



DEPARTMENT OF THE NAVY
COMMANDER, NAVY INSTALLATIONS COMMAND
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CNICINST 11103.2
N9

SEP 16 2000

CNIC INSTRUCTION 11103.2

From: Commander, Navy Installations Command

Subj: NAVY FAMILY HOUSING PRIVATIZATION POLICY STANDARDIZATION

Ref: (a) 10 U.S.C. Section 2871
(b) OPNAVINST 5009.1
(c) CNICINST 11103.4
(d) 31 U.S.C Section 3721

1. Purpose. To provide policies and responsibilities 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 PPV location to another.

2. Background. Military Housing Privatization Initiative (MHPI) legislation was enacted in February 1996. Under these authorities, Department of Defense (DoD) can 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.

3. Scope. This instruction, consistent with references (a) through (d), delineates policy which applies to all residents of privatized family housing under the MHPI Program.

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4. Policy. Privatized housing projects shall conform to the policies set forth as follows:

a. Rent Payment Date. In privatized housing, residents pay rent to the property manager.

(1) Service members (all DoD military personnel and Coast Guard personnel) shall pay rent in arrears. Rent payments are due after Basic Allowance for Housing (BAH) is received. Rents will be collected monthly. Non-military residents shall pay rent in advance at the first of the month.¹

(2) The terms of the payments will be identified in the lease agreement. This includes the effective date of the lease, date rent is due and calculation of pro-rata amounts.

b. Rent Charges. Typically, the amount received in the member's BAH shall be the maximum charge for rent, normal utilities (not to include telephone, cable, or internet), and renter's insurance. The rent charges, however, may vary depending on circumstances of the occupant as discussed below:

(1) The following are the rent charges for the priority list categories:

(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. Rent for civilians shall not be lower than the minimum rental rate

¹ 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.

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charged to active duty family residents for that type and size of home and may exclude utilities and renter's insurance.

(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 the adoption of this policy will be "grandfathered" at the rental rate currently paid. Any new occupants under this program after adoption of this policy will be required to pay in accordance with this policy.

(2) Specific events will cause changes in the rental rates or cause a deviation from the above policies for PPV Housing. The following applies:

(a) Changes in BAH. A change to the service member's BAH rate may 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 Property Manager (PM) in accordance with the terms of the lease agreement.

(b) Residence size/bedroom mix larger or smaller than authorized. Residents may request larger or smaller homes if available. If the PM allows the service member to rent a residence larger or smaller than the type for which they are authorized, the property manager may set the rent for the larger home at fair market value while rent concessions may be made for smaller homes.

(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:

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(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. The Property Manager or the Navy Housing Office 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 renters insurance, a copy of the LLC-provided personal property insurance documentation shall be provided to the resident by the Property Manager as part of the lease package. Navy Housing counselors shall either explain or provide a quick reference sheet on benefits and resident responsibilities. The Property Manager 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 the Military and Civilian Employees' Personnel Claims Act (PCA), 31 U.S.C § 3721. 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). Service members should visit the official JAG website at http://www.jag.navy.mil/organization/code_15.htm 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 a member elects to pay using a method other than allotment or when a member cancels 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.

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(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. 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.

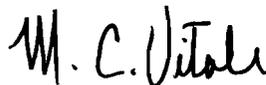
f. Pet Quantity and Type

(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 such as Pit Bulls, Rottweilers and Doberman Pinschers. Any breed exclusions shall be a part of the lease agreement. Current residents will be grandfathered.

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

6. Action. Addressees will conform to the policies and procedures contained in this instruction.



M. C. VITALE

Vice Admiral, U.S. Navy

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