



**DEPARTMENT OF THE NAVY**  
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CNICINST 11103.2A  
N9  
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CNIC INSTRUCTION 11103.2A

From: Commander, Navy Installations Command

Subj: NAVY FAMILY HOUSING PRIVATIZATION POLICY STANDARDIZATION

Ref: (a) OPNAVINST 5009.1  
(b) CNICINST 11103.4  
(c) 31 U.S.C. §3721

- Purpose. To provide policies and responsibilities, in accordance with references (a) and (b), associated with privatized family housing, also referred to as Public Private Venture (PPV) housing. It is the goal of Commander, Navy Installations Command (CNIC) to implement consistent policies across the PPV portfolio to ensure our families experience a seamless transition from one privatized project to another.
- Cancellation. CNICINST 11103.2 dated 16 September 2009.
- Background. Military Housing Privatization Initiative (MHPI) legislation was enacted in February 1996. Under these authorities, Department of Defense (DoD) was provided the ability to work with the private sector to revitalize military housing by employing a variety of financial tools. For the Navy, the basic concept is the formation of a Limited Liability Company (LLC) between the Navy and a private sector company. The LLC then owns, builds, revitalizes, repairs, and manages housing units and makes them available to military families on a preferential basis. The various local agreements were developed over time and negotiated on a case by case basis. Therefore, implementation of the policies discussed herein may require changes to existing PPV business agreements and may impact current residents. The intention is to "grandfather" where warranted, in order to limit negative impacts to residents.
- Policy. This instruction delineates policy which applies to all Navy privatized family housing except where noted. Privatized family housing projects shall conform to the policy set forth as follows:

a. Rent Payment. Military residents will receive their Basic Allowance for Housing (BAH) and then pay rent to the property manager (PM).

(1) Military residents (all DoD military personnel and Coast Guard personnel) shall pay rent in arrears. Rent payments are due after BAH is received. Rents will be collected monthly as prescribed in the lease agreement. Non-military residents' rental payment schedules are as prescribed in the lease agreement and are at the discretion of the LLC. (As of the effective date of this instruction, South Texas PPV Housing is exempt from this policy. Therefore, residents residing in homes within that project will continue with the current payment schedule until a new contract is negotiated.)

(2) All terms of payments will be identified in the lease agreement, including: effective date of the lease, date rent is due and calculation of pro rata amounts.

b. Rent Charges. "Rent" for the purposes of this instruction is inclusive of an amount for shelter rent, normal (average) utilities and renter's insurance. Typically, the amount received in the member's BAH shall be the maximum charged. The rent charges, however, may vary depending on circumstances of the occupant as discussed below.

(1) The following provide the rent charges for the categories of residents:

(a) Active Duty Accompanied by Dependent(s). BAH at the "with dependents" rate for the pay grade of the active duty tenant shall be the maximum charge for rent.

(b) Dual Military. Dual military families shall pay rent not to exceed the equivalent of BAH at the "with dependents" rate of the senior service member.

(c) Unaccompanied Military Members. Rent for unaccompanied military members living in privatized family housing shall be established at the fair market value for the home. Rent shall not be lower than the minimum rental rate charged to active duty family residents for that type and size of home.

(d) Civilians. Civilians and others declared eligible for privatized housing will pay fair market rent at the discretion of the PM.

(e) International Officers/Enlisted Personnel Program. This program includes personnel in the following three categories: (1) Foreign Liaison, (2) International Students, and (3) Personnel Exchange Program. The Housing compensation received by the participants of this program ranges from BAH equivalent to an amount substantially less. For privatized homes, the rent charged will be "BAH of pay grade equivalent." Occupants living in rental homes prior to September 2009 will be "grandfathered" at the rental rate currently paid.

(2) Specific events will cause a deviation from the above policies. The following applies:

(a) Implementation of the Resident Energy Conservation Program (RECP). RECP will be implemented in all individually metered Navy privatized housing. RECP transfers responsibility for utility costs from the PPV partnership to residents, and will include electricity and may include gas. The program is implemented by grouping homes with similar characteristics (i.e., square footage, bedroom size, style) into a like-type group. A normal usage band is determined for each like-type group. Residents whose usage is above the normal usage band will be required to pay additional for utilities, and those that consume less than the normal usage band will receive rebates. Those whose consumption is within the band will neither pay nor receive rebates. Since BAH is intended to cover rent and normal utilities, the resident will incur out of pocket costs when actual utility consumption exceeds the normal usage band. Those residents who obtain a waiver from RECP participation will not be subject to out of pocket costs or rebates. Residents who are eligible for a waiver are those residents who require a medical device or have a medical condition that requires excessive utilities. Military that are enrolled in the Wounded Warrior Program are automatically exempt from RECP.

(b) Changes in BAH. A change to the Service member's BAH rate will effect a change to the rental rate. Payments for increases will be due only after the new amount of BAH has been disbursed and received by the Service member. Decreased payments will be effective concurrent with the decrease of BAH entitlement. These include changes to BAH due

to rate increase or changes in rank due to promotions or demotions. When there is a change in BAH, the Service member shall notify the LLC's PM in accordance with the terms of the lease agreement.

(c) Duty Station BAH does not equal BAH at the housing location. If the member's duty station is outside of a one hour commute, then rent will be established based on the BAH rate at the housing location.

c. Renter's Insurance Provision (Resident's Personal Property). Privatization projects are structured to provide renter's insurance for residents as detailed below:

(1) Active Duty. A minimum of \$10,000 personal property coverage with a \$250 deductible paid by the Service member is provided.

(2) Non-Active Duty. Coverage provided for active duty may be extended to non-active duty, at the discretion of the LLC.

(3) Liability Insurance for Personal Property. Both the PM and the Navy Housing Service Center shall advise residents to obtain supplemental personal property coverage in addition to the coverage provided by the LLC, if appropriate, based on their home contents. If residents are eligible for renter's insurance, a copy of the LLC-provided personal property insurance documentation shall be provided to the resident by the PM as part of the lease package. Navy Housing counselors shall be familiar with the details of the benefits and resident responsibilities and shall be able to explain or provide a quick reference sheet on benefits. The PM shall provide guidance on the LLC's liability insurance limitations and discuss resident obligations in the event of resident negligence.

(4) Eligibility for Coverage under the Personnel Claims Act (PCA). PPV residents who live within the perimeter of the installation may be entitled to file claims for damage to their personal property, pursuant to reference (c). Under the PCA, residents may receive the depreciated value of their property, subject to maximum payments for various categories (e.g. \$3,000 for vehicle damage). Residents should visit the official Judge Advocate General (JAG) website at <http://www.jag.navy.mil> or call the Navy's Personnel Claims Unit at 1-888-897-8217 to obtain claim forms and filing information.

d. Security Deposit

(1) Active Duty Residents. Security deposits may not be imposed on active duty residents unless they elect to pay using a method other than allotment or when they cancel an allotment to pay rent directly.

(2) Non-Active Duty Residents. Security deposits may be imposed on non-active duty residents at the discretion of the LLC.

(3) Security Deposit Limits. When charged, security deposits may not exceed one month's rent.

(4) Return of Security Deposit. Procedures for the return of security deposits shall be clearly written in the lease agreement furnished to the resident and shall comply with the state and local landlord/tenant laws.

e. Pet Deposits

(1) Active Duty Residents. Pet deposits are not allowed.

(2) Non-Active Duty Residents. Pet deposits may be imposed at the discretion of the LLC for non-active duty residents. Pet deposits may not exceed \$500.

(3) Procedures for the return of pet deposits shall be clearly written in the lease agreement furnished to the resident and shall comply with the state and local landlord/tenant laws.

f. Pet Quantity and Type

(1) All residents. There is a two-pet limit and certain breeds may not be permitted. "Pets" shall be defined within the terms of the lease agreement.

(2) Type and Exclusions. Breed exclusion shall be consistent with local installation policies and state and local restrictions that may ban aggressive or potentially aggressive breeds. Any breed exclusions shall be a part of the lease agreement. Current occupants who were in residence prior to September 2009 will be grandfathered.

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g. Waivers. Exceptions or waivers to policy contained herein shall be forwarded with impact statements to CNIC for approval.

5. Responsibilities

a. Commander, Navy Installations Command (CNIC) Housing (N93) is responsible for ensuring the provision of consistent policies across the PPV portfolio.

b. Region Commanders (REGCOMs) are responsible for providing oversight and assistance to the installations.

c. Installation Commanding Officers (COs) are responsible for ensuring conformance to the policies and procedures contained in this instruction.

6. Action. Addressees will provide oversight of Family Housing Privatization operations to ensure consistency in policy applications.

  
W. D. FRENCH  
Vice Admiral, U.S. Navy

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