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CNIC INSTRUCTION 11103.11

From: Commander, Navy Installations Command

Subj: PRIVATIZATION OF NAVY UNACCOMPANIED PERSONNEL HOUSING

Ref: (a) Title 10, U.S. Code, Section 2881a
(b) National Defense Authorization Act for Fiscal Year 1996 (P.L. 104-106, Title X, Sec. 1001)
(c) ASN (I&E) memorandum, "Housing" of 25 Feb 2002
(d) OMB Letter, "Scoring Military Housing Privatization Initiative" of 25 Jun 1997
(e) Title 10, U.S. Code, Section 2872
(f) DoD Joint Federal Travel Regulations, Chapter 10, Part A U10010C, Partial Allowance for Housing

1. Purpose. To establish guidance for the development and oversight of Unaccompanied Housing Privatized (UHP) projects as established by reference (a).

2. Background. The Military Housing Privatization Initiative (MHPI), established by Congress in reference (b) and amended by reference (a), authorized the Navy to implement three pilot projects for privatized housing for unaccompanied personnel.

a. Assistant Secretary of the Navy, Installations and Environment (ASN(I&E)) established initial department policy for privatized unaccompanied housing in accordance with the provisions of the MHPI. The following guidance for the pilot projects is based upon reference (c):

(1) Unaccompanied military members (E1-E3 and E4 shipboard Sailors with less than four years of service and E1-E3 shore based Sailors), referred to privatized unaccompanied housing, are entitled to receive a higher rate of partial Basic Allowance for Housing (BAH).

(2) Preferably, military members will pay rent via direct allotments. Those electing not to pay by allotment will pay a security deposit.

(3) Rents will include utilities and renter's insurance.

(4) Secure, accessible storage will be provided for deployed members. Storage space will be allocated for at least one-third of allowed spaces measuring no less than 50 cubic feet per person. Storage may be either on or off site.

b. In addition to the rules set forth in reference (d), the Office of Management and Budget (OMB) proposed and Navy concurred with the following precepts for UHP projects:

(1) The Department of the Navy may not provide utilities, fire services, etc., to the privatization project for free. These services may be provided under the authority of 10 USC 2872a and pursuant to written reimbursement agreements.

(2) Housing must be built to meet local market standards, meaning it is marketable to civilian tenants if DoD personnel do not occupy the units.

(3) There will not be any recourse with the Government in the event that any military tenant fails to meet their rental agreement or damages the property.

(4) UHP projects will maintain a "civilian environment" (e.g., no spot inspections of non-public areas, no operational training on premises, no unannounced command inspections, etc.).

(5) The buildings to be constructed should be easily separated from the base and easily accessed by private citizens.

(6) UHP projects will not be built in rural locations.

(7) Limited Liability Corporation (LLC) or investment agreements cannot be combined with credit structures.

c. The MHPI program is implemented by the awarding of a contract to a private-sector business entity under which a new legal entity is created to own and operate the housing. The private-sector business entity serves as the Managing Member and its rights and duties are defined in the operating agreements. The Managing Member manages the project and is responsible for the day-to-day operations. The Department of the Navy functions as a Member of the LLC and has certain rights and duties that are defined in the operating agreements.

3. Guidance. UHP projects should be developed, executed and overseen in accordance with the principles expressed in references (a) through (f), to provide unaccompanied Sailors with quality, affordable housing.

4. Responsibilities. To facilitate this guidance, the following actions are required:

a. CNIC shall:

(1) Coordinate with Deputy Chief of Naval Operations (DCNO N1, Manpower and Personnel) for funding of higher rate of partial BAH to support UHP pilot projects and obtain approval from the Office of the Secretary of Defense for payment of project-specific higher rate of partial BAH.

(2) Participate in UHP project concept development, source selection, exclusive negotiations, and post-award oversight.

(3) Continue to provide UHP program guidance and policy, as required.

b. Region Commanders and Commanding Officers of installations shall:

(1) Participate in UHP project concept development, source selection, exclusive negotiations, and post-award oversight.

(2) Verify eligibility of Service members for privatized quarters prior to referral or placement on the wait list. Eligibility criteria for unaccompanied Sailors are as follows:

(a) A Special Request/Authorization Form (NAVPERS Form 1336/3) is approved by prospective tenant's Commanding Officer, accompanied by an Application for Housing (DD Form 1746), copy of current orders, and last Leave and Earnings Statement.

(b) Ability to reside in housing for a minimum of six months before their Projected Rotation Date (PRD) and/or Expiration of Active Obligated Service (EAOS).

(c) Not scheduled for an extended deployment (greater than 90 days) for the next six months (extended deployment terminates eligibility for housing).

(d) Willing to enroll in an allotment program for rental payments, or, if not, willing to pay a security deposit.

(e) Eligible to collect partial BAH (not collecting BAH differential or BAH at the "with dependents" rate).

(3) Ensure unaccompanied Sailors are counseled regarding their financial obligations and occupant responsibilities of residing in privatized housing. All E4 and below Sailors will receive and have documentation of individual financial counseling provided by a command sponsored counselor.

(4) Ensure a fair and equitable wait list system is managed.

(a) Service members are placed on the appropriate wait list once they have satisfied all eligibility requirements in paragraph 4.b.2 above.

(b) The Region or Installation Navy Housing Office will refer eligible Service members to the Property Manager upon receipt of vacancy notification. The Housing Office typically has a minimum of 30 days to provide a name from the referral list (see paragraph 4.b.(7)) before the Property Manager can solicit private sector civilians. Specific referral period may vary by project.

(c) Referrals will be based on gender requirements identified by the Property Manager. The gender of one occupant dictates the gender of all occupants of the apartment or unit.

(d) Extended deployments terminate eligibility for referral; therefore, Service members on the wait list who are on extended deployment or pending extended deployment will be deferred referral eligibility until such deployment has been completed. For members pending deployment, their name will not be removed from the list but remain in queue and be reactivated upon notification of return by the Service member.

(5) Process the start/stop of BAH with the Navy Pay and Personnel Support Center (NPPSC), Personnel Support Detachment (PSD) or Customer Service Desk (CSD), as appropriate for the installation, once notified by the property manager of lease activation/termination of Service members.

(6) Provide unclassified deployment information to the Property Manager, as applicable, for planning purposes. Deployment information becomes unclassified 30 days prior to the deployment.

(7) Refer eligible personnel, based on the priority listed below to the Property Manager in a timely manner. Active Duty (a) through (d) below are considered preferred referrals and will have priority over all others. This list establishes the relative priority amongst those eligible personnel on the list. It is not intended to create any separate entitlement to privatized housing nor does it create any independent right to base access. Where privatized housing is located within a secure perimeter, all tenants must have an independent means of base access. Signing a lease does not, in and of itself, create a right to base access.

(a) Navy E1-E3 and E4 with less than four years unaccompanied shipboard Sailors

(b) Navy E1-E3 unaccompanied shore-based Sailors

(c) DoD & Coast Guard active duty unaccompanied E4 and above

(d) DoD & Coast Guard active duty accompanied military personnel

(e) Retired military personnel

(f) DoD civilians

(g) Federal civilians

(h) Retired DoD/Federal civilians

(8) Work with the Property Manager when the wait list for the target population has been exhausted. The Property Manager may advertise via any available medium, in order to attract other eligible personnel (as per the list above) to apply for housing.

(9) Work with Property Managers to facilitate communications with Ship/Unit Commanding Officers regarding privatized housing opportunities.

5. Housing Operations

a. Culture Change Communication with the Command. Even though enabling legislation authorizes "assignment" of Service members to privatized assets, OMB scoring rules prohibit this practice. Accordingly, Service members will not be assigned but rather referred to the Property Manager of the privatized housing, where they will be responsible for entering into a lease arrangement with the LLC and for making their monthly lease payments to the Property Manager.

(1) For unaccompanied Service members, residence in the UHP, just as in other non-government owned housing facilities, is a privilege. The Service member's Commanding Officer may revoke this privilege and require the member to return shipboard or to government assigned quarters.

(2) Ensuring that Service members understand the financial obligation they are undertaking is a key responsibility of Housing and Command staffs. Default on lease payments can negatively impact a Sailor's credit ratings.

(3) The Managing Member will be responsible for routine building inspections and maintenance. The practice of Command inspections is not allowed in privatized units. Commands may not utilize privatized facilities without prior coordination with and permission of the Property Manager.

(4) The Property Manager is responsible for contacting the proper authorities regarding illegal activity (such as underage drinking or possession of contraband).

(5) The Property Manager is responsible for creating policy regarding resident complaints, conflict resolution processes, security, life and safety inspections, etc.

(6) Unit integrity will not be a basis for referral and rooms will not be designated for the maintenance of unit integrity. Therefore, rooms in privatized buildings will not be held vacant for extended periods for the purpose of maintaining unit integrity.

b. Rental Rate & Payments. Rent will be due on the first of the month for the previous month's rent (rent in arrears).

c. Processing BAH for UHP

(1) Updates to the Military Pay System do not occur instantly and are not always realized on the next Leave and

Earnings Statement (LES) received by the Service member. Arrangements may need to be made in order to accommodate for the actual start date and receipt of BAH.

(2) Inputs made in the system in the first week of the month should become effective on the 15th. The higher rate of partial BAH should be realized in the end of the month LES.

(3) Inputs made in the system after the first week, but prior to the last week of the month, should become effective the first of the following month. The higher rate of partial BAH should be realized in the mid-month LES.

d. Deployment Notification. The Property Manager can determine notification policies and process for the residents regarding extended absences and short-term deployments. Residents are required to submit notice to vacate due to deployment, PCS, or change in status/rank, in accordance with the terms of their lease.

e. Lease Termination. The following represents CNIC's policy regarding default and termination of leases for unaccompanied housing. It is the responsibility of the Region and Installation to ensure that these policies are reflected, to the maximum extent possible, in the leases offered to tenant's.

(1) Short-term deployments (less than 90 days) and school attendance for Training and Development (TAD) are not just causes for termination.

(2) The following administrative or judicial actions may terminate the lease:

(a) Post-trial confinement to the brig; or

(b) Discharge from Service

(3) Promotions above the rank or longevity of target population (e.g., actual promotion (not frocked) to E4 or shipboard E4 with less than four years).

(4) Deployments scheduled to exceed 90 days

(5) Loss of eligibility

(a) Separation or retirement from Service

(b) Permanent Change of Station (PCS) orders outside of the commuting area, generally a one-hour commute.

(c) Acquired dependents

(6) Recommendation of termination by Property Manager for violations of occupant/tenant agreement.

(7) Revocation of community housing privileges by member's Commanding Officer.

f. Copies of notifications for violations to the lease should be conveyed with courtesy copy to Command and Region/Installation Housing Office.

6. Action. Implement as directed.

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