

The Art of Military Housing

The Navy and private-sector partners are building solid business relations while creating the new military family communities of the 21st century.

Can an old dog learn new tricks? There is a new way of doing business today among the armed services that involves building and maintaining military housing communities for thousands of military families. Each of the armed services refer to "privatization" by different names, with the Department of the Navy (DoN) using the term Public/Private Venture (PPV) for its program. With PPV, in short, the DoN seeks to partner with private sector companies for the purpose of providing high-quality, affordable, safe housing for military families.

In large part through PPV, the DoN intends to eliminate a big backlog of inadequate housing by 2007.

Authorization for current PPV projects, called the Military Housing Privatization Initiative (MHPI), was provided by Congress as part of the National Defense Authorization Act of 1996. At the time, the Department of Defense estimated a military housing shortfall of approximately 180,000 units nationwide and a need for the renovation and upgrade of an additional 190,000 units.

Under MHPI, DoN is able to leverage limited resources and take advantage of private-sector operating efficiencies. Private-sector fund sources, coupled with conveyance of existing government assets and other government investment to the partner company, fund the construction, replacement or renovation,

as required, as well as the long term operations and maintenance of the family housing projects.

Meanwhile, military families are offered quality housing and utilities in fair exchange for payment of their Basic Allowance for Housing (BAH) as "rent." This mimics the standard situation in occupying government housing today, where the price to live in the unit is the forfeiture of the monthly BAH.

In the Naval Facilities Engineering Command (NAVFAC) at its Southwest Division office, officials are in the procurement stage of two PPV family housing projects for Southern California, one for the San Diego metropolitan area and one at the Marine Corps Base Camp Pendleton.

The initial phase of the San Diego project was awarded in August 2001. At the time, it was the largest PPV initiative between the military and private developers.

This partnership with Lincoln Property Company and Clark Realty Capital includes the privatization of 2,660 existing Navy-owned homes at 19 military housing areas. Additionally, 500 brand-new PPV homes are now being constructed at San Diego's former Naval Training Center, a housing area now called The Village at NTC.

Upfront construction activity includes the replacement of 812 existing units at San Diego's venerable Cabrillo Heights

housing area with 900 new townhomes.

The Village at NTC showcases the DoN's successful partnership with the private sector — and the greater efficiency and cost effectiveness the partnership approach yields. The program's Colonial Spanish architectural style townhomes average 1,450 square feet in area, and they're arranged in building clusters of two to six units, each with rear, detached garages.

There is a range of floor plans for the 500 units, ranging from 2 bedroom/1.5 bath units to 3 bedroom/2.5 bath models, well comparable in size, scope and build-quality to commensurate housing units "on the economy," except that they are significantly more affordable for the typical military resident.

The new neighborhoods will include 7.2 acres of landscaped open areas, a central park and mini-parks, recreation facilities with sports courts, a swimming pool and gym, "tot lots" and a site for a preschool operation.

Approximately \$260 million worth of construction is being performed, with the DoN's share under the provisions of PPV amounting to only \$21 million. As noted by Tony Megliola, Navy Team Leader for NAVFAC Southwest Division, "by utilizing the MHPI authorities, the Department of the Navy is able to provide many services and amenities that otherwise could not be provided due to budget constraints."

Marine Corps Base Camp Pendleton is a 125,000-acre base with approximately 6,700 housing units. The first phase of its PPV program, executed in November 2000, involved a partnership with Hunt Building Corporation that privatized 512 existing units in the De Luz family housing area. The project will provide 200 new townhomes, the razing and replacement of 312 residences and the renovation of 200 units.

The end product will be 712 new or renovated and upgraded housing units for Marines and their families. "The DeLuz PPV project has set the standard for quality of construction and quality of life amenities for future privatization that may be contemplated on the base," said Morgan Rogers, Marine Corps Team Leader for NAVFAC Southwest Division.

With the expansion of PPV projects throughout the U.S., NAVFAC announced the creation of a Center of Excellence for the Public Private Venture program. Its role is to assist NAVFACHQ and field commands in the documentation and dissemination of PPV best practices, lessons learned, process improvements, and to promote process and document consistency.

The evolution of Public/Private Venture is a cost-effective way to move the common military housing project into a modern era, but with improved build quality, enhanced services — and a big vote of approval from the military



families who will occupy them.

In making the most of its PPV authority, the DoN fulfills the needs of Navy and Marine Corps families in both the short and long term with rejuvenated homes and additional new homes. They revitalize their military as well as civilian neighborhoods, alleviating shortages and providing services and amenities that create world-class communities. The financial and business aspects are a win-win for not only for military families, but also for taxpayer and the local business.

PPV is taking root as the DoN's new way of conducting its military housing business in the 21st century. 🌐

The art of military housing is to transform a small Navy investment and lots of cooperation into a new, welcoming and attractive place for Navy & Marine Corps families to live.