

## The Benefits of Housing Privatization

### Why Privatize?

The shortage of quality affordable housing available to military service members and their families has reached a point where quality of life and, hence, recruitment, retention and readiness are at risk. More than 50 percent of Air Force owned and operated family housing does not meet modern standards and requires either major improvement or replacement. In response, the Department of Defense decided the most viable means of revitalizing housing for all services in a reasonable time is to transfer it to a private developer who can generate the capital necessary to make the required improvements while simultaneously preserving the benefits of military housing for military members. The developer gets an opportunity to generate revenue, and military families get much needed improved housing. This win-win situation is referred to as the Military Family Housing Privatization Initiative or MFHPI, and it's about to take place at Hickam. Keep in mind that the only affected areas are 1,356 homes located in the Capehart and Earhart housing areas

**Why Should I Live in Privatized Housing?** To better measure the benefits of housing privatization, it might help to ask yourself, "Why do I live on base now?" Reasons may vary but below are the most probable ones as to "why" as well as an explanation on how and why they will still be valid after privatization is initiated:

**Affordability:** Perhaps the biggest reason most people live on base is that it's much cheaper than living off base. Under privatization, you should incur no more expenses than you do now. You'll have to pay rent to the developer but the rental amount equates to the Basic Allowance for Housing (BAH) entitlement that you've been "forfeiting" by living on base. Because the rental amount will be based on your BAH, your rent is guaranteed to be covered. In the private sector, you'd be hard pressed to find anyone willing to base rent simply on how much you can pay.

Initially, electricity, water and sewage costs will be included in the rent. Later on (guestimate is around FY 2006), residents will pay electricity separately based on individual usage, once utility meters are installed at each home and a study is completed to determine the estimated average electricity cost per unit. At that time, a portion of your monthly BAH will be set aside as a utility allowance which equates to 110% of the average electricity cost for your type of unit. Occupants will get a refund or credit from their BAH if they conserve electricity. If they don't conserve, they may have to pay more for electricity. This system is designed to make it as affordable for military members as reasonably possible. You won't find anything like this outside the base. Most likely, rent alone will suck up your entire BAH leaving very little for utilities.



Privatized Housing at Elmendorf

**Proximity to Work and Other Base Facilities:** Living on base has tremendous advantages. Not only does it save time and gas getting to and from work every day but it also provides more incentive to take advantage of base facilities such as the BX, Commissary, Gym, Child Development Center, and other MWR activities. When you aren't close to these facilities, you tend to not use them as much and in doing so indirectly deprive yourself of some of the advantages of being a military member.

**Proximity to Schools:** Along the same lines as proximity to base facilities, living near your children's school is also a great convenience. Staying on base in privatized housing will not only allow this convenience to continue but will also ensure that your child does not have to change schools.

**Security:** A distinct advantage for families on any military installation is the added security. Access to the privatized housing areas will continue to be through the currently designated gates, and the areas will continue to be regularly patrolled by 15 Security Forces units.

**Military Community and Support:** There is a lot to be said for being part of a community that is sensitive to your needs. An unstable world climate, long deployments, and being away from other family members are a few lifestyle elements unique to military members. A military community offers a shoulder to lean on and helping hands to aid families during times of high stress. Knowing that your family will be among others facing the same challenges goes a long way in helping everyone cope with the emotional strain of military life. Because this is not as tangible as some of the other benefits, it is often the most overlooked.

### **What Else?**

In addition to the benefits of military housing that will continue as part of privatization, there are also several additional incentives that privatization will bring to military families. These include:

**Revitalized Housing Units:** Let's not forget that the sole reason for doing all of this is to provide military families with much needed and much deserved quality housing! In the quest to understand housing privatization and to overcome the anxiety associated with change, individuals tend to forget that at the end of the proverbial rainbow is a revitalized housing community that is affordable to all members. Until a developer is selected, concept drawings of any renovations or new construction to occur at Hickam AFB are unavailable, but these pictures of privatized units at other bases gives you an idea of what privatization can do. The developer for Hickam will renovate 986 units and build 16 new ones.



Privatized Housing at Lackland AFB

**Rent Increase Dependent on BAH Increases:** In the downtown community, rent normally increases every couple of years and the amount of the increase is based on whatever the market will bear. In privatized housing, your rent may increase once a year but only by the amount your BAH increases. Therefore, it will never be raised to the point where you can no longer afford it.

**Free Renter's Insurance:** Under privatization, the developer is required to offer tenants renter's insurance covering up to \$40,000 at no charge to the occupant. That's right, free renter's insurance!

**A Voice:** A Management Review Committee (MRC) will be established to resolve issues impacting the management of privatized housing. It will be co-chaired by the 15 ABW Commander and the Developer's representative, and consist of representatives from key base organizations, local community interests, and you, the tenants. The Air Force recognized that in order for occupants' needs to be fulfilled, it is absolutely essential to allow them to have a voice in the process. The MRC will provide this by giving the occupants the opportunity to raise concerns and have a say in how decisions are made. This is another feature you are unlikely to find in private sector housing.

**Military Married to Military:** A special benefit exists for military members married to military members. Currently, it may make economic sense to live downtown for two married military members because you each receive BAH based on your rank. If you find an affordable housing unit, there is a definite opportunity to make a little extra money. Under privatization, that same opportunity will exist if you live on base. Each member will receive BAH but the rent will be based only on the senior member's BAH (with dependent rate). This way, you realize all the benefits already discussed, plus the opportunity to pocket some additional cash.

**Why Not?** Most, if not all of the benefits describe above will not only be realized at Hickam but also at other installations undergoing housing privatization. In summary, although privatization does present some new ways of doing things, in the end it will drastically improve the quality of military housing and be by far and away the best choice available for serving military needs. Hopefully, after reading this, you'll begin to see that the benefits of military housing will be retained and the opportunity to live in a privatized community will be well worth the changes.



Privatized Housing at Robins AFB