DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON DC

30 JAN 1999

MEMORANDUM FOR ALMAJCOM/CE/FM

FROM: HQ USAF/ILEH
1260 Air Force Pentagon
Washington DC 20330-1260

SUBJECT: Use of Military Family Housing Funds for Military Housing Privatization Initiatives and Funds Requirements Request

The purpose of this memo is to clarify the use of Military Family Housing (MFH) funds for Military Housing Privatization Initiatives (MHPIs) and to request your FY99/00/01 requirement for these funds.

In March 1997, AF/ILEH provided a letter that addressed the use of MFH funds for MHPIs. We have learned a great deal from the Lackland MHPI that will help clarify the use of these scarce funds as we march forward. Basically, a MHPI will use four fund types within four project phases:

1. **Project Identification and Definition. P-721** is used for concept development costs from the beginning of a MHPI through OSD concept approval or an AF approved privatization DD Form 1391. Concept approval will be based on the concept briefing, Project DD Form 1391, a preliminary economic analysis, and a valid proforma indicating the project is financially feasible and meets leverage and other financial requirements.

2. **Project Acquisition. P-714** is used for project development and acquisition from OSD concept approval or approved DD Form 1391 through contract award/closing.

3. **Project Execution. P-711/713** is used for "scored" costs and Title II services. These costs must be identified in the DD Form 1391. Normally, these funds will be transferred to the Family Housing Improvement Fund (FHIF) for project execution. These costs do not have to be funded by diverting existing MFH construction projects. However, fund deficiencies for MHPIs must be submitted in the next POM cycle.

4. **Sustainment. P-721** is used to sustain existing MHPIs. These will be annual costs.

The MHPI Funding Process chart (Atch 1) illustrates this process and provides examples.

We request that you identify your funds requirement for approved MHPIs. The first priorities are MHPIs that have OSD concept approval; second, projects projected to receive concept approval; and last, projects under MAJCOM evaluation.

Please provide your funds requirements for the first and second priority MHPIs by base by 1 Mar 99 in the format listed in Atch 2.

This is a coordinated AF/ILEH/ILEI and SAF/FMBIC memo. Our POCs are Major Robin Davis, DSN 664-4247 and Mr Don Peskie, SAF/FMBIC, DSN 227-0151.

V/R

EMMITT G. SMITH, Colonel, USAF
Chief, Housing Division
DCS/Installations & Logistics

Attachment:
MHPI Funding Process
MHPI Funds Requirement Format

cc:
SAF/FMBIC
AF/ILEI

Military Housing Privatization Initiative Funding Process

Project Identification and Definition

Fund Source P-721

i.e.

- Site Visits
- Consultant support

Project Acquisition

Fund Source P-714

i.e.

- Industry Forum (optional)
- Preproposal Conference (optional)
- RFQ/RFP Devel & Solicitation
- Environmental Baseline Survey and Environmental Assessment
- Land Survey (Meets and Bounds)
- Property Appraisal
- Solicitation Evaluation

Execution

Fund Source P-711/P-713

i.e.

- Scored Costs (P-711/P-713)
- Title II Inspection Services

Sustainment

Fund Source P-721

i.e.

- Loan Servicing
- Loan Monitoring and Lockbox Account Monitoring
- QAE

BASE XYZ Housing Privatization Cost Estimate
As of xxXX xx

1. Project Identification and Definition -- housing privatization activities prior to OSD Concept Approval:

Housing Privatization Action	Funding Source	Estimated Cost*
Site Visit	P-721	$
Concept Development (including consultant support)	P-721	$
Subtotal:		$

2. Project Acquisition -- housing privatization activities following OSD concept approval and leading up to contract award/closing:

Housing Privatization Action	Source of Funding	Estimated Cost*
Industry Forum (optional)	P-714	$
Preproposal Conference (optional)	P-714	$
RFQ/RFP Development & Solicitation (including consultant support)	P-714	$
Environmental Baseline Survey and Environmental Assessment	P-714	$
Land Survey (Meets and Bounds)	P-714	$
Property Appraisal	P-714	$
Solicitation Evaluation	P-714	$
Subtotal:		$

3. Project Execution -- housing privatization project revitalization activities following contract award/closing:

Housing Privatization Action	Source of Funding	Estimated Cost*
Scored Costs	P-711/713	$
Title II Inspection Services**	P-711/713	$

* Estimated Costs are reasonable cost estimates for a "whole base" housing privatization project, and do not include any Housing Flight costs, such as referral services.
** Estimated at 2.5% of Proforma "Total Const. Costs"

4. **Project Sustainment** -- housing privatization activities following conveyance:

Housing Privatization Action	**Source of Funding**	**Estimated Cost*/year**
Loan Servicing	N/A	Expected to be a portion of the mortgage payment
Loan Monitoring and Lockbox Account Monitoring	P-721	
QAE	P-721	
Subtotal:		$ _____