods. Even with an increase in the total amount of construction initiated in the program, the developers have completed more construction (102 percent) than was originally scheduled for the current June 2009 period.

**Exhibit A**



It is challenging for developers to maintain the integrity of a multiple-year construction schedule under normal conditions. Challenges to completing projects on schedule include: weather; cost and availability of construction materials; environmental problems; and labor and subcontractor issues. Developers in the MHPI program address these issues while also dealing with heightened security, force protection measures, and the negative effect of extended deployments and redeployments on project occupancy. Each of these challenges contributes to the MHPI program's construction schedule variances to some degree. As demonstrated in Exhibit A, the

great majority of projects and their respective developers maintain their construction schedules despite the above challenges and the overall program is currently ahead of schedule.

Housing is considered to be privatized when ownership transfer occurs. Construction and revitalization take place during the initial development period (IDP), specific to each project, which generally takes five to ten years. As of June 30, 2009 twenty projects have completed their IDP with three additional projects scheduled to complete their IDP by the end of calendar year 2009.

During this reporting period, the Army delivered 2,073 new homes for a portfolio total of 19,572 and an additional 1,572 renovations for a total of 14,779 since the program began. Of the 28 projects that were expected to begin delivering new homes by the end of the reporting period, 23 are at, above, or within 20 homes of their pro forma projections. Of the 25 projects that were expected to begin delivering renovations by June 30, 2009, 19 are at, above, or within 20 homes of meeting pro forma projections. The delivery of portfolio renovations has increased almost 10 percent over the second half of last year. Recent emphasis has been placed on minimizing delivery delays of renovated units. Within the Army, program delivery of renovations is considered as important to project success as new home construction. The results of the latest Army residential satisfaction survey indicates that service members and their families are as satisfied living in renovated homes as they are living in new homes.

Navy/Marine Corps projects delivered 1,553 new homes this reporting period for a portfolio total of 13,316 and 1,356 additional renovations for a total of 10,288. Of the 16 Navy/Marine Corps family housing projects, eight have completed their IDP. Of the remaining eight projects, six are at or ahead of their pro forma construction schedule with only two projects being slightly behind schedule.

In the first half of 2009, the Air Force delivered 1,691 new homes for a portfolio total of 9,842 and an additional 933 renovations for a total of 3,520 since program inception. Of the 26 Air Force projects, nine have completed construction leaving 17 that remain in their IDP. As of June 30, 2009, construction is on or ahead of schedule at nine projects. Eight projects had fewer units completed than scheduled. The deviations at three of these projects are minor. Even though the remaining five projects varied more significantly, all are forecasted to finish by the approved construction completion dates. At each of these projects, portfolio management is working with the project owners to assess the financial impact of the delays and help implement strategies to avoid further delays.

Building contractors generally commit to delivering a fixed development scope at closing. Guaranteed Maximum Price (GMP) contracts are being used to protect against cost increases. The vast majority of the Services' projects have been executed under GMP contracts. Under a GMP contract, the contractor is compensated for actual costs incurred plus a fixed fee, subject to a ceiling price. The contractor is responsible for cost overruns, unless the GMP has been increased via formal change order. Savings resulting from costs below the maximum are typically split between the contractor and the owner.

Under an equity financial structure (which is the structure normally used by the Departments of the Army and Navy), the Service, as part of the ownership team, is directly engaged in

negotiating the details of the GMP agreements and can easily monitor and affect the Managing Member's administration of the agreements. The Departments of Army and Navy projects tend to be complex and of long duration with multiple phases. Using the GMP structure, the owners (including the Service as a partner) price out a reasonable portion of the construction project, allowing the future construction pricing to be established at a time in the future where the risks can be more rationally evaluated. This allows both the owner and the contractor better information at a future time to determine appropriate values for the work in the future phases. The collaborative relationship embodied in this form of agreement has proven to be very valuable in dealing with the inevitable changes that occur in large projects with extended timelines.

Under the typical arms-length loan structure used by the Air Force, the Service is not part of the ownership team. The Service has historically relied on senior lender oversight to mitigate the risk of increased construction costs that could impact scope. However, performance failures at some projects have illustrated that the Air Force cannot fully rely on the protections and contractual obligations provided by the GMP alone. Because the safety valves built into the transactions failed to identify performance issues as they were occurring, Air Force Portfolio Management has implemented two new oversight mechanisms. They are: 1) an analysis of construction draws and data provided by the lender's construction consultants and 2) centralized and standardized construction oversight of projects in the IDP. Through these process enhancements, the Air Force can proactively identify and address future schedule and cost overruns before such variances become unmanageable.

Under either financial structure, it is important that the contractor making the guarantee has the financial strength to back those guarantees. Though no guarantee has a certainty of future success, the owners, Services, and lenders are making a thorough evaluation of the contractor's balance sheet, bonding capacity, and general financial position before entering into a GMP contract.

Minimizing construction risk to the Government is an important objective of privatized projects. Government Direct Loans (GDLs) can help support the financial viability of MHPI projects and minimize the Government's financial risk during the construction period. When GDLs are utilized on MHPI projects, forward commitments for permanent financing are executed between the Government and the project owner at closing, and the GDLs are not disbursed until construction is completed and the Government accepts the work. Because of this policy, the Government has minimized its financial construction risk with regard to projects with GDLs.

Due to turbulence in the financial markets, the Air Force is currently working with multiple project owners to adjust the disbursement schedule of their project's GDLs. Instead of a single disbursement at the end of the IDP, multiple partial disbursements would be made. The objective of this adjustment is to minimize scope reductions and minimize or eliminate higher than projected construction loan interest expense due to changes in the capital markets. Adjusting the GDL draw schedule, agreed to by both the project owners and the Air Force, will still only pay for completed work, but now in smaller phases.

## IV. Ongoing Operations

In reviewing the ongoing operations of the MHPI projects, the key factor across the program as a whole remains that private sector incentives and controls keep projects on track, consistent with large-scale private sector residential projects. As projects mature, an emphasis on the way the operations and property management functions are performed will be increasingly important to sustain adequate housing for the life of projects.

### *A. Financial Performance of Ongoing Projects*

Private sector financial institutions, which finance the vast majority of MHPI construction, work with the MHPI developers as they would any other major development project. Most of the projects proceed as expected financially, but some experience financial challenges similar to those that occur in the normal course of the private sector real estate business. The top performing projects from a financial perspective generally feature completed or nearly completed IDP construction. Conversely, those few projects that perform below the portfolio average are typically still in their initial development period, and therefore include significant units in need of replacement or repair.

Materials, labor, and construction service costs have risen dramatically during the past few years. Now the cost of money has also dramatically increased. As a result, estimating long-term project costs is increasingly difficult. Privatization projects with development phases that (due to their extended duration) lack current construction cost and financing guarantees risk price increases that may vary greatly and affect eventual project health or scope.

Increased or decreased rents in a community impact military member housing allowances, although it takes time for the rent sampling process to document changes in rents. Because privatized rents are generally based on the Basic Allowance for Housing (BAH), market-based rent changes will eventually affect, either positively or negatively, the cash flow of the project. Because of the current financial crisis and the national recession, rents in many communities have been decreasing. Consequently, one can expect that BAH rates and therefore privatized rents and resulting project income will also eventually decline in these markets. It will be critical to the financial health of all projects that the project owners and the Services continue to work together to ensure maximum occupancy.

Although BAH changes are difficult to predict, the 2009 increases should be a better and more accurate long-term predictor of BAH rate growth than those of previous years, because in 2008, DoD adjusted its calculation methodology for the utilities component of BAH to better reflect the volatile regional utilities consumption drivers. With the completion of DoD's Zero-Out-Of-Pocket BAH initiative several years ago, local rental market and utility cost changes are the primary determining factors for BAH movements, both up and down. Accurate measurement of both these factors is important to the individual service member and the privatized projects.

The need for management flexibility remains constant throughout a project's duration. Developers, working in cooperation with the Services, continually evaluate options to increase cash flow to a project during the IDP and/or to reduce construction costs for later development.

The Services monitor and analyze project costs and their potential effect on current and future project net operating income (NOI) and scope.

Market forces or policies outside the control of the developers or the individual Services have, or will have, an effect on the demand for privatized housing. Market forces experienced during the current and ongoing decline of the financial markets include the lowering of market rents and the tightening of credit. The disruption in the credit market may reduce the ability of many service members to purchase homes and therefore increase the demand for privatized housing; however, this potential impact may be neutralized by decreasing rents for market housing.

Operating expenses, particularly utility costs, continue to exceed pro forma estimates and have, for some projects, more than offset the benefits of any BAH growth. While NOI is not one of the largest components of IDP funding for most projects, a growing negative variance could affect any planned scope and, in more extreme cases, debt service obligations. In the out-years, cumulative NOI will become an increasingly important performance metric as projects which have completed their IDPs will rely primarily on NOI, not only to make debt service payments, but to provide contributions to their reinvestment accounts to fund long-term sustainment and development.

A large portion of the Service's MHPI portfolio funds (loan proceeds, debt service reserves, capital reserves, etc.) are invested in Guaranteed Investment Contracts (GICs) at financial closing. A GIC is a contract insured by an insurance company guaranteeing a specific rate of return on the invested capital over the term of the contract. GICs are a conservative way of ensuring that project funds will achieve a certain rate of return before the funds are used for their intended purpose. The majority of projects invest development sources (senior loan proceeds, GDL proceeds, equity, NOI, etc.) in a GIC that provides a fixed rate of interest. The interest generated in a GIC is relied upon as an additional source of development funds.

Credit rating downgrades to the GIC guarantor makes their agreements problematic because of the potential reduction in funds required to complete construction. Only the insurance company backs the GIC guarantee. If the insurer fails, it is possible that there could be a default on the GIC. In the event that an insurer's financial strength rating drops below a pre-negotiated threshold, the lender and/or project owner has the right to withdraw the funds on deposit in the GIC plus receive a make-whole amount from the insurance company, if applicable. Given the current volatility in the financial markets, the financial strength rating of many insurers is at risk. Several of the applicable insurers have been downgraded and a number of the projects have been affected. However, to date, no projects have lost more than limited principal and anticipated interest earnings. In this financial climate, there has been an increased focus by all of the Services and project owners, not only on understanding the deal terms of the transactions, but also in the timely monitoring of and open communications about market conditions and all participants' financial health.

The turbulence in the credit markets has impacted the program with regard to the cost of issuances of additional debt. Due to the lack of market liquidity and a reevaluation of the price of risk, credit spreads on additional debt for recent privatization projects have widened in comparison with previous transactions of a similar nature. To minimize the impact of this additional cost on eventual project scope, some new project phases are starting construction

using only government and private sector equity funds and delaying obtaining private debt until the financial markets improve. This strategy may lengthen the IDP period, but will hopefully keep projects from reducing scope.

Downgrades of various financial organizations have also impacted the way additional debt issuances are being structured. With the downgrades, the value of the bond insurance for new issuances is in question. In addition, the downgrades have constrained the market of acceptable providers of surety bonds, which guarantee the lender the required twelve months of debt service reserve funds. With limited availability of these financial instruments, future phases of projects are being required to reserve cash at closing equivalent to 12 months annual debt service, instead of putting those funds toward development.

Changes in markets, costs, and requirements will continue to affect the financial viability of these projects and the program. Issues the program currently is addressing include: the volatile credit market (affecting both the service members' ability to purchase housing and the developers' ability and cost to borrow money); the increase in the cost of construction materials and utility expenses; and potential housing requirement changes due to Base Realignment and Closure (BRAC), force realignment, and Grow the Force initiatives. The ability of both the Services and developers to recognize and analyze issues as they arise and to remain flexible enough to effectively make necessary project adjustments is critical to the ongoing success and viability of the program. To minimize the effect, or to take advantage, of these cyclical market changes while enhancing the financial viability of their projects, developers will continue to work together with the Services.

Public Law 110-161, the Consolidated Appropriations Act, 2008, requested that the Secretary of Defense include data on the maintenance of family housing units and the contribution of housing privatization entities to the recapitalization accounts for ongoing family housing privatization projects in each future semi-annual progress report. As part of the government's oversight of the privatized family housing projects, the Services ensure that the correct amount of funds are being placed in the operations and maintenance accounts and that sufficient contributions are being made by the project owners to the recapitalization accounts for each of the projects (see Appendix 3 for project specific information).

Maintenance requirements are never static, but as of the date of this report, the project owners have generally done an exceptional job in meeting their maintenance commitments as outlined in the transaction documents. The project owners have been responsive in addressing extensive existing maintenance requirements. They have also, through private sector customer service practices, raised military members' expectations for property maintenance and owner responsiveness.

Because of ongoing major construction commitments, deposits to the recapitalization account normally are not made until the end of the initial development period. As of June 30, 2009, 20 privatization projects have completed their IDP. Appendix 3 is a table showing, for these 20 projects, the percentage deposited in the project's recapitalization account versus the pro forma amount. Six projects have recapitalization account funding significantly below pro forma. Naval Complex New Orleans' (NOLA) contributions into the account are below pro forma. Occupancy at NOLA is low due to BRAC 2005 relocating commands away from the area. The

Navy and the project owner are working together to correct the low occupancy and therefore the potential recapitalization problem. NOLA's percentage of funding has increased from 82 percent to 86 percent during this past reporting period. During the last few months, the financial performance of Naval Complex South Texas (SOTX) has been insufficient for any contributions to be made to the recapitalization account. The Navy and the SOTX partner are actively investigating various restructuring opportunities to solve this problem.

One Air Force project (Kirtland AFB, New Mexico) has a recapitalization balance that is below pro forma. Deposits to the recapitalization account at Kirtland were delayed due to a significant and unexpected project owner investment in utility infrastructure. The cost of that infrastructure is expected to be paid off in July of 2009 at which time funds will begin to accumulate in the project's reinvestment account.

Three other projects have no investment (Buckley AFB, Scott AFB and Dover AFB) and, due to factors unique to each project, including higher construction costs, construction delays, low occupancy, and higher expenses, these projects have deferred fees and unpaid Preferred Return Balances (PRBs) higher than anticipated. These deferred balances must be paid before money is set aside for long-term reinvestment in the projects. Obligations at Dover, Scott, and Buckley are not expected to be paid off until close to the end of the lease term. The Air Force is in discussions with the project owners at each of these projects to identify opportunities to increase funding available for long-term sustainability. These options may include adjustments to interest rates or reductions in deferred balances and may be accompanied by Air Force concessions. While reinvestment is many years in the future, the Air Force is focused on taking actions today to ensure the program meets its long-term objectives. All three of these projects are currently expecting to take out additional debt in the out years to supplement reinvestment account funds.

Unexpected financial challenges will occur at various bases throughout the lease term of these projects. Currently the aggregate out-year construction accounts for the Air Force exceed pro forma projections. While the aggregate balances are strong, the funds are not distributed evenly across the projects. Some projects are significantly exceeding projections while others are behind projections. Air Force Portfolio Management, besides investigating the possibility of additional mortgage debt in later years to supplement the reinvestment account balances, is reviewing methodologies for distributing funds from strong projects to weak projects as the portfolio matures.

The largest sources of financial delinquencies for most projects are final month rent payments and uncollected damages. The Air Force made policy changes allowing project owners to collect rent at the beginning of the month and to require pet deposits at installations that have had significant losses because of uncollected pet damages. Delinquencies are down, particularly in those projects that have instituted these policies. There are currently only five privatized projects that collect rent for both military members and other eligible tenants up front. The majority of the Air Force projects do, however, collect rent up front for all non-military tenants. Portfolio management is currently working with project owners to revise project legal documents so that all projects can take advantage of these policy changes.

## ***B. Effects of Current Financial Markets on New Projects***

For most MHPI projects the funding for revitalization of housing, including new construction, renovation, and choice of amenities, is contingent upon private debt and available income. The current financial markets are affecting this funding for new MHPI projects through the tightening of credit and the credit downgrading of various financial organizations.

Since inception of the MHPI, private debt has normally been provided through investor bonds. Due to the current tightening credit markets, the bond market has become more constrained. Tight credit has made borrowing more expensive, more difficult to obtain, and subject to more conservative underwriting. This situation negatively affects the amount of cash available for construction by increasing the cost and decreasing the availability of debt. Available income includes project net operating income (NOI) and interest income. Achieving targeted NOI is dependent upon the military housing allowance (BAH) and project expenses increasing as forecasted, and occupancy remaining stable. The other income source, interest income, primarily comes from investing project funds in Guaranteed Investment Contracts (GICs). Credit downgrades have forced some projects to withdraw from high yield GICs and reinvest funds at today's lower rates of interest, which reduces funds that would have otherwise been available to improve housing. While some closed projects have suffered due to GIC downgrades and lost interest income, this divergence is also affecting the Services' ability to close new projects.

The credit downgrading of sureties like Ambac and MBIA, which provide bond payment insurance for many of the projects, has also reduced the amount of available money for construction. As mentioned before, without the reasonable availability of this insurance, lenders are now requiring that debt payment reserves be set aside to help provide assurances that a project's debt will be repaid. To fill the gap created by this surety downgrading, DoD is in the process of developing a debt reserve guarantee under existing MHPI authorities to eliminate the need for debt payment reserves. This debt reserve guarantee could also lead to lower obtainable interest rates.

For projects where construction is contingent upon reduced loan proceeds and/or reduced cash flow, construction schedules will be lengthened or less work or amenities will be provided until markets become less constrained. When a construction timetable is extended, unless the delayed work has a large direct impact on occupancy, the project should remain financially healthy. If the project scope is reduced or modified project changes, if necessary, can be recovered once the market improves.

Even with the schedule slips and the overall increase in costs, the MHPI program is providing housing significantly faster than would be possible under military construction (MILCON) and is still providing greater leveraging of scarce appropriations than was required, or even anticipated, during the development of the program.

## ***C. Occupancy and Debt Coverage Ratio (DCR)***

The PEP monitors the financial health and performance of military housing privatization projects, in part, by measuring the projects' DCR and occupancy rates. The DCR measures a

project's net operating income in relation to debt and provides an indication of the project's performance and ability to meet mortgage debt obligations. If the DCR drops below a 1.0 ratio, the project revenues are insufficient to cover the project's permanent debt service requirements (principal and/or interest) after payment of operating expenses. The PEP monitors a project's occupancy rate along with the DCR, since the occupancy rate directly correlates with project revenues generated.

Occupancy rates in a residential project serve as an indicator of both the financial stability of the project and the desirability of the units. Because occupancy directly impacts financial performance and serves as an indicator of tenant satisfaction, project owners must aggressively focus on occupancy in an attempt to either maintain strong performance or reverse negative trends.

Many factors contribute to each specific project's occupancy rate. These include: the quality of off-installation rental and for-sale housing; the quality of on-installation housing; whether the project is under construction, rental and vacancy rates in the surrounding community; availability of loans; interest rates; for-sale housing prices; convenience issues (e.g. commute time); school quality; local crime statistics; and the quality of property management service provided by the project owner. The project owner affects or controls only two of these factors – the quality of on-installation housing and the service provided to tenants.

Property managers have increased occupancy at various projects by using private sector best practices such as rent reductions and upgrading of unit fixtures. Some projects allow potential residents to initiate the application process before arriving at the installation. This practice can minimize a military family's anxiety surrounding the relocation as well as provide an incentive for military families to live on an installation.

Portfolio occupancy continues to be below pro forma estimates. This is due, in part, to the inherent challenges posed by repeated 12 month or longer deployments. Property managers are diligently implementing marketing and client management techniques to reduce departures of families during deployments, thus mitigating the financial impact to the project. Despite these attempts, deployments continue to cause substantial challenges to project performance.

The slight decrease in portfolio occupancy, from 92 to 90 percent, was more than offset by the increased revenues generated at the projects as a result of the higher than projected BAH increases. High BAH rates and continued construction progress are also expected to have a positive effect on portfolio NOI in the next reporting period. However, owners should not continue to rely on large BAH increases to offset other operational deficiencies or problems because, given the current state of the housing market and stagnant or falling rental rates in many markets, continued high and/or increasing BAH rates are not assured.

While it is forecasted that performance will continue to remain high, the Services continue to vigilantly address variances from projections. The Services' portfolio management teams continue to collaborate with the various project owners to create/revise "get-well" plans to resolve outstanding project issues and improve performance. Additionally, the portfolio management teams conduct re-forecasting analyses to ascertain the long-term impact that historical and current financial health will have on all projects' ability to complete the targeted

revitalization scope and remain competitive over their 50-year life span. In all cases, the Services' portfolio management teams work to pursue solutions that help to align projects with the market and improve the overall health of the portfolio.

To compete for military members and their families as tenants, developers of privatized housing must overcome several negative factors. These include the difficulties associated with transferred units that are in poor condition and the inconvenience experienced by tenants living in a construction zone. The transfer of housing inventory to a privatization developer results in quality enhancement of the housing portfolio over a multi-year IDP. It takes time to overcome years of under-funded construction and maintenance. The quality of the portfolio, and therefore its desirability to tenants, increases with unit renovations and new construction.

The MHPI portfolio shows a substantial increase in the overall quality of the family housing from June 2008 to June 2009. In June 2008, the Services reported completion of 40 percent of the 135,451 privatized units in the construction schedule. Currently, they report completion of 51 percent of the 140,795 privatized units in the construction schedule. As a direct example of how much the quality of a portfolio can increase occupancy, the current average occupancy for all MHPI projects that have completed their IDPs is 92 percent versus slightly more than 89 percent for those projects still in their construction phase.

As mentioned above, the overall MHPI portfolio currently exhibits an occupancy rate of just over 90 percent. In spite of this impressive overall performance, unique occupancy issues and, therefore, DCR challenges sometimes occur in individual real estate projects. During a project's initial development period, the DCR, while useful, is a less reliable direct indicator of project performance than it will become after construction is complete. Construction loans very often include funds, such as Debt Services Reserve funds, to financially assist in making debt payments during the construction period. This practice is necessary because the eventual full scope of the project is not initially available to provide rental income during the construction period. Table 2 identifies the five projects that are still in their IDP that are currently underperforming.

**Table 2**

<b>Underperforming Projects - In the IDP</b>				
<b>Service</b>	<b>Project</b>	<b>DCR</b>	<b>Occupancy</b>	<b>Occupancy Change Since June 2008 (Percentage Point)</b>
Army	Fort Benning	0.95	79.9%	2.8
Army	Fort Hamilton	1.16	81.3%	-1.9
Air Force	McGuire AFB / Fort Dix	1.12	93.3%	16.0
Navy	Midwest Regional	1.00	91.0%	3.0
Air Force	Tri-Group	1.17	88.8%	5.6

Three common characteristics of underperforming projects still in their IDP include:

- 1) Delivery of new units behind construction schedule;
- 2) Lower than expected occupancy; and/or
- 3) Higher than expected operating expenses.

Each project identified in Table 2 possesses at least one of the three characteristics.

*Fort Benning; Georgia* - The average DCR for the period decreased to 0.95 from 1.24 last report period due to continued occupancy challenges and the AIG downgrade, which decreased interest earnings. However, the project is not in default because they are using funds from the construction account to make debt service payments. Average occupancy for the period was 83.6 percent as compared to pro forma of 86.5 percent. Ending occupancy for this reporting period was 79.9 percent as compared to a pro forma of 89.8 percent. The unfavorable occupancy can be directly attributed to deployments. The project is currently working through a modified scope plan to address challenges, including maintaining a healthy debt coverage ratio.

*Fort Hamilton; New York* - The average DCR for the period increased to 1.16 from 0.74 last period. The project, which is required to maintain a 1.05 DCR by the lender, is evaluated on the trailing twelve month period for DCR compliance. For the period July 1, 2008 to June 30, 2009, the project had a DCR of 0.95. Since the project is below the required DCR level and until the DCR rises above the required level, all excess funds after the cash flow waterfall will be recycled through subsequent monthly cash waterfalls to help support the debt service requirements, if necessary, until the DCR rises above the required level. Average occupancy for the period was 81.8 percent as compared to pro forma of 93.4 percent. The low occupancy rate is a result of military families choosing to live off-post as a result of BAH growing by more than 20 percent this past year. Even with the low occupancy, NOI was \$2.2M compared to pro forma of \$1.9M. The favorable variance in NOI can be attributed to the higher than expected BAH growth in 2009. The Army and the project owner are working together to find ways to attract a greater number of members.

*Joint Base McGuire-Dix, New Jersey* - The average DCR for the six month reporting period, based on data reported by the Project Owner, was 1.12. During the first six months, NOI was only 0.1 percent below budget forecasts, but NOI was 7.0 percent below pro forma forecasts. Deactivations/demolitions have outpaced the delivery of new units to date. As a result, the total available inventory has been below pro forma forecasts, meaning the project has maintained fewer revenue-generating units than planned. The Air Force is currently working with the project owner to address a forecasted IDP funding shortfall of \$8.2M. Factors contributing to the forecasted shortfall include construction cost overruns and lower GIC interest earnings. An Integrated Project Team (IPT), including most of the project's military and private sector stakeholders, held a meeting in April 2009 to discuss strategies to increase occupancy and NOI and address the forecasted IDP shortfall. In response, the project owner is submitting a written proposal that identifies planned actions to eliminate the forecasted shortfall.

*Midwest Regional; Illinois and Indiana* – Even though NOI is still below budget, higher BAH for 2009 and an increase in occupancy are the primary reasons the DCR has moved from 0.81 in December 2008 to 1.00 in June 2009. Occupancy at the end of the period was 91 percent. New construction and renovations have been placed “on-hold” pending approval by the Navy of the project owner's restructuring proposal to reduce project scope. Construction work was approximately three months ahead of schedule prior to the agreed upon hold status. The Navy has determined that, with the proposed reduction in scope, the housing provided would more accurately meet ongoing project requirements.

*Tri-Group; Colorado and California* - The average DCR for the six month reporting period, as reported by the project owner, was 1.14. This is above the 1.07 minimum DCR but below the pro forma target of 1.18. Although cumulative NOI exceeds pro forma forecasts, the project owner submitted a restructure proposal in May 2009 detailing \$23.3M in financial stresses, including: GIC interest loss, utility tap fees, lead remediation, and change orders. The Air Force held an internal meeting to discuss the proposal in June 2009 and will brief the Executive Steering Group before sending a written response to the project owner. The Air Force is reviewing the Project Owner's restructure proposal with the objective of minimizing scope deferrals.

After the initial construction period is completed, the ongoing DCR is a much more reliable indicator of a project's ability to make its debt payments. Table 3 identifies projects that are currently underperforming in terms of debt service coverage after completion of their IDPs.

**Table 3**

<b>Underperforming Projects - Completed IDP</b>				
<b>Service</b>	<b>Project</b>	<b>DCR</b>	<b>Occupancy</b>	<b>Occupancy Change Since June 2008 (Percentage Point)</b>
Air Force	Dover AFB	1.28	93.9%	12.2
Navy	Kingsville I	0.96	94.0%	-2.8
Air Force	Scott AFB	1.25	89.8%	14.3
Navy	South Texas	0.84	75.0%	-18.3

*Dover AFB; Delaware* – The IDP ended in January 2009. As a result of the negative variances, NOI was insufficient to make the Government Direct Loan debt service payments. Due to insufficient available cash flow in March and April, the project owner directed the Lockbox Agent to not fully fund the scheduled deposit to the Operating Account. These shortfalls were subsequently eliminated in May and June. The project owner has implemented initiatives to increase revenue by increasing occupancy and by implementing an exclusive marketing contract with Verizon FIOS. The Project Owner addressed the occupancy shortfall by implementing the tenant waterfall in May 2009. The Project Owner is also reviewing expenses and identifying operating expense reductions they can implement without impacting the residents. Through these initiatives, NOI and the DCR are expected to improve.

*Kingsville I; Texas* – The average DCR for the period was 0.96. NOI was 18 percent below budget while occupancy was 94 percent. The occupancy rate was actually higher than projected due to making more units available to the general public. This was authorized following the BRAC reduction of the military family housing requirement at Naval Station Ingleside. Expenses, both controllable and non-controllable, were almost 20 percent over budget. The mortgage is currently being paid but deferring other expenses. The Navy and their partner are discussing potential solutions to this ongoing problem. Ultimately, not being considered a long term housing solution for Naval Air Station Kingsville, under the terms of the existing agreements this partnership will be dissolved in less than three years and the units will be sold.

*Scott AFB; Illinois* - The IDP was completed in February 2009. The combined DCR for this period is 1.07, which satisfies the 1.05 ratio expected by the government direct loan (GDL) documents. Pursuant to the project Lockbox Agreement, the senior loan debt payments are being

paid from the Capitalized Interest Account. The Capitalized Interest Account balance is sufficient to cover debt service through December 2009. However, if financial performance fails to improve, current forecasts indicate NOI will be insufficient to fully fund the GDL debt service payments as soon as January 2010. The shortfall in NOI is the result of lower than projected occupancy and higher than forecasted expenses. Portfolio Management formed an IPT to address the GDL default risk. The team identified \$1.2 million in operating expense reductions the project owner will implement before the end of the calendar year. The Air Force is also seeking an administrative work-out that would reduce the interest rate and therefore the monthly debt service payment of the GDL. The Mission Support Group is also amending the installation security access policy to provide a procedure to grant public tenants access to the base.

*South Texas (Naval Air Station Corpus Christi and Naval Station Ingleside)* - The ending DCR for the project was 0.84. The project is not in default on its loan. Occupancy at the end of the period was 75 percent. Low occupancy, driven primarily by base closure of Ingleside and realignment at Corpus Christi, is resulting in insufficient income to pay full debt service and operating expenses. The general partner is waiving their management incentive fee and underfunding certain operating expenses to help pay the debt service. The lender is currently taking an active role in any capital or expense expenditure decision and will continue to be involved until the DCR rises and stays above 1.0. The Navy is currently working with the general partner and the lender concerning a financial restructuring of the debt. The Navy and the project owner are also exploring the sale of 124 units on private land due to the reduction in requirements following BRAC actions at NS Ingleside. Long term solutions being explored include an expanded marketing to the waterfall of prospective residents and the potential purchase of this project by another housing privatization venture.

To help ensure the financial safety of their mortgage, commercial lenders commonly will specify a required minimum debt coverage ratio (DCR) in their loan documents. This is done for both senior and junior loans. DCR requirements, depending on a particular project's situation, normally range from 1.05 to 1.25. On the other hand, government direct loans, those in a junior debt position, are normally sized at funding to provide an expected, not required, minimum of a 1.05 project combined DCR. For those projects that have completed their IDPs, Table 4 demonstrates both the actual and required project loan DCRs.

**Table 4**

<b>DCR Requirements*</b>				
<b>Project</b>	<b>Actual Senior Loan DCR</b>	<b>Required Senior Loan DCR</b>	<b>Actual Combined DCR</b>	<b>Expected Combined DCR</b>
Buckley AFB	1.35	1.20	1.20	1.05
Camp Pendleton I	1.99	1.25	1.87	N/A
Dover AFB	1.28	1.05	0.97	1.05
Dyess AFB	3.08	1.05	N/A	NA
Elmendorf AFB I	2.88	1.20	2.00	1.05
Elmendorf AFB II	2.35	1.20	1.73	1.05
Everett I	NA	N/A	N/A	N/A
Everett II	1.10	N/A	N/A	N/A
Fort Carson	2.15	1.50	1.43	1.15**
Fort Detrick/WRMC	1.44	1.15	N/A	N/A
Fort Hood	1.85	1.10	N/A	N/A
Kingsville I	0.96	N/A	0.76	N/A
Kingsville II	3.12	N/A	3.12	N/A
Kirtland AFB	1.79	1.20	1.79	N/A
New Orleans	1.47	1.10	N/A	N/A
South Texas	0.84	1.10	N/A	N/A
Redstone Arsenal	1.73	1.20	N/A	N/A
Robins AFB	1.30	1.20	1.13	1.05
Scott AFB	1.25	1.05	1.12	1.05
Wright-Patterson AFB	1.86	1.20	1.62	1.05

\* Projects that have completed their IDP.

\*\* Combined DCR required by the Colorado Housing & Finance Corporation.

Other than the South Texas and Kingsville I projects discussed previously, at the end of the June 2009 reporting period all of the projects that have completed their IDPs are operating above their DCR required levels.

The economic risk of each privatized project falls on the private sector developers and lenders. If the developer cannot attract a sufficient number of military families to fill the units, the alternative tenant waterfall, to whom the developer may lease the units, serves to minimize risk. Currently, 68 privatized projects take advantage of this opportunity. Table 5 shows how the Services have used this alternative and to what additional tenant groups they have leased units since June 2008. Thirty-one of the projects currently lease units to the general public. Virtually all projects that currently report low occupancy and debt coverage ratios, primarily because of unit acceptability and/or market conditions, take advantage of the alternative tenant waterfall option.

**Table 5**

<b>Use of Alternative Tenant Waterfall</b>						
	Jun-08	Dec-08	Jun-09	% of Total Available Units Dec-08	% of Total Available Units Jun-09	% Point Change from Dec-08
Military Families	140,250	150,771	151,070			
Unaccompanied	2,816	3,008	3,170	1.8	1.8	0.0
Active National Guard and Reserve	119	168	203	0.1	0.1	0.0
Retirees	377	425	412	0.3	0.2	-0.1
Federal Government Civilians	1,104	1,169	1,313	0.7	0.7	0.0
Other*	281	200	264	0.1	0.2	0.1
Civilian	1,248	1,388	1,472	0.8	0.8	0.0
<b>Total</b>	<b>5,945</b>	<b>6,358</b>	<b>6,834</b>	<b>3.8</b>	<b>3.8</b>	<b>0.0</b>

\* "Other" tenants primarily consists of foreign military.

Developers continue to use the “waterfall” of alternative tenants to sustain occupancy. The alternative tenant waterfall policy has been effective in maintaining occupancy rates despite occupancy challenges caused by extended deployments and rising BAH rates, which have increased the availability of off-base housing choices. Table 5 illustrates the basic trending of the alternative tenant waterfall over the past three reporting periods. Since December 2008, the number of tenants from the waterfall living in privatized housing has grown from 6,358 to 6,834. However, when comparing the number of total waterfall tenants as a percentage of overall units, the number has not changed, holding steady at 3.8 percent. This suggests that while the waterfall serves a very definite and important function, expansion of the use of the waterfall has not become necessary.

Appendix 4 presents alternative tenant waterfall use by Service and project.

#### ***D. Utilities***

Tenants of all privatized family housing will eventually be responsible for payment of their own utility use. This is a gradual process because transferring the responsibility for the utilities payment cannot be accomplished until the occupied units are individually metered. The Army has taken the lead in this program and is making significant progress in transitioning residents from project-paid utilities to tenant- paid utilities. The Army’s transitioning process involves an extended period of mock billing, where the tenant views what the utility bill would be before actually becoming responsible for paying it. Actual or mock billing has started in 23 of the Army’s 33 executed projects. Nearly 5,000 additional residents were brought into the mock billing program in the last six months. More than 21,000 residents now receive and manage their actual utility bills. The total number of residents in actual/mock billing is over 31,000, or over 40 percent of the total end-state inventory of the Army’s family housing privatization program. It is expected that in the next six months, an additional 6,000 homes will begin actual billing.

There have been very few concerns voiced overall from residents since actual billing began at some projects in September 2006. Project owners are providing specialized assistance to

residents whose bills are significantly higher than average to ensure that the issue is due to resident consumption and not meter, data, or house-specific problems. The project teams are continuing to educate residents about the utility program and to provide constant communication through multiple types of media to all residents leading up to and particularly during program implementation.

The Air Force has nine bases where the tenants are being directly billed for their utility use. No Air Force projects are currently mock billing. The Navy has decided to start their mock/actual billing process only after all of their privatization projects have completed their IDPs. The only exceptions to this Navy policy are the South Texas project, where tenant paid utilities was instituted as part of the project restructuring, and the Kingsville and Everett projects which were built on privately owned land provided by the developer.

Utility costs during this past period comprised almost 30 percent of the overall operating expenses. Since utilities are such a large portion of total operating expenses, it can be important for projects to successfully implement tenants paying their own utilities and to encourage residents to reduce utility consumption. Analysis shows that this program is helping to reduce resident consumption of utilities, with project data showing an initial five to 10 percent decrease in consumption in the first year of implementation of the program and an additional five to 10 percent decrease during the second year of implementation. If these findings prove accurate for most projects, it could translate into significant operating expense savings and ultimately allow for greater NOI to fund construction and other out-year expenses.

### ***E. Restructuring Projects***

A number of projects have been adjusted in the face of a variety of unanticipated military and financial changes including BRAC, cost escalations, the Overseas Contingency Operation, and the Grow the Force initiative in addition to the typical challenges faced by large real estate developments brought on by unexpected environmental, material, personnel, and site work problems. Restructuring of a project affected by unanticipated changes is a primary way to ensure that the project not only meets its developmental and operational expectations but remains financially viable. A restructuring normally occurs because of a change in requirements (scope), financial needs, or a combination of both. The developers, with the concurrence and support of the Services, have restructured a number of projects to address requirement changes, construction problems, and income and expense variations. The flexibility built into the MHPI projects has allowed the developers to successfully implement necessary changes caused by some unforeseen circumstances.

While most restructurings to date were set into motion due to requirement changes, typically restructurings, when complete, involve some change in scope, mix of units, and financing. During such restructurings, the Services and the developer have tried to address both the current and future needs of the military members. As an example, because of unprecedented construction cost escalations, the Services have, during several restructurings, increased the number of renovated units and decreased the number of replacement units. This has lowered the overall construction cost per unit, while not reducing the total number of available units. If they had added more debt to maintain the originally anticipated unit mix, they would have financially

handicapped the future project by reducing the potential out-year development that could have been accomplished.

The Services, by working with developers in such a diligent manner, will continue to maximize ongoing housing benefits to the military members. Successful restructurings have been accomplished at Fort Carson, Colorado; Fort Meade, Maryland; Fort Bragg/Pope AFB, North Carolina; Fort Polk, Louisiana; Fort Leonard Wood, Missouri; Fort Riley, Kansas; Fort Leavenworth, Kansas; Presidio of Monterey/Naval Postgraduate School, California; Fort Belvoir, Virginia; Fort Irvin/Moffett/Parks, California; Fort Lewis/McChord AFB, Washington; Fort Campbell, Kentucky; Fort Drum, New York; Fort Bliss, Texas; Redstone Arsenal, Alabama; the Navy's Northeast Region, Northwest Region, and South Texas projects; and the Air Force's Falcon Group (Florida, Georgia, Arkansas, Massachusetts); Hill AFB, Utah; ACC Group II (Arizona and New Mexico); and AETC Group I (Oklahoma, Arizona, Texas, Florida) projects. It is anticipated that over the life of the program, additional projects will need to be restructured to meet the changes required by future rounds of BRAC, military policy, and/or the economy.

### ***F. Limited Loan Guarantees***

DoD has provided limited loan guarantees at seven installations. During financial restructuring, the limited loan guarantee has been eliminated for Elmendorf AFB, Alaska and Lackland AFB, Texas. Elimination of additional loan guarantees may occur during future loan refinancing as the program matures and financial institutions no longer require any government support of their loan. This elimination represents a reduction in the government's financial exposure. The financial performance of the current loans covered by the limited guarantees has remained well above guarantee thresholds. Appendix 5 contains more detailed information on the currently executed guarantees and their performance.

### ***G. Base Realignment and Closure***

Congress was notified on April 2, 2007 that at Naval Air Station (NAS) Brunswick, housing will no longer be required for use by military families once the base is closed under BRAC 2005 authorities and will be phased out of the Navy's Northeast Regional privatization agreement as housing requirements decrease. The Business Agreements for the project were amended and restated in July 2007 due to the scheduled closing of NAS Brunswick. In the amended documents, all parties acknowledge that the Managing Member may sell all or any portion of the Brunswick housing.

Privatized housing units at NAS Brunswick total 702 of which 110 are on-base and 592 are off-base. The first squadrons have begun to depart and all squadrons are anticipated to be gone by December 2009. Current occupancy is approximately 65 percent. All residents associated with the squadrons should be relocated by October 2010. The base is scheduled to be closed by May 2011.

Balfour Beatty, the Managing Member of Northeast Housing LLC, has opened communication with the BRAC Program Management Office (PMO), and the Local Redevelopment Authorities (LRAs) for the towns of Topsham and Brunswick since the announcement of NAS Brunswick's closing. Balfour Beatty also began communicating with the Midcoast Regional Redevelopment

Authority (MRRA), the redevelopment authority formed to implement the reuse plans created by the LRAs, upon its formation.

The Navy concurred with Balfour Beatty's request to begin selling the Brunswick units on a neighborhood basis in January 2009. As part of the ongoing open communication policy, MRRA and the towns of Brunswick and Topsham were notified on December 1, 2008 of the specific marketing efforts that would begin in January 2009. Balfour Beatty requested offers (due at the end of February) on all or portions of the seven neighborhoods comprising the military housing associated with the base. Offers were received for both the entire portfolio of homes and combinations of neighborhoods. Balfour Beatty has collaborated with the Navy to determine the best course of action for disposition of the units. Balfour Beatty is currently working with an offeror concerning the sale of the entire Brunswick portfolio. A closing date is yet to be determined. The land underlying the housing improvements is not held by Balfour Beatty, but instead will be separately marketed by the Navy after the Navy vacates the housing units.

## ***H. Training***

Transition and post-award training for installation personnel commenced following the closing of the earliest privatization projects. In addition, the Services developed, enhanced, and refined real estate management and financial training sessions to help ensure that installation personnel have similar technical skill sets as private developer personnel. Expanded training provided through the Services incorporates industry standard property management courses and other relevant formal education programs.

The Army offers several training courses for its project asset management teams that focus on specific topics in financial and asset management. To share best practices in financial and asset management across the portfolio, the Army hosts an annual week-long asset manager's conference that covers current issues in property management, financial reporting, the basic allowance for housing (BAH) process, ground lease compliance, and legal and environmental guidance.

The Navy offers residential management courses for both family and unaccompanied housing privatization. The Air Force conducts an Asset Manager Training Course four times a year with various course modules including: budget and capital planning; compliance testing; site assessment; effective administration of the Management Review Committee; and quarterly report evaluation.

For the first time, project owners joined Air Force housing asset managers as participants in the course. The four day course took place in May 2009 and included topics applicable to both Air Force and project owners. As the MHPI program matures, students increasingly use the course both as a means for developing their technical skills and a forum for sharing lessons learned from their projects. Project owner feedback indicated that the course helped them become more familiar with Air Force processes and procedures, such as compliance testing and reporting. Asset manager feedback indicated that the course gave them a more holistic view of their oversight responsibilities and the MHPI program.

As part of the effort to centralize design and construction oversight services, the Air Force developed a construction handbook to standardize processes, tools, and templates for the oversight of construction and development. The handbook provides checklists and guidance on the criteria that have to be met before issuing a Notice to Proceed or a Certificate of Compliance. It also contains information about the process for approving or documenting any changes to approved design documents, as well as templates for a variety of notices prescribed by the closing documents.

During this reporting period, the Navy offered an Executive Overview of Privatized Housing course to leadership at multiple installation and regional levels. The course is designed to give leadership (Commanding Officers and Executive Officers) an overview of housing privatization and explain their responsibilities associated with privatized homes at their respective duty stations. The Navy also conducted resident Focus Groups at half of the Navy's privatized locations. Areas of general concern included maintenance follow up, home value, and house-to-house PCS moves. Focus Group results will be published in September 2009.

In June 2009 the Army conducted its tenth semi-annual senior executive meeting, a forum with the senior leadership of the project owners, to discuss strategic issues and challenges facing the program. Topics discussed included the objectives of the new senior Army leadership, an update on the Army portfolio including the impact of new legislative reporting requirements, Government Accountability Office (GAO) report recommendations, impact of the financial markets, Unaccompanied Personnel Housing (UPH) program update, and lessons learned. The next meeting is tentatively scheduled for October/November 2009.

To provide a deeper understanding of privatization principles and methodologies, DoD teamed with the University of Maryland to develop a Master's Degree in Real Estate Development (MRED) for federal real estate privatization ventures. Beginning in 2008, the program offered courses that focused on key issues of importance to the military services regarding properties undergoing or already engaged in housing privatization. The curriculum has been tailored to educate a cadre of federal managers in the broader aspects of development with an emphasis on federal procurement, asset management, and other issues that arise in the development, operations, and long-term management of privatized federal properties. DoD is offering a limited number of tuition scholarships to those interested in full-time study as a means of facilitating initial interest in this new program. Students can complete the program in 12 months on a full-time study basis or in two to three years on a part-time study basis. The first two full time DoD students, one from the Navy and one from the Army, have already graduated.

## ***I. Unaccompanied Housing***

### Army Unaccompanied Personnel Housing

As an extension of the Family Housing Program, the Army has been working through the operational and development challenges posed by the Unaccompanied Officer Quarters/Unaccompanied Senior Enlisted Quarters Programs (UOQ/USEQ). A significant element in this program is that rents will be based upon both BAH and market rates. The one-bedroom rents will be tied to E6 BAH. However, two-bedroom rents will fluctuate according to local market conditions. The project owner will have flexibility to set rents according to demand. In keeping with private sector practices, the UOQ/USEQ program calls for soldiers

living in these units to manage bill paying (e.g. utilities and rent) jointly. At Fort Drum, New York; Fort Irwin, California; Fort Bragg, North Carolina; and Fort Stewart, Georgia, a combined total of 1,038 UOQ/USEQ apartments are being built. As of June 30, 2009, 646 new apartments have been delivered for single soldiers at those installations. Another 358 apartments are under consideration at Fort Bliss, Texas. At the end of the reporting period, portfolio UPH occupancy was 68 percent compared to pro forma expectations of 88 percent. The portfolio has fallen short of the aggressive pro forma financial expectations for the first half of 2009: however, it is expected that actual financial performance will fall more in line with pro forma expectations as the projects lease the newly delivered inventory and achieve a stabilized occupancy.

#### Navy Unaccompanied Personnel Housing

The Navy has executed two pilot unaccompanied personnel housing projects (UPH) in San Diego, California, and Hampton Roads, Virginia. The projects were authorized under the National Defense Authorization Act for Fiscal Year 2003 that provided the Navy additional UPH authorities. The Hampton Roads project will build 1,190 new apartments to house 2,367 unaccompanied shipboard Sailors. The San Diego project addresses the community shortfall by building 941 apartments that will house 1,882 E4-E6 Sailors. As of June 2009, 380 units providing 760 beds were completed at Hampton Roads and 941 units providing 1,882 beds were completed in San Diego. While overall UPH portfolio occupancy is 79.2 percent, occupancy in San Diego is only 67.6 percent and 96.2 percent in Hampton Roads. However, recent increasing occupancy in San Diego has been attributed to the project completing new buildings and the use of the tenant waterfall. The Navy is continuing to evaluate candidates (including Naval Air Station Jacksonville/Naval Station Mayport, Florida) for its third pilot project.

## **V. Serving Tenant Members**

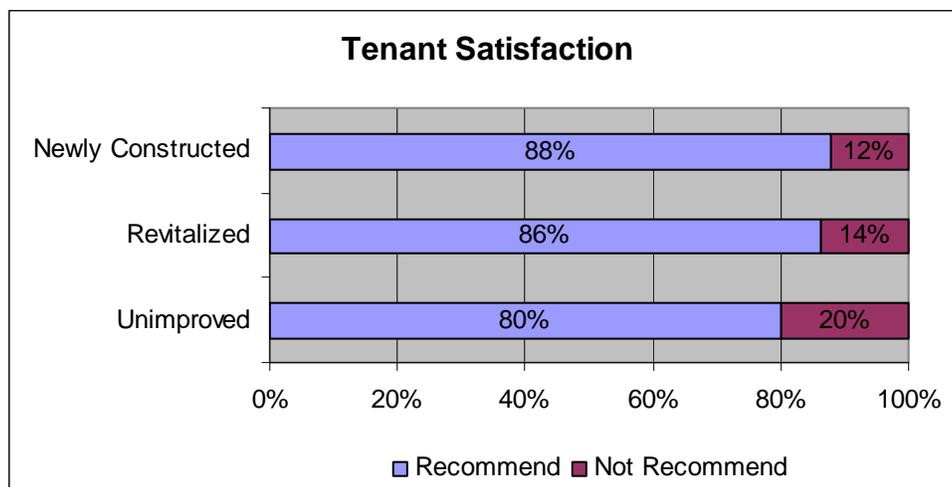
As the Services learn more about military members' housing needs, they actively make changes to improve service members' housing experience. Because the Services and project owners monitor the needs of members and take steps to address those needs, the MHPI program will continue to provide the housing product and service deserved by our military personnel.

Given DoD's objective of improving the quality of life for its service members, the degree of satisfaction service personnel experience in privatized housing units is a critical indicator of overall program success. Since DoD provides military families with BAH at privatized bases, a military family's decision to live in privatized housing is a primary measure of satisfaction. The occupancy rate of over 90 percent program-wide demonstrates the overall success of the program in providing suitable housing.

The Services and developers conduct tenant surveys to help assess the quality of privatized housing. To help interpret results, the Services and developers code surveys based on whether the respondent resides in a newly constructed or renovated unit or in a unit that has not yet been revitalized. It is expected that this coding of survey results will continue until the completion of the initial development periods for most projects. The PEP includes the results of additional tenant survey questions that are designed to assess service member satisfaction with their housing experience.

The following graph exhibits the satisfaction results received for the program over the last two semi-annual reporting periods.

**Exhibit B**



As would be expected, satisfaction was highest among those living in newly constructed and renovated units (88 percent). Satisfaction was slightly lower (80 percent) for tenants living in unimproved units. DoD anticipates that the divergence in results between the different housing types will be minimized by the end of the program’s initial development period. In addition, the precise approval percentage (demonstrated above in Exhibit B) is not as important as an increasingly positive trend in approval as the program matures.

Project owners and the Services pay special attention to tenant satisfaction scores from all the bases and react promptly to negative feedback from this source. The following is an example of a project owner’s response to such feedback. While tenant satisfaction scores from residents at most installations have been increasing, resident satisfaction dramatically decreased recently for the New Orleans project. Issues stated by the tenants included poor resident morale, low value of home compared to rent, insufficient follow up, unclear community policies, and lack of responsiveness to resident needs. The project owner has subsequently implemented an action plan which included making phone calls to all residents who asked to be contacted, replacing the grounds maintenance contractor, providing customer service training for their employees, implementing an on-line service request system, pressure washing all the homes, instituting a Resident Advisory Board, and conducting at a minimum a weekly management tour of the properties. The project owner listened to the tenant feedback and is obviously committed to correcting any lack of customer support. The Services expect significant negative tenant feedback at any installation to be dealt with in a similar expeditious and effective manner.

DoD and the Services strive to provide an overall housing program that meets the needs and desires of the service members and their families. Understanding that not all members want to live on-base and not all members want to live off-base, DoD is undertaking a study to determine member housing preferences and how well the overall program (MHPI, traditional military construction, and local community installation and community housing) is addressing their

requirements. When finalized, this study will provide DoD, the Services, the family housing privatization owners, and surrounding community interests with valuable information about how better to serve and provide for our military members' housing needs.

The Services and the project owners monitor the needs of members and continue to take steps to address those needs. Below are several examples of this ongoing assistance.

#### Disabled-Service Member Housing

The Marine Corps identified an increased need for disabled housing for its wounded members from Overseas Contingency Operations. They are working with privatized housing partners to make eight to ten percent of homes accessible, a significantly higher percentage than the Americans with Disabilities Act (ADA) standard. Additionally, wounded Marines who currently reside in privatized housing now have the opportunity, provided by the partners, to relocate to an accessible home, if one is available, or to remain in their current home which will be modified to meet ADA requirements. Wounded Marines not in privatized housing are given priority placement over non-wounded service members.

#### New School

As part of the Marine Corps' Mid-Atlantic Phase III project, the project owner is building a new DoD dependent elementary school at Marine Corps Base (MCB) Camp Lejeune, North Carolina. The school is being built in support of anticipated increased school enrollment generated by the additional family housing units necessary under the Grow the Force initiative and will serve children not easily absorbed by the local school system. Construction of the school should commence later in 2009.

#### Wind Technology

The project owner at MCB Hawaii is investigating if wind energy can be utilized at privatized military family housing communities in Hawaii. A temporary meteorological tower will be installed on MCB Hawaii property to collect wind data. This is part of the Wind Energy Demonstration Program applied for by the project owner and funded by the Department of Energy. The meteorological tower will be installed for 12 to 15 months at this location. Planned installation date is late July 2009. Successful implementation of a wind energy program for the family housing communities in Hawaii could eventually lower the cost of utilities to the tenants and therefore increase funds available for project maintenance and improvement.

#### Platinum LEED Certification

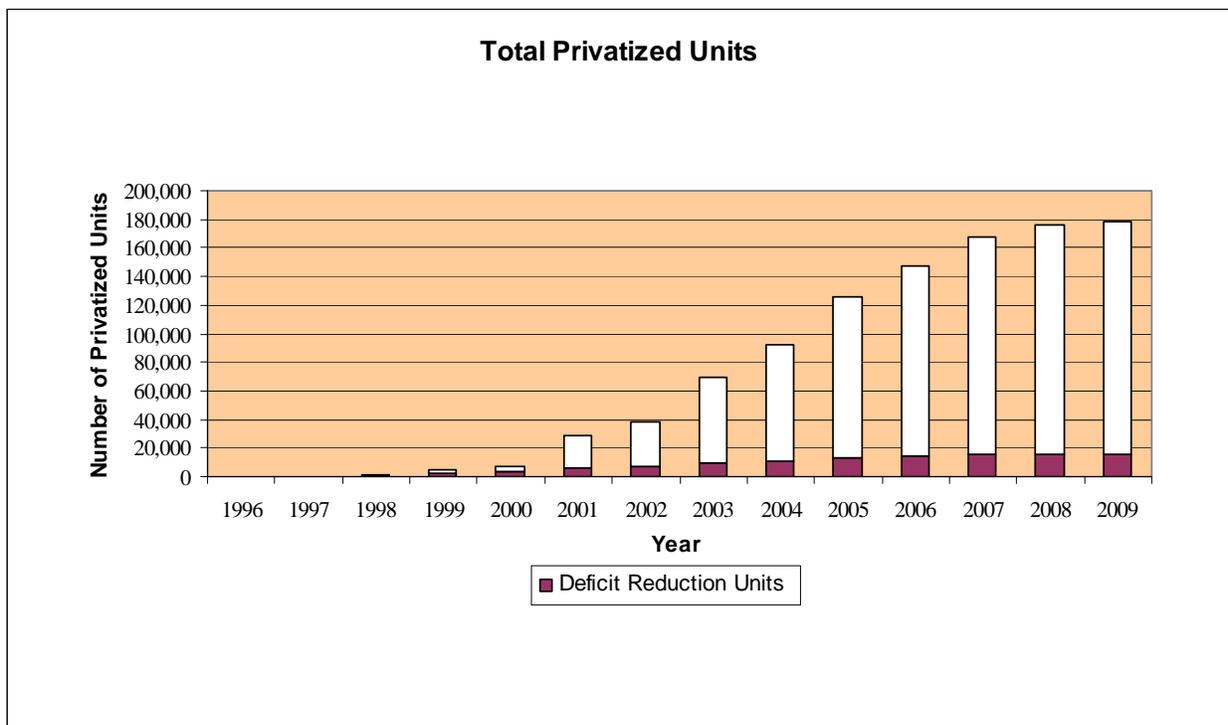
Fort Belvoir's Fairfax Village Neighborhood Center earned a Leadership in Energy Efficient Design (LEED) Platinum Rating in May 2009, a first for any building on a military installation. The award was certified by the U.S. Green Building Council and was awarded by Fairfax County. The building serves as the main property management and maintenance office, as well as a community center for residents to enjoy. Meticulous detail went into reducing the environmental impact of the center. The building applies environmentally friendly materials and building practices, including reclaimed brick, tile, carpet, and playground equipment. The building uses low-flow faucets and dual-flush toilets to reduce water consumption. Roof-mounted solar panels generate on-site renewable energy, while surplus insulation, lighting controls and ground source heat pump all reduce the building energy consumption and operating costs.

## Appendix 1: Program Implementation Overview

As of the June 2009 PEP reporting period, a total of 97 privatized housing projects or project phases have been awarded across the DoD portfolio. A chronological list of the awarded projects is provided in Appendix 6. Due to the fact that some additional phases are incorporated into existing projects for reporting purposes, the discussion in this implementation overview refers to 75 projects.

The list provided in Appendix 6 represents both partial and full-base projects, with project scopes ranging in size from 150 units to over 10,000 units, and project development costs ranging from approximately \$14M to nearly \$2.3B. In total, OSD anticipates privatizing over 90 percent of the DoD domestic family housing units (see Exhibit C.)

Exhibit C



### A. *Elimination of Inadequate Units.*

At the start of the MHPI program in FY 1996, DoD established a goal to eliminate all CONUS inadequate family housing. Once privatized, the units are no longer considered as inadequate in the DoD Inventory. OSD credits privatization with eliminating inadequate housing units because privatization allows for rapid demolition, replacement, or renovation of inadequate units, and also allows sale without replacement of inadequate units no longer needed. The MHPI program currently includes over 133,000 previously inadequate housing units privatized since FY 1996.

## Appendix 1 (Cont.)

### *B. Deficit Reduction Units*

A number of installations face changes in military family housing requirements due to the restructuring and expansion of the military to more effectively address international threats.

Some installations have housing deficits as a result of the realignment and relocation of military members and their families due to BRAC, global re-posturing, the Army's modularity program, and Grow the Force initiatives. The scope of current privatization projects includes the construction of over 15,000 new privatized housing units to reduce the existing family housing deficit.

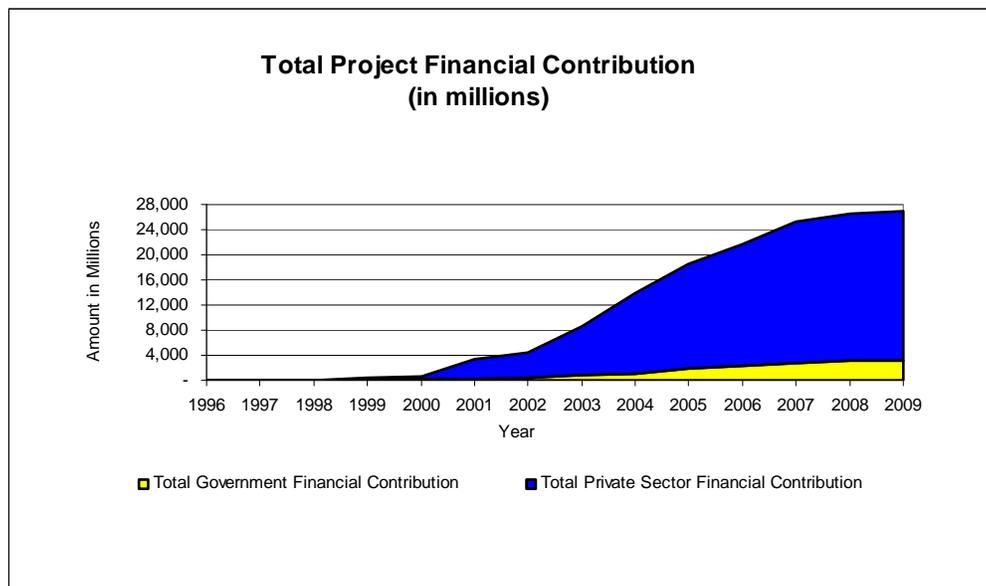
### *C. Total Government vs. Private Dollars*

Through June 30, 2009, the Services have awarded 75 military family housing privatization projects with over \$27 billion in total development costs. The private sector's cumulative contribution through this timeframe totals nearly 90 percent of total development costs. The Services provided the remaining approximately \$3.0 billion in development costs, primarily through equity investment or government direct loans.

Prudent business practice requires that a private sector developer commit to a significant financial investment to ensure a privatization project's ultimate success. Private sector debt and equity comprise the majority of the developer's financial contribution.

Exhibit D depicts the cumulative total contribution of the private sector and government to the MHPI from 1996 through June 2009.

**Exhibit D**



## **Appendix 1 (Cont.)**

### ***D. Private Sector Participation***

The PEP provides an assessment of the evolving MHPI by tracking the level of participation, concentration of developers and lenders, and other solicitation and award factors in a competitive environment. Each Service implements the MHPI according to its unique needs. At a program level, MHPI has generated considerable interest from the development and lending communities.

Twenty-six development entities have participated in one or more projects as a prime contractor or partner since the program started in Fiscal Year 1996. Eight different developers successfully competed on the 33 Army projects; 11 different developers successfully competed on the 16 Navy projects; and 14 different developers successfully competed on the 26 Air Force projects. Joint ventures of two or more developers working together successfully competed on 11 projects. Four developers successfully competed on projects for more than one Military Department and three of those developers successfully competed on projects for all three Departments.

The 75 awarded MHPI projects received financing provided through 25 different lenders or teams of lenders. Five of these lenders or lender teams provided loans to projects for more than one Service, and one provided financing for projects in all three Departments.

Appendices 8 and 9 provide more detailed information on the developers and the lenders involved in the MHPI program.

## Appendix 2: Construction and Operations Information

Army: Construction and Operations Information										
	Total pri units	Total units with no work in IDP	Total new units to be const	Total newly const units comp	% New const units comp	Total units to be reno	Total units reno comp	% Reno units comp	DCR	Occ.
Ft Carson	3,087	0	1,280	841	65.7	1,807	1,823	100.9	2.15	91.8%
Ft Hood	5,912	0	973	974	100.1	4,939	1,624	32.9	1.85	96.0%
Ft Lewis	4,631	528	1,247	717	57.5	2,856	2,393	83.8	1.63	93.6%
Ft Meade	3,170	0	3,170	724	22.8	0	1,332	N/A	1.68	91.0%
Ft Bragg	6,517	2,173	2,962	1,529	51.6	1,382	1,467	106.2	1.75	95.0%
Presidio	2,209	0	2,168	732	33.8	41	36	87.8	1.42	89.6%
Ft Stewart	4,036	237	2,202	1,449	65.8	1,597	960	60.1	1.81	88.9%
Ft Campbell	4,455	910	1,551	776	50.0	1,994	984	49.3	1.47	95.2%
Ft Belvoir	2,070	270	1,630	1,180	72.4	170	92	54.1	1.34	92.9%
Ft Irwin/Moffett	3,126	1,721	1,330	915	68.8	75	83	110.7	1.21	93.9%
Ft Hamilton	228	0	222	185	83.3	6	43	716.7	1.16	81.3%
Ft Detrick/WRAMC*	590	36	485	407	83.9	70	15	21.4	1.44	90.8%
Ft Polk	3,821	331	1,123	216	19.2	2,367	1,540	65.1	1.78	89.6%
Hawaii	7,894	0	4,078	2,312	56.7	3,816	0	0.0	1.55	91.2%
Ft Eustis/ Ft Story	1,124	0	772	649	84.1	352	320	90.9	1.99	93.4%
Ft Leonard Wood	2,242	361	1,877	472	25.1	4	95	2375.0	1.35	80.6%
Ft Sam Houston	925	466	181	181	100.0	278	399	143.5	1.61	93.9%
Ft Drum	3,861	2,270	1,591	973	61.2	0	0	0.0	1.21	98.0%
Ft Bliss / White Sands	3,277	855	1,926	1,340	69.6	496	387	78.0	1.50	88.6%
Ft Benning	4,200	261	3,185	1,092	34.3	754	207	27.5	0.95	79.9%
Ft Leavenworth	1,583	428	724	367	50.7	431	121	28.1	1.31	74.1%
Ft Rucker	1,476	530	700	327	46.7	246	0	0.0	1.73	85.3%
Ft Gordon	887	0	326	310	95.1	561	191	34.0	1.83	94.3%
Ft Riley	3,514	537	2,117	376	17.8	860	247	28.7	2.32	92.2%
Carlisle Barracks/Picatinny Arsenal	348	0	137	136	99.3	211	43	20.4	2.53	61.0%
Redstone Arsenal	230	145	0	2	N/A	85	115	135.3	1.73	92.9%
Ft Knox	2,527	301	755	268	35.5	1,471	257	17.5	1.24	81.6%
Ft Lee	1,590	730	748	122	16.3	112	0	0.0	1.08	97.0%
West Point	824	380	158	0	0.0	286	5	1.7	2.62	89.3%
Ft Jackson	850	0	610	0	0.0	240	0	0.0	1.43	54.9%
Ft Sill	1,650	408	432	0	0.0	810	0	0.0	N/A	95.4%
Ft Huachuca/Yuma	1,169	911	201	0	0.0	57	0	0.0	1.65	85.3%
Ft Wainwright/Greely	1,815	1,053	502	0	0.0	260	0	0.0	N/A	87.1%
<b>Total</b>	<b>85,838</b>	<b>15,842</b>	<b>41,363</b>	<b>19,572</b>	<b>47.3</b>	<b>28,634</b>	<b>14,779</b>	<b>51.6</b>		

\*Discrepancy due to one unit that burned down prior to project closing.

### ABBREVIATIONS:

Pri = Privatized  
 Const = Constructed or Construction  
 Comp = Completed  
 Reno = Renovated or Renovation  
 IDP = Initial Development Period  
 DCR = Debt Coverage Ratio  
 Occ. = Occupancy

## Appendix 2 (Cont.)

Navy/Marine Corps: Construction and Operations Information										
	Total pri units	Total units with no work in IDP	Total new units to be const	Total newly const units comp	% New const units comp	Total units to be reno	Total units reno comp	% Reno units comp	DCR	Occ.
Kingsville I	404	0	404	404	100	0	0	0	0.96	94.0%
Everett I	185	0	185	185	100	0	0	0	N/A	N/A
Camp Pendleton I	712	0	512	512	100	200	200	100	1.99	96.0%
Kingsville II	150	0	150	150	100	0	0	0	3.12	95.0%
Everett II	288	0	288	288	100	0	0	0	1.10	88.2%
San Diego	14,265	5,788	4,027	2,029	50	4,450	1,090	24	2.15	93.3%
NOLA	941	200	525	525	100	216	216	100	1.47	84.0%
SOTX	665	101	550	312	57	14	102	729	0.84	75.0%
PE/QU/YU*	10,375	2,680	3,654	2,862	78	4,041	3,087	76	1.37	90.8%
N/MC Hawaii Overview	6,557	2,025	3,026	1,970	65	1,506	1,082	72	1.39	95.8%
NE Region	4,264	2,187	1,125	660	59	952	1,047	110	1.18	79.2%
NW Region	2,985	742	604	471	78	1,639	42	3	1.36	91.5%
MA Region	5,839	3,706	1,287	818	64	846	813	96	1.60	94.3%
Camp Lejeune/Cherry Point Overview*	8,059	1,845	2,520	1,382	55	3,694	2,230	60	1.40	92.4%
MW Region	1,976	1,064	823	542	66	89	74	83	1.00	91.0%
Southeast Region	5,269	1,579	1,520	206	14	2,170	305	14	1.14	87.0%
<b>Total</b>	<b>62,934</b>	<b>21,917</b>	<b>21,200</b>	<b>13,316</b>	<b>63</b>	<b>19,817</b>	<b>10,288</b>	<b>52</b>		

\*Discrepancy in original scoring documents

### ABBREVIATIONS:

Pri = Privatized  
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 Reno = Renovated or Renovation  
 IDP = Initial Development Period  
 DCR = Debt Coverage Ratio  
 Occ. = Occupancy

## Appendix 2 (Cont.)

Air Force: Construction and Operations Information										
	Total pri units	Total units with no work in IDP	Total new units to be const	Total newly const units comp	% New const units comp	Total units to be reno	Total units reno comp	% Reno units comp	DCR	Occ.
Lackland	885	101	727	420	58	57	0	N/A	1.44	95.3%
Dyess	402	0	402	402	100	0	0	N/A	3.08	95.3%
Robins	670	0	370	370	100	300	300	100	1.30	95.3%
Elmendorf I	828	208	420	420	100	200	200	100	2.88	97.0%
Wright-Patterson	1,536	730	789	789	100	17	17	100	1.86	85.9%
Kirtland	1,078	211	867	867	100	0	0	N/A	1.79	90.9%
Buckley	351	0	351	351	100	0	0	N/A	1.35	84.6%
Elmendorf II	1,194	124	760	762	100	310	287	93	2.35	96.6%
Hickam	2,474	827	1,142	576	50	505	63	12	1.43	81.0%
Offutt	1,640	242	914	600	66	484	444	92	1.32	76.7%
Hill	1,018	435	389	186	48	194	14	7	3.10	94.0%
Dover	980	212	768	768	100	0	0	N/A	1.28	93.9%
Scott	1,593	574	608	608	100	411	411	100	1.25	89.8%
Nellis	1,178	13	815	461	57	350	168	48	1.25	94.9%
McGuire / Fort Dix	2,084	0	1,635	680	42	449	449	100	1.12	93.3%
AETC Group I	2,875	713	884	678	77	1,278	270	21	1.72	89.1%
AF Academy	427	92	34	31	91	301	168	56	1.30	87.3%
Davis-Monthan and Holloman Group	1,838	298	961	329	34	579	132	23	1.25	87.9%
Tri-Group	1,564	8	977	0	0	579	0	0	1.17	88.8%
BLB	3,189	1,074	1,753	0	0	362	2	1	1.25	90.9%
Robins AFB 2	207	0	76	18	24	131	131	100	1.25	79.7%
AETC Group II	2,257	478	420	136	32	1,359	326	24	1.25	82.2%
Vandenberg AFB	867	0	164	73	45	703	97	14	1.41	92.7%
AMC-East	1,458	730	531	43	8	197	0	0	1.28	88.8%
AMC West	2,435	684	837	27	3	914	3	0	1.61	94.9%
Falcon Group	2,619	112	661	247	37	1,846	38	2	1.20	76.8%
<b>Total</b>	<b>37,647</b>	<b>7,866</b>	<b>18,255</b>	<b>9,842</b>	<b>54</b>	<b>11,526</b>	<b>3,520</b>	<b>31</b>		

### ABBREVIATIONS:

Pri = Privatized  
 Const = Constructed or Construction  
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 IDP = Initial Development Period  
 DCR = Debt Coverage Ratio  
 Occ. = Occupancy

### Appendix 3: Recapitalization Account

Recapitalization Account	
Project	% Deposit/Pro Forma
Buckley AFB	0
Camp Pendleton	114
Dover AFB	0
Dyess AFB	147
Elmendorf AFB I	112
Elmendorf AFB II	334
Everett I	NA <sup>1</sup>
Everett II	NA <sup>1</sup>
Fort Carson	100
Fort Detrick/WRAMC	211
Fort Hood	233
Kingsville I	NA <sup>1</sup>
Kingsville II	NA <sup>1</sup>
Kirtland AFB	13
New Orleans	86
South Texas	0
Redstone Arsenal	100
Robins AFB	100
Scott AFB	0
Wright Paterson AFB	1,419

**Notes:**

1. Short term deal. No Recap account required.

## Appendix 4: Tenant Waterfall

Service	Installation	Military Families	Other Tenants	Other Tenants as % of Total	Non-military	General Public
Army	Ft Lewis	4,154	5	0.1	No	No
	Ft Meade	2,004	422	17.4	Yes	No
	Ft Bragg	5,584	69	1.2	No	No
	Presidio	1,336	637	32.3	Yes	Yes
	Ft Stewart/HAAF	3,310	140	4.1	Yes	No
	Fort Campbell	4,121	6	0.1	No	No
	Ft Belvoir	1,849	73	3.8	Yes	Yes
	Ft Irwin/MF/CP	2,484	255	9.3	Yes	Yes
	Ft Hamilton	189	42	18.2	Yes	No
	Ft Detrick / WRAMC	535	7	1.3	Yes	Yes
	Ft Polk	2,734	114	4.0	No	No
	Ft Shafter	5,891	120	2.0	Yes	No
	Ft Leonard Wood	1,652	115	6.5	Yes	Yes
	Ft Sam Houston	847	5	0.6	No	No
	Ft Drum	3,110	96	3.0	No	No
	Ft Bliss / White Sands	3,327	149	4.3	Yes	Yes
	Ft Benning	3,048	65	2.1	No	No
	Ft Leavenworth	1,069	80	7.0	Yes	Yes
	Ft Rucker	1,157	93	7.4	No	No
	Ft Gordon	1,034	2	0.2	Yes	No
	Ft Riley	3,054	6	0.2	No	No
	Northeast Integrated	186	5	2.6	Yes	Yes
	Redstone Arsenal	301	24	7.4	Yes	No
	Ft Knox	2,096	416	16.6	No	No
	Ft Lee	1,141	6	0.5	Yes	No
	West Point	724	26	3.5	Yes	Yes
	Fort Sill	1,324	7	0.5	No	No
	Fort Huachuca	1,123	117	9.4	Yes	Yes
	Fort Wainwright	1,495	78	5.0	Yes	Yes
	Air Force	Lackland	572	49	7.9	No
Dvess		167	216	56.4	Yes	Yes
Robins		244	327	57.3	Yes	Yes
Elmendorf I		714	89	11.1	No	No
Wright-Patterson		948	372	28.2	Yes	Yes
Kirtland		833	147	15.0	Yes	No
Elmendorf II		1,098	56	4.9	No	No
Hickam		1,518	287	15.9	Yes	Yes
Offutt		1,141	292	20.4	Yes	Yes
Hill		933	15	1.6	Yes	No
Dover		885	35	3.8	No	No
Scott		1,207	225	15.7	Yes	Yes
Nellis		1,088	32	2.9	No	No
McGuire AFB / Ft Dix		1,145	187	14.0	Yes	Yes
AETC Group I		2,426	46	1.9	Yes	No
AF Academy		442	62	12.3	Yes	Yes
Davis-Monthan & Holloman Group		1,439	89	5.8	Yes	No
Tri-Group		916	69	7.0	Yes	Yes
BLB		2,074	239	10.3	Yes	No
Robins II		183	21	10.3	Yes	No
AETC Group II		1,720	118	6.4	Yes	Yes
Vandenberg		955	3	0.3	No	No
AMC East		1,134	40	3.4	Yes	No
AMC West		1,955	203	9.4	Yes	Yes
Falcon Group		1,755	259	12.9	Yes	Yes

\*Only projects that have moved beyond military families are listed in the Tenant Waterfall.

## Appendix 4 (Cont.)

Service	Installation	Military Families	Other Tenants	Other Tenants as % of Total	Non-military	General Public
Navy/ Marines	Kingsville I	71	310	81.4	Yes	Yes
	Kingsville II	55	88	61.5	Yes	Yes
	Everett II	230	25	9.8	Yes	Yes
	San Diego	11,468	45	0.4	Yes	No
	NOLA	672	103	13.3	Yes	No
	SOTX	284	28	9.0	Yes	Yes
	Hawaii Overview	6,056	22	0.4	Yes	No
	NE Region	3,009	252	7.7	Yes	Yes
	NW Region	2,816	28	1.0	No	No
	Mid-Atlantic Region	5,027	70	1.4	Yes	Yes
	Midwest Region	1,539	116	7.0	Yes	Yes
	PE/QU/YU	8,719	25	0.3	Yes	No
	CLCP Overview	6,743	74	1.1	Yes	No
	SE Region	3,670	490	11.8	Yes	Yes

\*Only projects that have moved beyond military families are listed in the Tenant Waterfall.

## Appendix 5: Loan Guarantees

A limited loan guarantee addresses three events which could affect the available tenant supply of eligible personnel at an installation and therefore potentially affect the financial viability of the project. These three events are: downsizing of a military installation, prolonged deployment, and base closure.

When the Guaranty Agreements were executed for Fort Carson, Colorado; Fort Polk, Louisiana; and Kirtland AFB, New Mexico projects, the Services identified the baseline number of eligible families used to determine a guaranteed threshold event. The threshold rates for these three projects, which could potentially trigger a guarantee claim, are definitive reductions of eligible military families from the identified baseline numbers. The threshold rate at Robins AFB, Georgia, uses a sliding scale based on the occurrence of either of two events: a percentage drop of eligible families in any 12-month period, or a drop in the number of eligible families below a ratio of families versus privatized unit (1.5:1). The threshold rate for Wright-Patterson AFB, Ohio, is solely a drop in the number of eligible families below a ratio of families versus the number of privatized units (1.5:1).

The Base Realignment and Closure (BRAC) 2005 legislation produced military personnel tenant changes and other adjustments at many military installations. The properties identified for closure on the BRAC list did not include any MHPI projects with limited loan guarantees. The Services will evaluate and closely watch the military installations that were included on the BRAC list and involve major realignment, both increases and decreases.

The possibility of a reduction in eligible personnel due to the current extent of deployment actions continues to be of interest. A reduction in eligible personnel could affect projects that carry a limited loan guarantee because of the potential for a mortgage payment default. If this were to occur, the Service would require the borrower to demonstrate that the threshold reduction in the percentage of eligible personnel had occurred and had led to a mortgage payment default. The borrower could file a guaranty claim if a threshold event is triggered and a mortgage payment default occurs.

The following table summarizes the baseline number of eligible families (starting point for the threshold rate calculation), current eligible families, and defined threshold reduction percentage for each of the active guaranteed loans, and, if applicable, the baseline and current ratios of eligible military families per privatized unit for the five currently executed limited loan guarantee agreements.

## Appendix 5 (Cont.)

Loan Guarantee Threshold Rates and Status					
MHPI Project	Fort Carson	Robins AFB	Fort Polk	Wright-Patterson AFB	Kirtland AFB
Number of Privatized Housing Units	3,087	670	3,821	1,536	1,078
Baseline Date	Nov-1999	Dec-2006	Sep-2004	Dec-2006	Aug-2006
Eligible Families as of Baseline Date	9,649	3,458	6,215	N/A	2,183
Eligible Families as of 30 June 2009	18,131	2,891	5,334	4,414	2,912
Guaranty Threshold	-40.00%	-30.00%	-30.00%	N/A	-25.00%
Current Change	87.91%	-16.40%	-14.18%	N/A	33.39%
Threshold Ratio	N/A	1.5:1	N/A	1.5:1	N/A
Current Ratio	N/A	4.3:1	N/A	2.9:1	N/A
<p>Notes:</p> <ol style="list-style-type: none"> <li>1. Guaranty Threshold is the percentage reduction in eligible personnel that triggers a guaranteed threshold event.</li> <li>2. Current Change reflects the increase or decrease in the number of eligible personnel at the base within a certain timeframe. The timeframe for which the percentage change is measured for Robins AFB is based on a sliding 12-month timeframe. For this reporting period, that would be from June 2008 to June 2009. For Fort Carson, Fort Polk and Kirtland, the percent change is based on the original Guaranteed Loan Baseline Date and the end of current PEP reporting period.</li> <li>3. <i>Current Ratio</i> is calculated based on the number of "Eligible Families" as of the end of the current PEP reporting period divided by the "Number of Privatized Housing Units." The threshold rate for Wright-Patterson AFB is a drop in the number of eligible families below a ratio of families versus privatized units.</li> </ol>					

To date, no project has experienced a guaranteed threshold event. Currently only two projects, Robins AFB, Georgia, and Fort Polk, Louisiana, have eligible populations less than their baseline number. Two projects have retired guarantees, Lackland AFB phase I and Elmendorf AFB Phase I both had guarantees. The Air Force negotiated to retire the guarantee at Elmendorf AFB Phase I when the project refinanced in 2004. The Air Force negotiated for the elimination of the guarantee at Lackland AFB when the project was sold to Balfour Beatty Communities and the scope expanded. Although all five of the projects with existing loan guarantees are currently healthy in terms of occupancy, the Services will continue to monitor them to assess the impact of BRAC, ongoing long-term deployments, and Service realignments.

## Appendix 6: Privatized Projects Awarded

The following is a chronological list of partial and full base housing privatization projects awarded by the Services from 1996 through June 30, 2009.

- Corpus Christi/Kingsville I, TX-Navy
- NS Everett I, WA
- Lackland AFB, TX
- Fort Carson, CO
- Dyess AFB, TX
- Robins AFB, GA
- NAS Kingsville II, TX
- MCB Camp Pendleton, CA
- NS Everett II, WA
- Elmendorf AFB, AK
- San Diego Naval Complex (Ph I), CA \*
- New Orleans Naval Complex, LA (NOLA)
- Fort Hood, TX
- South Texas, TX (SOTX)-Navy
- Fort Lewis, WA/McChord AFB, WA
- Fort Meade, MD
- Wright-Patterson AFB, OH
- Tri-Command Military Housing (Beaufort), SC-USMC
- Kirtland AFB, NM
- San Diego Naval Complex (Ph II), CA \*
- Fort Bragg, NC
- MCB Camp Pendleton, (Ph II), CA/Quantico, VA \*
- Presidio of Monterey/NPS, CA
- Fort Stewart/Hunter Army Airfield, GA
- Fort Belvoir, VA
- Fort Campbell, KY
- Fort Irwin/Moffett Field/Camp Parks, CA
- Hawaii Regional (Ph I), HI-Navy \*
- Fort Hamilton, NY
- Fort Detrick, MD/Walter Reed Army Med. Ctr, DC
- Buckley AFB, CO
- Elmendorf AFB (Ph II), AK
- Fort Polk, LA
- MCAS Yuma, AZ/Camp Pendleton (Ph III), CA \*
- Fort Shafter/Schofield Barracks, HI
- Northeast Regional, (NY, NJ, CT, RI, ME)-Navy
- Fort Eustis/Fort Story, VA
- Hickam AFB, HI
- Northwest Regional, WA-Navy\*
- Fort Sam Houston, TX
- Fort Leonard Wood, MO
- Fort Drum, NY
- Fort Bliss, TX/White Sands, NM
- Mid-Atlantic Regional, (VA, WV, MD)-Navy

## Appendix 6 (Cont.)

- Offutt AFB, NE
- Hill AFB, UT
- Dover AFB, DE
- MCGACC 29 Palms, CA/MCSA Kansas City, MO \*
- MCB Camp Lejeune/MCAS Cherry Point, NC \*
- Midwest Regional, (IL, IN)-Navy\*
- Scott AFB, IL
- Fort Benning, GA
- Fort Leavenworth, KS
- Fort Rucker, AL
- Fort Gordon, GA
- Nellis AFB, NV
- San Diego Naval Complex (Ph III), CA \*
- Carlisle Barracks, PA/Picatinny Arsenal, NJ
- Fort Riley, KS
- MCB Camp Lejeune/MCAS Cherry Point (Ph II), NC \*
- MCB Camp Pendleton (Ph IV), CA \*
- MCB Hawaii (Ph II), HI\*
- Hawaii (Ph III), HI-Navy \*
- McGuire AFB/Fort Dix, NJ-Air Force
- Redstone Arsenal, AL
- Fort Knox, KY
- AETC Group I, (OK, AZ, TX, FL)
- AF Academy, CO
- Davis-Monthan AFB, AZ/Holloman AFB, NM
- Hickam AFB (Phase II), HI\*
- Fort Lee, VA
- Tri-Group (Peterson AFB, CO/Schriever AFB, CO/Los Angeles AFB, CA)
- BLB (Barksdale AFB, LA/Langley AFB, VA/Bolling AFB, DC)
- Southeast Regional (SC, MS, FL, GA, TX) - Navy
- Midwest, South Millington (Ph II), TN\*
- San Diego Naval Complex (Ph IV), CA\*
- MCB Hawaii, HA Phase IV\*
- MCB Camp Lejeune/Cherry Point (Ph III), NC\*
- MCB Camp Pendleton, CA/Albany (Ph V), GA\*
- Robins AFB (Ph II), GA
- AETC Group II (MS, TX, AL, OK)
- Vandenberg AFB, CA
- AMC East (Andrews AFB, MD/MacDill AFB, FL)
- AMC West (Tinker AFB; Travis AFB; Fairchild AFB)
- West Point, NY
- Fort Jackson, SC
- Fort Sill, OK
- Falcon Group (Patrick AFB, FL; Moody AFB, GA; Little Rock AFB, AR; Hanscom AFB, MA)
- Fort Huachuca/Yuma, AZ
- Fort Wainwright/Greely, AK

\*For reporting purposes, the following projects are combined and reported as single projects:

1. MCB Camp Pendleton II/Quantico, MCAS Yuma/Camp Pendleton III, MCGACC 29 Palms/MCSA Kansas City, MCB Camp Pendleton IV and MCB Camp Pendleton V.
2. San Diego I, II, III and IV.
3. MCB Camp Lejeune/MCAS Cherry Point Phase I, II & III. Tri-Command will also be reported in the Camp Lejeune/Cherry Point Overview.
4. Navy-Hawaii Phase I & III and MCB Hawaii Phases II and IV will all be reported as one project.
5. Patrick AFB, Moody AFB, Little Rock AFB, and Hanscom AFB have been combined into the Falcon Group.

## Appendix 7: Multi-Base Projects

The following list details awarded projects that include housing at more than one base.

- AETC Group I: Altus AFB, OK; Luke AFB, AZ; Sheppard AFB, TX; Tyndell AFB, FL
- AETC Group II: Columbus AFB, MS; Goodfellow AFB, TX; Laughlin AFB, TX; Maxwell AFB, AL; Randolph AFB, TX; Vance AFB, OK
- BLB: Barksdale AFB, LA; Langley AFB, VA; Bolling AFB, DC
- AMC West: Fairchild AFB, WA; Tinker AFB, OK; Travis AFB, CA
- AMC East: Andrews AFB, MD; MacDill AFB, FL
- Tri-Group: Peterson AFB, CO; Schriever AFB, CO; Los Angeles AFB, CA
- ACCG2: Davis-Monthan AFB, AZ; Holloman AFB, NM
- Falcon Group: Moody AFB, GA; Little Rock AFB, AR; Hanscom AFB, MA; Patrick AFB, FL
- Navy-Southeast Region: Naval Weapons Station Charleston, SC; NAS Joint Reserve Base Fort Worth, TX; Naval Construction Battalion Center Gulfport, MS; NAS Jacksonville, FL; NS Mayport, FL; NAS Pensacola, FL; NAS Whiting Field, FL; NAS Key West, FL; NSB Kings Bay, GA; NAS Meridian, MS; NSA Panama City, FL
- Midwest Region: South Millington, TN; Naval Station Great Lakes, IL; Naval Support Activity Center Crane, IN
- Camp Lejeune/Cherry Point Overview: MCB Camp Lejeune / MCAS Cherry Point, NC; Westover, MA; Stewart Terrace Housing, NY; MCAS Beaufort & MCRD Parris Island, SC
- PE/QU/YU (Camp Pendleton II): MCB Camp Pendleton, CA; Albany, GA; MCGACC Twenty-nine Palms, CA; MCAS Kansas City, MO; MCAS Yuma, AZ; MCB Quantico, VA
- Northeast Integrated Phase 1: Walter Reed Army Medical Center, DC; Fort Detrick, MD
- Northeast Integrated Phase 2: Carlisle Barracks, PA; Picatinny Arsenal, NJ
- Northeast Region: NE Submarine Base New London, CT; NE Saratoga Springs, NY; NE NAVSTA Newport, RI; NE NAS Brunswick, ME; NE Mitchel Complex, NY; NE Lakehurst, NJ; Naval Shipyard Portsmouth, ME; NE Weapons Station Earle, NJ
- Mid-Atlantic-Navy Region: Hampton Roads, VA; USNA, MD; NSWC, Indian Head, MD; NSWC, Dahlgren, VA; NSGA, Sugar Grove, WV; NAS, Patuxent River, MD
- Navy Northwest Region: NB Kitsap-Bangor; Naval Undersea Warfare Center Keyport; Naval Magazine Indian Island; Olalla; Kingston; Bainbridge Island; NB Kitsap-Bremerton; Fort Lawton; Magnolia; Brier; and Naval Radio Transmitter Station Jim Creek; and NAS Whidbey, WA
- Navy/MC Hawaii: Pearl Harbor, Oahu, HI; Kaneohe, Oahu, HI; and Kekaha, Kauai, HI
- Kingsville I: NAS Kingsville, TX; NS Ingleside/Portland/Bridge Pointe, TX
- Army Hawaii: Fort Shafter, Schofield Barracks, Wheeler Army Airfield, Helemano, Honolulu, Alimanu, & Kai'l Kai Hale, HI
- Fort Irwin/Moffett Field/Camp Parks: Fort Irwin, Moffett Field, and Camp Parks, Dublin, CA
- Fort Eustis and Fort Story, VA
- Fort Bliss/WSMR: Fort Bliss, TX and White Sands Missile Range, NM
- Fort Lewis/McChord: Fort Lewis, WA; McChord AFB, WA
- Fort Huachuca/Yuma: Fort Huachuca, AZ; Yuma Proving Grounds, AZ
- Fort Wainwright/Greely: Fort Wainwright, AK; Fort Greely, AK

## Appendix 8: Developer Participation

Developer Participation in MHPI Program								
Developer	Navy/Marines Corps		Army		Air Force		Total	
	Projects	Privatized Units	Projects	Privatized Units	Projects	Privatized Units	Installations	Privatized Units
Lincoln	1	5,839	1	925			2	6,764
Lincoln/Clark	1	14,265					1	14,265
Hunt/Lincoln/Clark	1	10,375					1	10,375
Actus Lend Lease	1	8,059	6	26,464	3	5,876	10	40,399
Hunt Building Corp.	2	862	2	1,820	8	9,297	12	11,979
Picerne RE Grp.			6	20,148			6	20,148
Clark/Pinnacle Family			4	11,605			4	11,605
Clark					1	1,458	1	1,458
Balfour Beatty	2	9,533	11	17,493	3	4,627	16	31,653
EQR Residential/Lincoln Properties			1	4,631			1	4,631
MV Communities/Woolpert LLP/Hunt					1	1,536	1	1,536
Faulkner USA (Landmark)	2	1,069					2	1,069
Patrician Development	1	941					1	941
Aurora Military Properties					2	2,022	2	2,022
Gateway Development/CED Military Group	1	288					1	288
Dujardin Development Co.	1	185					1	185
Investment Builders/Hunt					1	351	1	351
BHMH (Boyer/Gardner)					1	1,018	1	1,018
The Michaels Development Company			2	2,752			2	2,752
America First Communities					1	1,640	1	1,640
United Communities/First Montgomery Group					1	2,084	1	2,084
Hunt ELP/Forest City Military Communities					1	427	1	427
Pinnacle/Hunt Communities					1	2,257	1	2,257
Forest City Enterprises	3	11,518					3	11,518
Hunt/Picerne					1	2,619	1	2,619
AMC West					1	2,435	1	2,435
<b>Total</b>	<b>16</b>	<b>62,934</b>	<b>33</b>	<b>85,838</b>	<b>26</b>	<b>37,647</b>	<b>75</b>	<b>186,419</b>

Notes:

- Table reflects each developer's participation for all individual and team project awards.
- Table does not include the Navy's UPH projects.
- Clark and Lincoln teamed to develop San Diego.
- Hunt, Clark and Lincoln teamed to develop Camp Pendleton II.
- Lincoln teamed with EQR to develop Fort Lewis.
- Hunt, MV Communities and Woolpert teamed to develop Wright-Patterson AFB.
- Gateway and CED Military Group teamed to develop Everett II.
- Investment Builders Inc teamed with Hunt Building Corp. to develop Buckley AFB.
- United Communities teamed with First Montgomery Group to develop McGuire AFB/Fort Dix.
- Clark Realty and Pinnacle teamed up to develop Fort Belvoir, Fort Irwin/Moffett Field, Presidio/Monterey and Fort Benning.
- BHMH (Boyer/Gardner) teamed up to develop Hill AFB.
- Hunt ELP and Forest City Military Communities have teamed up to develop the Air Force Academy.
- Pinnacle and Hunt teamed to develop AETC Group II

Updates:

- Fort Carson: Original developer was JA James, followed by GMH and is now Balfour Beatty.
- Fort Leonard Wood: Original developer was American Eagle and is now Balfour Beatty.
- Navy Northwest: Original developer was American Eagle (CEI/Shaw) and is now Forest City.
- Lackland AFB: Original developer was Faulkner USA and is now Balfour Beatty.
- Hunt/Picerne is the developer for Falcon Group, which is comprised of Patrick AFB, Moody AFB, Little Rock AFB, and Hanscom AFB. American Eagle was the previous developer for these projects.

## Appendix 9: Lender Participation

Lenders Participation in MHPI Program				
Lender	Army	Air Force	Navy/Marines	Total by Lenders
Capmark Finance	16	15		31
Société Générale	2		2	4
Bear Stearns	1			1
Bank of America	2			2
Lehman Brothers	4	1		5
Malone Mortgage Company			1	1
Merrill Lynch	1	2		3
Merrill Lynch/Goldman Sachs	1			1
Bank One, Texas		1		1
Kleberg First National Bank			1	1
Newman/GMAC (Capmark)			1	1
Raymond James	2			2
U.S. Bank of Washington			1	1
JP Morgan/Goldman Sachs/BOFA	1			1
Morgan Keegan & Company Inc.	1			1
Bank of America/Bear Sterns			1	1
Goldman Sachs	2	3	2	7
Goldman Sachs/Bank of America			2	2
Merrill Lynch, Pierce, Fenner & Smith Incorporated		1		1
Bank of America/Bear Sterns/Goldman Sachs			1	1
Barclays Capital			1	1
Merrill Lynch/Barclays Capital			1	1
Lehman Brothers/Colorado Housing and Finance Authority		1		1
Bank of New York			1	1
GEMSA Loan Services			1	1
<b>Total</b>	<b>33</b>	<b>24</b>	<b>16</b>	<b>73</b>

Notes:

- This table does not include the Navy's UPH projects.
- GMAC and Newman are jointly financing Camp Pendleton I.
- Merrill Lynch/Barclays Capital are jointly financing the Navy/MC Hawaii Project.
- Bank of America and Bear Stearns are jointly financing San Diego.
- Bank of America, Bear Sterns and Goldman Sachs are jointly financing Camp Pendleton II.
- Bank of America, Goldman Sachs, and JP Morgan are jointly financing the Army's Hawaii project.
- Bank of America and Goldman Sachs are jointly financing Mid-Atlantic Region and AMCC.
- Merrill Lynch and Goldman Sachs are jointly financing Fort Benning.
- Lehman Brothers and Colorado Housing and Finance Authority are jointly financing the Air Force Academy.
- Merrill Lynch, Pierce, Fenner & Smith Incorporated are jointly financing AMC-East.
- Dyess AFB was the only project totally financed by the government and is not included on this chart.

Updates:

- Fort Campbell: Original lender was GMAC and is now Capmark.
- Elmendorf I: Original lender was Alaska Housing Finance and is now Merrill Lynch.
- Navy Northeast: Original lender was Raymond James and is now Goldman Sachs.
- Navy Midwest: Original lender was Lehman Brothers and is now Barclays Capital.
- Navy/MC Hawaii: Original lender was Merrill Lynch/Lehman Brothers and is now Merrill Lynch/Barclays Capital.
- The original lenders for Patrick AFB and Little Rock AFB were Morgan Keegan, for Moody AFB it was Raymond James and for Hanscom AFB it was Rockport Mortgage Company. These projects are now Falcon Group; a new lender has not yet been named.
- Everett II: Original lender was Bank of America and is now GEMSA Loan Services.
- Navy Northwest: Original lender was Raymond James and is now Bank of New York.

# Appendix 10: Contract Support

Installation	Scope	Notify Congress of Solicitation	Notify Congress of Selection	Notify Congress of Deal Closing	Consultant Costs (\$M)
<b>ARMY FAMILY HOUSING PRIVATIZATION</b>					
Ft. Carson, CO	3,060	Sep-96	Sep-99	Sep-99	\$3.41
Ft. Hood, TX	5,912	Dec-98	Jan-00	Oct-01	\$3.12
Ft. Lewis, WA	3,987	Nov-99	Jul-00	Apr-02	\$2.61
Ft. Meade, MD	2,627	Mar-00	Aug-00	May-02	\$2.61
Ft. Bragg/PopeAFB, NC	6,205	Jul-01	Mar-02	Aug-03	\$1.53
Ft. Stewart/Hunter, GA	3,702	Jul-01	Oct-02	Nov-03	\$1.54
Ft. Campbell, KY	4,457	Jul-01	May-02	Dec-03	\$1.55
Presidio & NPS Monterey, CA	1,565	Sep-01	Apr-02	Oct-03	\$1.28
Ft. Belvoir, VA	2,106	Nov-01	Jul-02	Dec-03	\$1.45
Ft. Irwin/Moffett Fld/Camp Parks, CA- (Phase I & II)	2,806	Sep-01	Jul-02	Mar-04	\$1.48
Ft. Hamilton, NY	228	Nov-01	Apr-03	Jun-04	\$1.26
Walter Reed Med Ctr, DC/Ft Detrick, MD (Northeast Integrated-Phase I)	597	Nov-01	Feb-03	Jul-04	\$1.54
Ft. Polk, LA	3,661	Jul-01	Feb-03	Sep-04	\$1.52
Ft. Shafter/Schofield Barracks, HI	7,894	Aug-02	Jun-03	Oct-04	\$1.56
Ft. Eustis/Story, VA	1,124	Nov-01	Nov-02	Dec-04	\$1.51
Ft. Sam Houston, TX	925	Jan-03	Dec-03	Mar-05	\$1.55
Ft. Leonard Wood, MO	1,806	Jan-03	Sep-03	Mar-05	\$1.52
Ft. Drum, NY	3,115	Apr-03	Dec-03	May-05	\$1.53
Ft. Bliss, TX/White Sands Missile Range, NM	3,408	Jan-03	Mar-04	Jul-05	\$1.74
Ft. Benning, GA	4,200	Jan-04	Oct-04	Jan-06	\$1.53
Ft. Leavenworth, KS	1,583	Mar-04	Jan-05	Mar-06	\$1.51
Ft. Rucker, AL	1,476	Jan-04	Feb-05	Apr-06	\$1.53
Ft. Gordon, GA	887	Jan-04	Jun-05	May-06	\$1.53
Picatiny Arsenal, NJ/Carlisle Brks, PA (Northeast Integrated-Phase II)	348	Nov-01	Feb-03	May-06	\$1.83
Ft. Riley, KS	3,514	Jul-04	Apr-05	Jul-06	\$1.52
Redstone Arsenal, AL	230	Jul-04	Sep-05	Oct-06	\$1.50
Ft. Knox, KY	2,527	Mar-04	Dec-05	Dec-06	\$1.55
Ft. Lee, VA	1,493	Sep-05	Sep-06	Aug-07	\$1.51
Ft. Drum, NY (Phase II)	554	NA	May-08	Jun-08	\$0.49
U.S. Military Academy, NY	824	Sep-05	Mar-07	Aug-08	\$1.17
Ft. Jackson, SC	850	Sep-05	Jul-07	Aug-08	\$1.18
Ft. Sill, OK****	1,650	Oct-05	Oct-07	Nov-08	\$1.43
Ft Lewis/McChord AFB	608	Nov-99	Jul-00	Dec-08	\$0.28
Ft Wainwright/Ft Greely, AK (incl Phase II)****	1,639	Jan-07	Nov-07	Apr-09	\$2.55
Ft Huachuca/Yuma proving Ground, AZ	1,169	Jan-08	Feb-08	Apr-09	\$2.50
<b>Total Project Awards</b>	<b>82,737</b>				
<b>Office of the Secretary of Defense (OSD) Approved Projects</b>					
Aberdeen Proving Ground, MD****	372	Jan-07	May-08	Dec-09	\$1.55
<b>Projects Subject to OSD Approval</b>					
Ft. Bliss, TX/White Sands Missile Range, NM (Phase II)	51	TBD	TBD	FY10	\$0.00
Ft. Irwin/Moffett Fld/Camp Parks, CA (Phase III & IV)	184	TBD	TBD	FY10	\$0.00
Ft. Bliss, TX - Phase III (Deficit Construction)	657	TBD	TBD	FY10	\$0.00
Ft. Carson, CO - (Deficit Construction)	753	TBD	TBD	FY 10	\$0.00
Ft. Lewis, WA - Phase II (Grow the Army)	378	TBD	TBD	FY10	\$0.00
Ft. Bragg, NC - Phase II (Grow the Army)	256	TBD	TBD	FY10	\$0.00
Ft. Bragg, NC (Phase II) (BRAC)	11	TBD	TBD	FY10	\$0.00
Ft. Eustis/Story, VA - Phase II (BRAC)	8	TBD	TBD	FY10	\$0.00
Ft Wainwright, AK Phase III	176	TBD	TBD	FY 10	\$0.00
Ft. Stewart, GA (Grow the Army)	523	TBD	TBD	FY 10	\$0.00
Ft. Knox, KY Phase II (Grow the Army)	129	TBD	TBD	FY 10	\$0.00
Ft Polk, LA (Grow the Army)	144	TBD	TBD	FY 10	\$0.00
Ft. Richardson, AK	1,242	Jan-08	Dec-08	FY 10	\$0.00
Ft. Sill, OK (Grow the Army)	78	TBD	TBD	FY 10	\$0.00
Crilse, Barracks, PA (Phase II)	0	TBD	TBD	FY 11	\$0.00
Ft Eustis/Ft Story (Phase II)	0	TBD	TBD	FY 11	\$0.00
Other Consultant Program Costs and Portfolio Management (Army) (2):					\$44.61
<b>Total:</b>					<b>\$104.08</b>
<b>Army Notes:</b>					
****) Denotes Army has awarded the development of the Community Development Management Plan (CDMP) to a selected offeror (developer). The CDMP is the Master Plan/Scope for a housing privatization project. Submission of the CDMP to Congress is generally 9 months later, and final transfer of operations to a developer generally occurs 3 months after Congressional approval.					

# Appendix 10 (Cont.)

Installation	Scope	Notify Congress of Solicitation	Notify Congress of Selection	Notify Congress of Deal Closing	Consultant Costs (\$M)
<b>NAVY FAMILY HOUSING PRIVATIZATION</b>					
NAS Corpus Christi/NAS Kingsville, TX (Kingsville I)	404		May-96	Jul-96	\$0.19
NS Everett, WA (sold)	185		Oct-96	Mar-97	\$0.26
NS Everett II, WA	288	Oct-98	Oct-00	Dec-00	\$0.47
NAS Kingsville, TX (Kingsville II)	150	Oct-98	Sep-00	Nov-00	\$0.27
NC San Diego, CA (Phase 1)	3,248	Nov-98	Apr-01	Aug-01	\$0.75
NC South Texas, TX	260	Nov-98	Oct-01	Feb-02	\$1.36
NC New Orleans, LA	941	Dec-98	Jul-01	Oct-01	\$0.92
NC San Diego, CA (Phase 2)	3,217	Aug-02	Apr-03	May-03	\$0.33
Hawaii Regional, HI (Phase 1)	1,948	Jan-03	Mar-04	May-04	\$1.31
Northeast (NY, NJ, CT, RI, NH, ME)	3,121	Jun-03	Sep-04	Nov-04	\$2.42
Northwest (WA) (Phase 1)	2,985	Aug-03	Oct-04	Jan-05	\$2.55
Mid-Atlantic (VA, MD, WV) (note 1)	5,826	Feb-04	Jul-05	Aug-05	\$2.09
Midwest (IL, IN)	1,658	Jul-04	Sep-05	Jan-06	\$1.95
NC San Diego, CA (Phase 3)	4,268	Nov-04	Feb-06	May-06	\$1.02
Hawaii Regional, HI (Phase 3)	2,517	Sep-05	Jul-06	Sep-06	\$0.87
Southeast Regional (TN, SC, FL, MS, GA)	5,269	Dec-06	Aug-07	Sep-07	\$1.83
Midwest PH II (Mid-South)	318	Feb-07	Aug-07	Sep-07	\$0.44
San Diego Phase IV	3,532	Feb-07	Aug-07	Sep-07	\$0.50
<b>Total Family Housing Project Awards</b>	<b>40,135</b>				
San Diego, CA Barracks	1,199	Jun-04	Jul-06	Dec-06	\$1.18
Hampton Roads, VA Barracks	1,913	Aug-05	Feb-07	Dec-07	\$1.74
<b>Total UPH Project Awards</b>	<b>3,112</b>				<b>\$2.92</b>
<b>Office of the Secretary of Defense (OSD) Approved Projects</b>					
MidAtlantic PH II	378	Dec-07	Aug-08	Sep-08	\$0.33
<b>Projects Subject to OSD Approval</b>					
Jacksonville/Mayport Barracks (Pilot)	TBD	TBD	TBD	TBD	\$0.20
<b>Subtotal - Navy:</b>					<b>\$22.98</b>
Installation	Scope	Notify Congress of Solicitation	Notify Congress of Selection	Notify Congress of Deal Closing	Consultant Costs (\$M)
<b>MARINE CORPS FAMILY HOUSING PRIVATIZATION</b>					
MCB Camp Pendleton, CA (Phase 1)	712	Oct-98	Sep-00	Nov-00	\$0.33
MCAS Beaufort/MCRD Parris Island SC	1,718	May-01	Dec-02	Mar-03	\$1.29
MCB Camp Pendleton, CA (Ph 2)/MCB Quantico, VA (CP2Q)	4,534	Aug-02	Jul-03	Sep-03	\$1.33
MCAS Yuma, AZ/MCB Camp Pendleton, CA (Ph 3) (CPQH PH2)	897	Feb-04	Aug-04	Oct-04	\$0.32
MCB Camp Lejeune/MCAS Cherry Pt/Stewart (CLCPS)	3,402	Apr-04	Jul-05	Sep-05	\$1.70
MCAS Kansas City, MO/MCAGCC 29 Palms, CA (CPQH PH3)	1,488	Oct-04	Jul-05	Sep-05	\$0.43
MCB Camp Lejeune/MCAS Cherry Pt, NC (Phase 2)	954	Nov-05	Jul-06	Sep-06	\$0.37
Hawaii Regional 2 (MCB Hawaii, HI Phase 1)	1,175	Dec-05	Jul-06	Sep-06	\$0.59
MCB Camp Pendleton, CA (Ph 4) (CPQH PH 4)	3,162	Dec-05	Jul-06	Sep-06	\$0.46
Hawaii Regional 4 (MCB Hawaii, HI Phase 2)	917	Dec-06	Jun-07	Sep-07	\$0.56
MCB Camp Lejeune/MCAS Cherry Pt, NC (Phase 3)	1,985	Dec-06	Jun-07	Sep-07	\$0.53
MCB Camp Pendleton, CA (Phase 5) (CPQH PH5)	294	Dec-06	Jun-07	Sep-07	\$0.88
<b>Total Project Awards</b>	<b>21,238</b>				
<b>Office of the Secretary of Defense (OSD) Approved Projects***</b>					
MidAtlantic Regional Phase 3 (MCB Camp Lejeune Phase 4)	451	Jan-08	Aug-09	Oct-09	\$0.45
MCAGCC 29 Palms, CA (Ph 2) (CPQH PH6)	285	Jan-08	Aug-09	Oct-09	\$0.59
MCB Camp Pendleton, CA (Ph 6) (CPQH PH7)	367	Jan-08	Aug-09	Oct-09	\$0.01
<b>Projects Subject to OSD Approval</b>					
MidAtlantic Regional Phase 4 (MCB Camp Lejeune Phase 5)	394	TBD	TBD	Mar-10	\$0.000
MCAGCC 29 Palms, CA (Ph 3) (CPQH PH8)	600	TBD	TBD	Mar-10	\$0.01
MCB Camp Pendleton, CA (Ph 7)(CPQH PH9)	351	TBD	TBD	Mar-10	\$0.00
MCB Hawaii, HI (Phase 5)	520	TBD	TBD	Sep-10	\$0.06
MCB Camp Lejeune, NC (Phase 6)	231	TBD	TBD	Sep-10	\$0.00
MCB Camp Lejeune, NC (Phase 7)	220	TBD	TBD	Sep-11	\$0.00
MCB Camp Pendleton, CA (Ph 8)(CPQH PH10)	104	TBD	TBD	Sep-11	\$0.00
MCB Camp Lejeune, NC (Phase 8)	181	TBD	TBD	Sep-12	\$0.00
MCB Camp Pendleton, CA (Ph 9)/MCLB Albany (Ph 2) (CPQH PH11)	107	TBD	TBD	Sep-12	\$0.00
MCB Camp Lejeune, NC (Phase 9)	158	TBD	TBD	Sep-13	\$0.00
Guam	TBD	TBD	TBD	TBD	\$1.12
<b>Subtotal USMC</b>					<b>\$11.01</b>
<b>Other Consultant Program Costs (Navy &amp; USMC) (2)</b>					<b>\$18.59</b>
<b>Navy &amp; Marine Corps Total:</b>					<b>\$52.58</b>
<b>Navy/MC Notes:</b>					
***Sep 08 USMC projects - Projected notification to Congress of Deal moved from Sep 08 to estimated Jan 09.					
(1) Existing Inventory Only-Housing Market Analysis ongoing for these projects; (2) MCAS Beaufort/MCD Parris Island, SC includes 53 Navy units; (3) Other consultant costs include canceled projects: MCB Albany/Camp Lejeune, Stewart, Hampton Roads, Pennsylvania Regional and costs associated with 593 Navy family housing units at Naval Post Grad School Monterey included in the Army Presidio of Monterey. Also includes costs expended for BQ Bremerton.					

## Appendix 10 (Cont.)

Installation	Scope	Notify Congress of Solicitation	Notify Congress of Selection	Notify Congress of Deal Closing	Consultant Costs (\$M)
<b>AIR FORCE FAMILY HOUSING PRIVATIZATION</b>					
Lackland AFB, TX	420	Sep-96	May-98	Aug-98	3.13
Robins AFB, GA	670	Oct-98	Jun-00	Sep-00	3.77
Dyess AFB, TX	402	Jun-99	Aug-00	Sep-00	2.15
Elmendorf AFB, AK	828	Jan-00	Aug-00	Mar-01	3.13
Wright-Patterson AFB, OH	1,536	Feb-01	May-02	Aug-02	2.58
Kirtland AFB, NM	1,078	Aug-00	Dec-02	May-03	2.76
Buckley AFB, CO	351	Jun-03	Nov-03	Aug-04	1.71
Elmendorf AFB, AK (Phase II)	1,194	Nov-03	Jul-04	Oct-04	1.66
Hickam AFB, HI	1,356	Mar-02	Jul-03	Feb-05	2.22
Offutt AFB, NE	1,640	May-03	Jun-05	Sep-05	2.60
Dover AFB, DE	980	Jul-04	Jun-05	Oct-05	2.05
Hill AFB, UT	1,018	Oct-03	Mar-05	Oct-05	1.67
Scott AFB, IL	1,593	Nov-04	Jul-05	Jan-06	1.35
Nellis AFB, NV	1,178	Aug-03	Jun-05	May-06	1.58
McGuire AFB/Ft Dix, NJ	2,084	Aug-04	Mar-06	Sep-06	1.41
AETC Group I (G1)	2,607	Jan-05	Sep-06	Feb-07	3.74
AF Academy, CO	427	Mar-06	Oct-06	May-07	0.95
ACC Group II (G3)	1,838	Oct-05	Jun-06	Jul-07	1.89
Hickam AFB, HI II	1,118	Oct-05	May-07	Aug-07	0.22
AFSPC Tri Group (G5)	1,466	Aug-06	Feb-07	Sep-07	1.45
BLB Group (G4)	3,189	Jun-06	Jan-07	Sep-07	2.11
Robins AFB, GA (Phase II)	207	Jun-06	Jun-07	Sep-07	0.50
AETC Group II (G2)	2,199	Jul-06	Mar-07	Sep-07	3.64
AMC East (G7)	1,458	Apr-06	Feb-07	Nov-07	1.15
Vandenberg AFB, CA	867	Feb-07	Jun-07	Nov-07	1.27
AMC West (G6)	2,435	May-07	Sep-07	Jul-08	1.95
McChord AFB, WA	608	Jun-07	Dec-07	Nov-08	0.31
Falcon Group	2,619			Nov-08	0.00
Patrick AFB, FL	616	Mar-01	Feb-03	Nov-08	2.34
Moody AFB, GA	256	Nov-02	Dec-03	Nov-08	1.80
Little Rock AFB, AR	1,000	Apr-02	Sep-03	Nov-08	1.72
Hanscom AFB, MA	747	Jul-03	Jan-04	Nov-08	2.15
Lackland AFB, TX II	465	Jan-05	Jul-06	Dec-08	0.72
<b>Total Project Awards</b>	<b>37,831</b>				<b>\$61.68</b>

## Appendix 10 (Cont.)

Office of the Secretary of Defense (OSD) Approved Projects					
<b>Beale AFB, CA</b>	509	Jan-07	Jun-07	Sep-09	1.59
<b>Wright-Patterson, OH II</b>	101	Aug-04	Oct-07	Sep-09	0.60
<b>Continental Group</b>	3,974	Sep-09	Jun-10	Sep-10	0.97
<i>Eglin AFB, FL</i>	1,402				0.10
<i>Hurlburt AFB, FL</i>	521				0.00
<i>Edwards AFB, CA</i>	796				0.00
<i>McConnell AFB, KS</i>	357				0.00
<i>Seymour Johnson AFB, NC</i>	898				0.00
<b>Southern Group</b>	2,218	Sep-09	Jun-10	Sep-10	1.22
<i>Shaw AFB, SC</i>	630				0.89
<i>Arnold AFB, TN</i>	18				0.00
<i>Charleston AFB, SC</i>	382				0.00
<i>Keesler AFB, MS **</i>	1,188				0.33
<b>Western Group</b>	2,666	Sep-09	Jun-10	Sep-10	1.67
<i>FE Warren AFB, WY</i>	659				1.67
<i>Malmstrom AFB, MT</i>	1,116				0.00
<i>Whiteman AFB, MO</i>	891				0.00
<b>Northern Group</b>	4,548	Sep-09	Jun-10	Sep-10	0.79
<i>Minot AFB, ND</i>	1,606				0.00
<i>Mountain Home AFB, ID</i>	1,059				0.00
<i>Cavalier AFB, ND</i>	11				0.00
<i>Grand Forks AFB, ND</i>	547				0.00
<i>Ellsworth AFB, SD</i>	497				0.00
<i>Cannon AFB, NM</i>	828				0.79
<b>Eielson AFB, AK++</b>	716	Sep-09	Jun-10	Sep-10	\$0.0
<b>Dyess AFB, TX (Phase II)++</b>	552	Sep-09	Jun-10	Sep-10	\$0.0
<b>Total Current Projects</b>	<b>15,284</b>				<b>\$68.86</b>
<b>GRAND TOTAL</b>	<b>53,115</b>				<b>\$68.5</b>
				Other Consultant Program Costs:	\$2.27
				Other AFCEE Portfolio Management Costs	\$9.66
				<b>Total:</b>	<b>\$80.46</b>
<b>Air Force Notes:</b>					
(1) NOTE: This Report reflects cumulative consultant costs expensed and cumulative portfolio management costs expensed					
++ Eielson and Dyess II are scheduled for privatization, evaluating options for grouping concept					
** Keesler number includes 160 units at Sandhill					
<b>Quarterly Report Notes:</b>					
Bold lettering denotes an awarded MHPI project.					
Scope is defined as the amount of housing that will be achieved at the end state of an MHPI Project (this includes deficit build out).					
Please note: this Report reflects cumulative consultant costs (both OSD and the Military Services).					
Each Military Service housing privatization function is now reporting their quarterly portfolio management costs for their awarded projects in the Quarterly report line item _entitled... "Other Consultant Program Costs - Portfolio Management".					
The OSD Cumulative consultant program cost line reflects cost incurred since the start of the MHPI program (2/1/96) to the date of the report (6/30/2009) by OSD in support of housing privatization.					

## APPENDIX 11: Combined Projects

The military services often combine multiple installations into MHPI projects. This maximizes the benefits of the MHPI program and its authorities. Within the MHPI program there are three classifications of combined projects. The most common, a grouped project, is when projects involving multiple installations are conceived prior to solicitation and award and are executed as a single project entity. In other cases, installations are integrated into existing deal structures after award. In this instance, the projects already owned by eligible entities subsequently merge or integrate housing from a new set of installations into their existing ownership structure. The third classification is phased projects. While not closing on all its housing simultaneously, phased projects involve housing on the same or related bases that were intended to be included ultimately in a single project entity. Each of these MHPI combined entities allows the Services to optimize the utilization of capital resources. To date, thirty-five combined projects, including phased and integrated ones, have been awarded and executed. The first two tables below list the program's four integrated and 12 phased projects and the additional total cash equity investment placed into each integration or individual new phase of the project. The third table lists the grouped projects. Several grouped projects listed have since been integrated into larger entities.

<b>INTEGRATED PROJECTS</b>		
<b>Project name</b>	<b>Installations Integrated</b>	<b>Additional Cash Equity (\$M)</b>
Falcon Group	Patrick AFB, Hanscom AFB, Moody AFB, Little Rock AFB	0.00
Northeast Integrated	Walter Reed/Ft. Detrick, Picatinny Arsenal/Carlisle Barracks	39.40
AMCC	Camp Lejeune/Cherry Point, Tri-Command	0.00
Ft. Meade	Ft. Meade, Ft. Sill	31.00

## APPENDIX 11: (Cont.)

<b>PHASED PROJECTS*</b>		
<b>Project Name</b>	<b>Add-on Phases</b>	<b>Additional Cash Equity (\$M)</b>
Navy/MCB Hawaii	Phase II	65.12
	Phase III	0.00
	Phase IV	56.05
Camp Pendleton/Quantico	Phase II	18.60
	Phase III	45.94
	Phase IV	30.89
	Phase V	23.73
Camp Lejeune/Cherry Point	Phase II	37.90
	Phase III	78.95
Midwest Regional	Phase II	22.00
Lackland AFB	Phase II	0.00
Robins AFB	Phase II	0.00
Hickam AFB	Phase II	0.00
Elmendorf AFB	Phase II	0.00
Wright Patterson AFB	Phase II	0.00
Ft. Lewis/McChord AFB	Phase II	16.20
San Diego Naval Complex	Phase II	0.00
	Phase III	0.00
	Phase IV	0.00
Ft. Drum	Phase II	127.00

<b>GROUPED PROJECTS*</b>
Tri-Command
Fort Irwin/Moffett Field/Camp Parks
Fort Detrick/Walter Reed Army Med. Ctr.
Northeast Regional
Northwest Regional
Mid-Atlantic Regional
Midwest Regional
Carlisle Barracks/Picatinny Arsenal
AETC Group I
Davis-Monthan/Holloman Group
Tri-Group
BLB
Southeast Regional
Midwest/South Millington (Ph II)
AETC Group II
AMC East
AMC West
Fort Huachuca/Yuma
Fort Wainwright/Greely

\*For a breakdown of the installations included in the Grouped and Phased Projects listed above see Appendix 7.

## APPENDIX 12: MHPI Project Scope

Throughout this Executive Report and supporting documentation, the expressed size of the individual privatized projects is the scope that was approved by the Office of the Secretary of Defense (OSD) and the Office of Management and Budget (OMB). During the development of a major residential project, particularly a project that is built over an extended number of years, the actual scope may change a small amount. Reasons for these changes vary, and include local market and base operational transformations. Unless the ultimate project size change, and resulting investment, requires re-approval by OSD and OMB, the individual project scope in this report remains the currently approved number. Actual project scope is monitored by the Service portfolio managers through various other reports. The MHPI Report, exhibited herein as Appendix 10, is an example of a report showing any potentially adjusted scope numbers.

This appendix is provided to identify, on a project by project basis, any scope modifications that have occurred subsequent to the last OSD and OMB approval.

<b>MHPI PROJECT SCOPE</b>		
<b>PROJECT</b>	<b>APPROVED SCOPE</b>	<b>ACTUAL SCOPE</b>
Corpus Christi/Kingsville I, TX-Navy	404	404
NS Everett I, WA	185	185
Lackland AFB, TX	885	885
Fort Carson, CO	3,087	3,060
Dyess AFB, TX	402	402
Robins AFB I, GA	670	670
NAS Kingsville II, TX	150	150
MCB Camp Pendleton, CA	712	712
NS Everett II, WA	288	288
Elmendorf AFB I, AK	828	828
San Diego Naval Complex Overview, CA	14,265	14,265
New Orleans Naval Complex, LA (NOLA)	941	941
Fort Hood, TX	5,912	5,912
South Texas, TX (SOTX)-Navy	665	260
Fort Lewis, WA/McChord AFB, WA <sup>2</sup>	4,631	4,595
Fort Meade, MD	3,170	2,627
Wright-Patterson AFB, OH	1,536	1,536
Kirtland AFB, NM	1,078	1,078
Fort Bragg, NC <sup>1</sup>	6,517	6,517
PE/QU/YU (Camp Pendleton II)	10,375	10,338
Presidio of Monterey/NPS, CA	2,209	1,565
Fort Stewart/Hunter Army Airfield, GA <sup>1</sup>	4,036	4,036

## APPENDIX 12: (Cont.)

MHPI PROJECT SCOPE		
PROJECT	APPROVED SCOPE	ACTUAL SCOPE
Fort Belvoir, VA	2,070	2,106
Fort Campbell, KY <sup>1</sup>	4,455	4,457
Fort Irwin/Moffett Field/Camp Parks, CA	3,126	3,006
Hawaii Regional , HI-Navy/MC	6,557	6,557
Fort Hamilton, NY	228	228
Fort Detrick, MD/Walter Reed Army Med. Ctr, DC	590	597
Buckley AFB, CO	351	351
Elmendorf AFB II, AK	1,194	1,194
Fort Polk, LA	3,821	3,661
Fort Shafter/Schofield Barracks, HI	7,894	7,894
Northeast Regional, (NY, NJ, CT, RI, ME)-Navy	4,264	3,121
Fort Eustis/Fort Story, VA	1,124	1,124
Hickam AFB, HI	2,474	2,474
Northwest Regional, WA-Navy	2,985	2,985
Fort Sam Houston, TX	925	925
Fort Leonard Wood, MO	2,242	1,806
Fort Drum, NY <sup>1</sup>	3,861	3,861
Fort Bliss, TX/White Sands, NM	3,277	3,408
Mid-Atlantic Regional, (VA, WV, MD)-Navy	5,839	5,826
Offutt AFB, NE	1,640	1,640
Hill AFB, UT	1,018	1,018
Dover AFB, DE	980	980
Cherry Point/Camp Lejeune Overview (AMCC), NC	8,059	8,059
Midwest Regional, (IL, IN)-Navy	1,976	1,976
Scott AFB, IL	1,593	1,593
Fort Benning, GA	4,200	4,200
Fort Leavenworth, KS	1,583	1,583
Fort Rucker, AL	1,476	1,476
Fort Gordon, GA	887	887
Nellis AFB, NV	1,178	1,178
Carlisle Barracks, PA/Picatiny Arsenal, NJ	348	348
Fort Riley, KS	3,514	3,514
McGuire AFB/Fort Dix, NJ-Air Force	2,084	2,084
Redstone Arsenal, AL	230	230
Fort Knox, KY	2,527	2,527
AETC Group I, (OK, AZ, TX, FL)	2,875	2,607
AF Academy, CO	427	427
Davis-Monthan AFB, AZ/Holloman AFB, NM	1,838	1,838
Fort Lee, VA	1,590	1,493

## APPENDIX 12: (Cont.)

<b>MHPI PROJECT SCOPE</b>		
<b>PROJECT</b>	<b>APPROVED SCOPE</b>	<b>ACTUAL SCOPE</b>
Tri-Group (Peterson AFB, CO/Schriever AFB, CO/Los Angeles)	1,564	1,466
BLB (Barksdale AFB, LA/Langley AFB, VA/Bolling AFB, DC)	3,189	3,189
Southeast Regional (SC, MS, FL, GA, TX) - Navy	5,269	5,269
Robins AFB II, GA	207	207
AETC Group II (MS, TX, AL, OK)	2,257	2,200
Vandenberg AFB, CA	867	867
AMC East (Andrews AFB, MD/MacDill AFB, FL)	1,458	1,458
AMC West (Tinker AFB; Travis AFB; Fairchild AFB)	2,435	2,435
West Point, NY	824	824
Fort Jackson, SC	850	850
Fort Sill, OK	1,650	1,650
Falcon Group (Patrick AFB, FL; Moody AFB, GA; Little Rock)	2,619	2,619
Fort Huachuca/Yuma, AK	1,169	1,169
Fort Wainwright/Greely, AK	1,815	1,639
<b>TOTAL</b>	<b>186,419</b>	<b>182,335</b>

### Notes

1. Because the project scope in this table includes UPH units, the unit count in this table does not match the unit count in Appendix 10: Contract Support.
2. This table presents Fort Lewis/McChord AFB together on one line while Appendix 10 presents these two installations on separate lines. The total unit counts in both tables are the same.

## APPENDIX 13: MHPI Authorities

In enacting the MHPI, Congress provided a number of different legal authorities that could be used according to the needs and circumstances of each privatization project. The table below lists which of these legal authorities were used in the initial structuring of each of the executed projects.

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
<i>Section 2873: Direct Loan</i>	24	Air Force	22	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS; TX; OK
AF Academy, CO				
Davis-Monthan/Holloman Group - AZ, NM				
Tri-Group - CO; CA				
BLB - LA; VA; DC				
AMC West - WA; OK; CA				
Falcon Group - GA; AR; MA; FL				
		Army	0	None
		Navy	1	Kingsville II NAS, TX
		Marines	1	MCB Camp Pendleton, CA
<i>Section 2873: Loan Guarantees</i>	7	Air Force	5	Lackland AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
		Army	2	Fort Carson, CO
				Fort Polk, LA
Navy	0	None		
Marines	0	None		

## APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
<i>Section 2874: Build to Lease</i>	0	Air Force	0	None
		Army	0	None
		Navy	0	None
		Marines	0	None
<i>Section 2876: Rental and Occupancy Guarantee</i>	0	Air Force	0	None
		Army	0	None
		Navy	0	None
		Marines	0	None
<i>Section 2877: Differential Lease Payments (DLP)</i>	4	Air Force	1	Elmendorf AFB II, AK
		Army	0	None
		Navy	3	Everett I, WA
				Everett II, WA
				Kingsville I, TX
Marines	0	None		
<i>Section 2878: Conveyance of Land</i>	13	Air Force	3	Robins AFB I, GA
				AETC Group II - MS; TX; AL; OK
				AMC West - WA; OK; CA
		Army	1	Carlisle Barracks/Picatinny Arsenal - PA; NJ
		Navy	7	Kingsville II NAS, TX
				NC New Orleans, LA
				NC Northeast Region – NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
Marines	2	MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ		
		Camp Lejeune/Cherry Point Overview - NC; NY		
<i>Section 2879: Interim Leases</i>	1	Air Force	1	Scott AFB, IL
		Army	0	None
		Navy	0	None
		Marines	0	None
<i>Section 2882: Assignment of Members</i>	0	Air Force	0	None
		Army	0	None
		Navy	0	None
		Marines	0	None

## APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
<i>Section 2875: Investments (Joint Venture)</i>	50	Air Force	3	Tri-Group, CO; CA
				Robins AFB II, GA
				AETC Group II - MS; TX; AL; OK
		Army	32	Fort Hood, TX
				Fort Meade, MD*
				Fort Lewis/McChord, WA*
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed/Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatunny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
		Navy	13	Kingsville I, TX
				Everett I, WA
				Kingsville II NAS, TX
				Everett II, WA
				NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
Navy/MC Hawaii Overview				
NC Northeast Region - NY; NJ; CT; RI; ME				
NC Northwest Region, WA				
Mid-Atlantic Region - VA; WV; MD				
Midwest Region - IL; IN				
Southeast Region - SC; MS; FL; GA; TX				
Marines	2	MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ		
		Camp Lejeune/Cherry Point Overview - NC; NY		

## APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation		
Section 2878: Conveyance of Units	69	Air Force	24	Lackland AFB, TX		
				Robins AFB, GA Phase I		
				Elmendorf AFB, AK		
				Wright-Patterson AFB, OH		
				Kirtland AFB, NM		
				Elmendorf AFB II, AK		
				Hanscom AFB, MA		
				Hickam AFB, HI		
				Offutt AFB, NE		
				Hill AFB, UT		
				Dover AFB, DE		
				Scott AFB, IL		
				Nellis AFB, NV		
				McGuire AFB / Fort Dix, NJ		
				AETC Group I - MS; TX; OK		
				AF Academy, CO		
				Davis-Monthan/Holloman Group - AZ; NM		
				Tri-Group - CO; CA		
				BLB - LA; VA; DC		
				Robins AFB, GA Phase II		
				AETC Group II - MS; TX; AL; OK		
				Vandenberg AFB, CA		
				AMC East - MD; FL		
				AMC West - WA; OK; CA		
		Army	32			Fort Carson, CO
						Fort Hood, TX
						Fort Meade, MD
						Fort Lewis/McChord, WA
						Fort Bragg, NC
						Presidio of Monterey/NPS, CA
						Fort Stewart/Hunter AAF, GA
						Fort Campbell, KY
						Fort Belvoir, VA
						Fort Irwin/Moffett Field/Camp Parks, CA
Fort Hamilton, NY						
Walter Reed / Fort Detrick - MD; DC						
Fort Polk, LA						
Hawaii						
Fort Eustis / Fort Story, VA						
Fort Sam Houston, TX						
Fort Leonard Wood, MO						
Fort Drum, NY						
Fort Bliss / White Sands, TX						
Fort Benning, GA						
Fort Leavenworth, KS						
Fort Rucker, AL						
Fort Gordon, GA						
Fort Riley, KS						
Carlisle Barracks/Picatiny Arsenal - PA; NJ						
Redstone Arsenal, AL						

## APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation			
Section 2878: Conveyance of Units, Cont.		Army, Cont.		Fort Knox, KY			
				West Point, NY			
				Fort Jackson, SC			
				Fort Sill, OK			
				Fort Huachuca/Yuma, AZ			
				Fort Wainwright/Greely, AK			
		Navy	10		Kingsville II NAS, TX		
					NC San Diego Overview, CA		
					NC New Orleans, LA		
					NC South Texas, TX		
					Navy/MC Hawaii Overview		
					NC Northeast Region - NY; NJ; CT; RI; ME		
					NC Northwest Region, WA		
					Mid-Atlantic Region - VA; WV; MD		
					Midwest Region - IL; IN		
Marines	3		Southeast Region - SC; MS; FL; GA; TX				
			MCB Camp Pendleton, CA				
			MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ Camp Lejeune/Cherry Point Overview - NC; NY				
Section 2878: Lease of Land	70	Air Force	25	Lackland AFB, TX			
				Robins AFB, GA			
				Elmendorf AFB, AK			
				Wright-Patterson AFB, OH			
				Kirtland AFB, NM			
				Buckley AFB, CO			
				Elmendorf AFB II, AK			
				Hickam AFB, HI			
				Offutt AFB, NE			
				Hill AFB, UT			
				Dover AFB, DE			
				Scott AFB, IL			
				Nellis AFB, NV			
				McGuire AFB / Fort Dix, NJ			
				AETC Group I - MS, TX, OK			
				AF Academy, CO			
				Davis-Monthan/Holloman Group - AZ, NM			
				Tri-Group - CO; CA			
				BLB - LA; VA; DC			
				Robins AFB, GA Phase II			
				AETC Group II - MS; TX; AL; OK			
				Vandenberg AFB, CA			
				AMC East - MD; FL			
				AMC West - WA; OK; CA			
				Falcon Group - GA; AR; MA; FL			
				Army	33		Fort Carson, CO
							Fort Hood, TX
							Fort Meade, MD
							Fort Lewis/McChord, WA
							Fort Bragg, NC

## APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation		
Section 2878: Lease of Land, Cont.		Army, Cont.		Presidio of Monterey/NPS, CA		
				Fort Stewart/Hunter AAF, GA		
				Fort Campbell, KY		
				Fort Belvoir, VA		
				Fort Irwin/Moffett Field/Camp Parks, CA		
				Fort Hamilton, NY		
				Walter Reed / Fort Detrick - MD; DC		
				Fort Polk, LA		
				Hawaii		
				Fort Eustis / Fort Story, VA		
				Fort Sam Houston, TX		
				Fort Leonard Wood, MO		
				Fort Drum, NY		
				Fort Bliss / White Sands, TX		
				Fort Benning, GA		
				Fort Leavenworth, KS		
				Fort Rucker, AL		
				Fort Gordon, GA		
				Fort Riley, KS		
				Carlisle Barracks/Picatinny Arsenal - PA; NJ		
				Redstone Arsenal, AL		
				Fort Knox, KY		
				Fort Lee, VA		
				West Point, NY		
				Fort Jackson, SC		
				Fort Sill, OK		
				Fort Huachuca/Yuma, AZ		
		Fort Wainwright/Greely, AK				
		Navy			9	NC San Diego Overview, CA
						NC New Orleans, LA
						NC South Texas, TX
						Navy/MC Hawaii Overview
						NC Northeast Region - NY; NJ; CT; RI; ME
NC Northwest Region, WA						
Mid-Atlantic Region - VA; WV; MD						
Midwest Region - IL; IN						
Southeast Region - SC; MS; FL; GA; TX						
Marines			3	MCB Camp Pendleton, CA		
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ		
				Camp Lejeune/Cherry Point Overview - NC; NY		

## APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation		
Section 2880: Unit Size and Type	75	Air Force	26	Lackland AFB, TX		
				Dyess AFB, TX		
				Robins AFB, GA		
				Elmendorf AFB, AK		
				Wright-Patterson AFB, OH		
				Kirtland AFB, NM		
				Buckley AFB, CO		
				Elmendorf AFB II, AK		
				Hickam AFB, HI		
				Offutt AFB, NE		
				Hill AFB, UT		
				Dover AFB, DE		
				Scott AFB, IL		
				Nellis AFB, NV		
				McGuire AFB / Fort Dix, NJ		
				AETC Group I - MS, TX, OK		
				AF Academy, CO		
				Davis-Monthan/Holloman Group - AZ, NM		
				Tri-Group - CO; CA		
				BLB - LA; VA; DC		
				Robins AFB, GA Phase II		
				AETC Group II - MS; TX; AL; OK		
				Vandenberg AFB, CA		
				AMC East - MD; FL		
				AMC West - WA; OK; CA		
				Falcon Group - GA; AR; MA; FL		
		Army	33	Army	33	Fort Carson, CO
						Fort Meade, MD
						Fort Hood, TX
						Fort Lewis, WA
						Fort Bragg, NC
						Presidio of Monterey/NPS, CA
						Fort Stewart/Hunter AAF, GA
						Fort Campbell, KY
						Fort Belvoir, VA
						Fort Irwin/Moffett Field/Camp Parks, CA
						Fort Hamilton, NY
						Walter Reed / Fort Detrick, MD/DC
						Fort Polk, LA
						Hawaii
						Fort Eustis / Fort Story, VA
						Fort Sam Houston, TX
						Fort Leonard Wood, MO
						Fort Drum, NY
						Fort Bliss / White Sands, TX
						Fort Benning, GA
						Fort Leavenworth, KS
						Fort Rucker, AL
						Fort Gordon, GA

## APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation		
Section 2880: Unit Size and Type , Cont.		Army, Cont.		Fort Riley, KS		
				Carlisle Barracks/Picatinny Arsenal - PA; NJ		
				Redstone Arsenal, AL		
				Fort Knox, KY		
				Fort Lee, VA		
				West Point, NY		
				Fort Jackson, SC		
				Fort Sill, OK		
				Fort Huachuca/Yuma, AZ		
				Fort Wainwright/Greely, AK		
				Fort Riley, KS		
				Carlisle Barracks/Picatinny Arsenal - PA; NJ		
				Redstone Arsenal, AL		
				Fort Knox, KY		
				Fort Lee, VA		
				West Point, NY		
				Fort Jackson, SC		
				Fort Sill, OK		
				Fort Huachuca/Yuma, AZ		
		Fort Wainwright/Greely, AK				
		Navy			13	Kingsville I, TX
						Everett I, WA
						Kingsville II NAS, TX**
Everett II, WA						
NC San Diego Overview, CA						
NC New Orleans, LA						
NC South Texas, TX						
Navy/MC Hawaii Overview						
NC Northeast Region - NY; NJ; CT; RI; ME						
NC Northwest Region, WA						
Mid-Atlantic Region - VA; WV; MD						
Midwest Region - IL; IN						
Marines			3	MCB Camp Pendleton, CA		
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ		
				Camp Lejeune/Cherry Point Overview - NC; NY		
Section 2881: Ancillary Support Facilities	75	Air Force	26	Lackland AFB, TX		
				Dyess AFB, TX		
				Robins AFB, GA		
				Elmendorf AFB, AK		
				Wright Patterson AFB, OH		
				Kirtland AFB, NM		
				Buckley AFB, CO		
				Elmendorf AFB II, AK		
				Hickam AFB, HI		
				Offutt AFB, NE		
				Hill AFB, UT		
				Dover AFB, DE		
Scott AFB, IL						

## APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation	
Section 2881: Ancillary Support Facilities, Cont.		Air Force, Cont.		Nellis AFB, NV	
				McGuire AFB / Fort Dix, NJ	
				AETC Group I - MS; TX; OK	
				AF Academy, CO	
				Davis-Monthan/Holloman Group - AZ, NM	
				Tri-Group - CO; CA	
				BLB - LA; VA; DC	
				Robins AFB, GA Phase II	
				AETC Group II - MS; TX; AL; OK	
				Vandenberg AFB, CA	
				AMC East - MD; FL	
				AMC West - WA; OK; CA	
				Falcon Group - GA; AR; MA; FL	
			Army	33	Fort Carson, CO
					Fort Hood, TX
					Fort Lewis/McChord, WA
					Fort Meade, MD
					Fort Bragg, NC
					Presidio of Monterey/NPS, CA
					Fort Stewart/Hunter AAF, GA
					Fort Campbell, KY
					Fort Belvoir, VA
					Fort Irwin/Moffett Field/Camp Parks, CA
					Fort Hamilton, NY
					Walter Reed / Fort Detrick - MD; DC
					Fort Polk, LA
					Hawaii
					Fort Eustis / Fort Story, VA
					Fort Sam Houston, TX
					Fort Leonard Wood, MO
					Fort Drum, NY
					Fort Bliss / White Sands, TX
					Fort Benning, GA
				Fort Leavenworth, KS	
				Fort Rucker, AL	
				Fort Gordon, GA	
				Fort Riley, KS	
				Carlisle Barracks/Picatinny Arsenal - PA; NJ	
				Redstone Arsenal, AL	
				Fort Knox, KY	
				Fort Lee, VA	
				West Point, NY	
				Fort Jackson, SC	
				Fort Sill, OK	
				Fort Huachuca/Yuma, AZ	
				Fort Wainwright/Greely, AK	

## APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2881: Ancillary Support Facilities, Cont.		Navy	13	Everett I, WA
				Everett II, WA
				Kingsville I, TX
				Kingsville II NAS, TX
				NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
				Southeast Region - SC; MS; FL; GA; TX
		Marines	3	MCB Camp Pendleton, CA
		MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ		
		Camp Lejeune/Cherry Point Overview - NC; NY		
Section 2882: Payments by Allotment	58	Air Force	26	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I, MS, TX, OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB, GA Phase II
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
		Army	32	Fort Carson, CO
				Fort Hood, TX
				Fort Lewis, WA
				Fort Meade, MD
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA

## APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2882: Payments by Allotment, Cont.		Army, Cont.		Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatiny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
		Navy	0	None
		Marines	0	None
Key Notes: * = Cash is not the only form of investment.				
** = Unit size and type enables bases to build to private sector standards in their area.				