

White Paper

Air Force Unaccompanied Housing: An Emerging Challenge

**A study for the Military Affairs Committee of the Abilene
Chamber of Commerce with support from the Development
Corporation of Abilene, Texas**

Prepared by:

**Fred Meurer, Meurer Municipal Consulting Services
Steve Bonner, SONRI, Inc.**

February, 2018

EXECUTIVE SUMMARY

Dyess Air Force Base (AFB) is experiencing a severe shortage of housing for single enlisted Airmen due to aging condition and maintenance issues with dormitory facilities built in the 1950s. Examples of the poor conditions include: mold and mildew issues, failing seals and gaskets on shower stalls and plumbing fixtures, and outdated air conditions units with limited replacement parts available in the local market. These conditions make over 200 rooms unfit for occupancy. Similar problems are reported at other Air Force bases, and the number of these instances has been growing.

The United States Air Force is facing an emerging challenge with aging dormitory buildings and does not have designated funding to completely replace or renovate these facilities. While the problem is not yet extensive throughout the Air Force, logic and anecdotal evidence suggest that finding a solution sooner rather than later would be prudent. At any rate, the cost of maintaining aging facilities grows exponentially over time.

There are a variety of potential options for addressing this emerging challenge. New military construction, total renovation, and renovation or replacement through new financing methods are all possible, but all present challenges of their own. Air Force leadership faces tough decisions, and needs Congressional support to produce an enterprise-wide solution.

Tapping private capital through public-private or even public-public-private partnership is the best way to address this challenge. The success of privatized military family housing (including two (2) successful housing areas supporting Dyess AFB) provides the example and suggests the mechanisms for the solution. The Army and Navy have successfully piloted privatized dormitory construction, with a development at Fort Meade, Maryland standing out as the model. The Air Force should also produce a pilot project, and Congress needs to provide relief from artificial funding impediments like sequestration and budget scoring.

Leaving junior Airmen in their first tour of duty in substandard housing is not an option. People willing to volunteer to face the hazards of modern warfare deserve better, and the Air Force must offer a good package of compensation, benefits, and quality of life to attract the quality recruits needed to handle today's technology revolution. This paper explores the various solution sets available to the Air Force, and recommends specific actions that a coalition led by the Commander of Dyess AFB should take to solve the immediate crisis en route to a permanent solution.

CONTENTS

INTRODUCTION.....4

THE SITUATION.....4

ROOT CAUSES.....5

SOLUTIONS.....6

MILCON.....8

PIECEMEAL RENOVATION.....9

PRIVATE RECAPITALIZATION OF EXISTING DORMS.....9

PRIVATE DEVELOPMENT OF NEW DORMS ON FEDERAL PROPERTY.....12

PRIVATE DEVELOPMENT OF NEW DORMS ON NON-FEDERAL PROPERTY.....13

MIXED-USE (RETAIL/RESIDENTIAL) DEVELOPMENT.....14

USE OF EXCESS MHPI.....14

DISCUSSION: LAW AND POLICY.....15

RECOMMENDATIONS.....17

APPENDIX: THE DYESS CASE.....19

REFERENCES.....25

INTRODUCTION

The United States Air Force is facing an emerging challenge with Unaccompanied Housing (UH or dorms). In the same way that an aging inventory of Capehart and Wherry family housing slowly deteriorated in the 1980s, Air Force dorms continue to age without needed maintenance and renovations, leaving some dormitory units in sub-standard living conditions. While not yet an enterprise-wide issue, the challenge has become a critical problem at a few bases. Many bases have UH inventory of a similar age, with similar maintenance challenges. Clearly, the Air Force needs to move sooner rather than later to address the challenge.

The 7th Bomb Wing Commander, Dyess AFB, Texas, has made dorms his highest priority for potential partnership projects with the Abilene, Texas, (Abilene) community. Dyess currently has 220 units in 5 buildings that are considered unsuitable for occupancy by Airmen due to their poor maintenance condition and failure to meet the current Air Force standards for UH as set in Air Force Manual 32-1084¹. Four buildings were renovated in recent years. Two buildings are currently under design for restoration, with waivers sought from certain Air Force standards. Two more are slated for design in Fiscal Year (FY) 2020, and the base's Dorm Master Plan projects that all 11 structures will be replaced or renovated by 2025.² Due to other higher priority operational mission requirements, it is unlikely that a complete recapitalization and restoration of the buildings in question will be funded in the near future without changes in policy, Federal budget scoring,³ and legislative authority.

Community leadership in Abilene have made this project their highest partnership investment priority. Dyess AFB leadership and the leadership of the Abilene community want to explore partnership opportunities that might address this unaccompanied housing shortfall in such a way as to maintain or enhance the operational readiness and economic effectiveness of Team Dyess (including the 7th Bomb Wing, 317th Airlift Wing, and other mission-critical tenant units). This white paper outlines the range of potential approaches to address the current problem from an Air Force enterprise-wide perspective, through the lens of the Dyess AFB situation. It sets out an initial list of potential courses of action, discusses the advantages and disadvantages of each, and identifies the information and data needed to fully assess each option. An appendix provides a list of actions Dyess AFB and the Abilene community might take together to address their specific situation.

THE SITUATION

Mold and mildew issues, failing seals and gaskets on shower stalls and plumbing fixtures, and outdated air conditioning units with limited replacement parts available in the local market are common conditions in Dyess AFB dorms. These are some of the symptoms that Civil Engineers at Dyess AFB face today, and that lead to a severe shortage of unaccompanied housing units for junior Airmen. This

¹ The modern standards for both new construction and renovation is a four-person apartment with private bathrooms and shared common space. Further information is available in the *Air Force Unaccompanied Housing Design Guide*.

² All Dyess dorm statistics: Lt Col Max Johnson, 7 MSG/CD, Personal Communication, 27 February 2018, teleconference

³ "Scoring" is an important Federal budget management process. See the section entitled "Discussion: Law & Policy" below for more information.

deterioration is the result of years of underfunded repair and maintenance investment and building infrastructure that has been renovated and modified multiple times over the six decades since originally built.

Built in the 1950s, the 11 dorm buildings on Dyess are strong structures with many more years of potentially useful life. The Air Force led the way in providing more individualized housing for Airmen, eliminating the great open bays with cots two feet apart common in the military of the past. These buildings reflect that approach, and have undergone a number of renovations through the years. These renovations included several different configurations of Heating, Ventilation, and Air Conditioning (HVAC) units; different bathroom configurations and fixtures, lighting, and provisions for telephone and internet service. All of this was done with a minimalist approach in terms of adapting new appliances and fixtures to fit and use existing plumbing and electrical systems rather than investing in major upgrades. That said, the structures themselves show no signs of problems, and would frankly be prohibitively expensive to duplicate today.

In the end the buildings function adequately but require more maintenance and manpower to operate than more modern facilities. They also do not meet modern standards for space allowances and amenities to support quality of life. Some of the dorms have been renovated and reconfigured to reflect more recent Air Force policy, providing Airmen with private baths, partial kitchen amenities, and more storage space. Unfortunately, this reconfiguration results in the elimination of access to windows for some Airmen and requires the elimination of several units for each building. These renovations have reduced the total number of UH units available even as other units are removed from service due to the problems mentioned above.

Thus, hundreds of young Airmen in ranks from E-1 to E-3 are living off base, scattered about the City of Abilene and Taylor County, Texas. These young Airmen, pushed onto the local economy well before the preferred 36-month time in service period, no longer have easy access to the excellent dining facility adjacent to the dorms and must drive longer distances to and from work daily. In addition, squadron first sergeants are challenged to keep accountability of their new Airmen living in numerous locations around the city and throughout the county. Dyess tries to advise Airmen on the availability of apartments near the base with some success, but the current rules for Basic Allowance for Housing provide the Airmen with the freedom to choose their location. This causes concern for contingency readiness, unit cohesion, and Airman development.

ROOT CAUSES

As happened with Military Family Housing in the 1980s, a number of disparate decisions made for various reasons come together to produce the current challenge: lack of sufficient military construction (MILCON) funding from Congress to support an asset management approach to the replacement of facilities that reach the end of their planned life; the elimination of a dedicated fund for the recapitalization of older dorms from Air Force budget programming; decisions to invest minor MILCON and Facilities Sustainment, Restoration, and Modernization (FSRM) funding in other facilities at the base level; insufficient programming of funding for all real property management at the Air Force level; and, in some cases, neglect. All of these decisions contributed to the current condition of dorms at Dyess AFB. While Dyess may be at the extreme end of the challenge, many more bases around the Air Force are headed in the same direction over the coming few years. The results for Dyess AFB include:

- Uninhabitable dorm rooms: approximately 220 dorm rooms are currently uninhabitable at Dyess AFB. Dyess has issued 220 statements of non-availability to allow Airmen who would normally be housed on base to seek housing off base. This situation causes some issues with Airman training and unit readiness. The Commander’s intent is to develop a partnership with the community and/or the private sector that would provide the capital necessary to construct/re-construct adequate housing for these Airmen on base if at all possible.
- Inadequate FSRM and MILCON funding: Mission requirements and limited funding has forced Air Force leadership to concentrate available MILCON funds on projects that are mission essential. FSRM funding has been inadequate Air Force-wide for over a decade. This reality has forced base commanders to examine non-traditional ways of providing the quality housing owed to the men and women that have volunteered to put their lives on the line in service to our nation.
- Mission impacts:
 - Morale – forcing Airmen to live in substandard housing contrary to Air Force policy raises questions about just how important policy and compliance is among the most junior members of the force, and could adversely impact retention. It could also be a very embarrassing public relations issue for the Air Force.
 - Trust – If Airmen cannot trust the nation to provide them with safe, healthy, and functioning housing, how can they trust us on anything else?
 - Unit cohesion – dormitories that support unit integrity are of value to unit readiness and training and enable efficient mobilization and emergency response;
 - Airman development – the acculturation and assimilation of Airmen begins in Basic Training, and continues through technical training and the first three years of service. This “bluing” of Airmen provides a common frame of reference and aids the chain of command in developing combat ready Airmen. Common living facilities support this effort, and are also thought to enhance Airman discipline.⁴

The Budget Control Act (BCA) forced the Department of Defense (DoD) to begin making very difficult choices about where to spend limited funds. MILCON and FSRM funding was sacrificed in favor of weapons development and procurement and force structure. Limited MILCON and FSRM funds were now required to support “mission critical” facilities instead of mission support facilities on bases. Thus bases began a cycle of repairing rather than restoring dorms, instituting a downward spiral of facility condition. This failure of traditional governmental processes does great injustice to Airmen who have volunteered to serve their country yet are not provided the quality of housing owed or expected.

SOLUTIONS

The solutions to this challenge may be placed into three categories: 1) 100% Federal funding, 2) a mixture of public and private funding dependent upon some Federal funding stream to finance the private investment, and 3) 100% private funding dependent upon some Federal funding stream for financing of investment. In the first category, MILCON and recapitalization funding would provide the funding and execution resources and processes. In the second, some Federal funding could be involved up front, or state or local government entities could provide initial investment (or in-kind investment in

⁴ The impact of this factor may be overstated in making arguments against innovative approaches to dorm recapitalization. See the section entitled “Discussion: Law & Policy” below for more information.

the form of land and/or infrastructure) that would be augmented by private financing. In the third, Federal, state, or locally-owned land could be used with private sources providing all other capital investment.

In each case, the decision makers involved would have to make a series of decisions involving the tradeoff of various equities. Air Force leadership may have to trade the control and acculturation advantages they currently enjoy for use of non-Federal financing. On a more positive note Air Force officials may be able to shed many of the costs and responsibilities for operations and management of facilities, and may still enjoy some degree of control. Air Force policies may need to be changed, and even new laws may need to be sought from Congress, but in return the Air Force may be able to improve the quality of life and productivity of Airmen by providing improved living conditions. It is in balancing these various interests, requirements, and desires, along with others, that the art of dealing with politics, personal opinions, and even emotions come into play in this discussion.

The Military Services faced a similar problem with Military Family Housing in the 1980s and 1990s. Aging housing stocks were repaired, but not actively maintained and restored. Nor did the housing stock keep pace with the combination of growing force structure and the fact that more service members were marrying and raising families than in the past. Beginning at Fort Ord, California and eventually spreading throughout the Department of Defense, the Military Housing Privatization Initiative (MHPI) has completely recapitalized or replaced the family housing on nearly every military base. Modern housing that keeps pace with the changing demographic and is properly maintained by the private companies who developed and managed the housing has been very successful.

The Army has used the MHPI model successfully at bases such as Fort Meade, Maryland and Fort Bragg North Carolina to develop unaccompanied housing as well. Private developers have built modern apartment-style dormitories that provide extensive amenities, including study and assembly rooms, modern appliances, swimming pools, and even fire pits. These facilities have proven popular with junior enlisted people and enjoy very high rates of occupancy, with a funding stream created by the issuance of Basic Allowance for Housing to the military members who reside there.

The Air Force is not alone in needing to address the housing needs of young adults. Universities and communities have also solved similar problems. The privatization of university dormitories has transformed student housing, and low income/affordable housing is evolving from blocks of tenements into modern, well maintained apartment buildings. The infusion of private capital has been critical to this success.

There are a number of ways for the Air Force to meet this challenge. Each possible course of action requires political will, leadership, and resource investment to provide the desired improvement in housing. The first step is fully understanding the extent of the current problem at all Air Force bases, and forecasting the growth of the problem as current housing stock ages. Current and future UH requirements and market demand data are essential for determining the feasibility of rehabilitating existing buildings, new MILCON construction, or any alternative project using private capital.

As with most infrastructure problems, the pacing of funding is a critical issue that must be addressed to achieve the desired outcomes. Often, the conditions necessary to attract funding will cause the decision maker to consider and possibly accept a project outcome that is less than the desired optimum since it will be necessary to balance Air Force priorities, investor priorities, and risk against the Commander's priorities and desires. This balancing of interests is often frustrating, but will define the major set of

compromises that must be accepted to move forward from the current condition, to one that provides quality housing that meets Air Force standards.

We will examine each possible course of action, from the most traditional to the most innovative, and discuss their various advantages and disadvantages:

MILCON

A large percentage of Air Force dorm buildings are years if not decades past their planned service life. Under Air Force Manual 32-1084, *Facilities Management*, a 20 year horizon is the standard for Air Force life cycle cost planning. This does not mean that all buildings are required to be demolished and replaced after 20 years, but it does mean that management preferences tend to lean more and more toward replacement as a building ages, making it easier to rationalize reduced FSRM investment. Why spend money on a building that will be replaced soon? Recognizing the nexus between quality of life and Airman performance, the Air Force has also evolved standards toward larger living quarters with more amenities than exist in most dorms built before 2003, and has tightened seismic and force protection design standards as well.

Traditionally, MILCON requires a minimum five year planning horizon. This allows time not just for planning, design, and engineering, but also for budget programming and Congressional appropriation of funds. A critical step in this chain is the prioritization of MILCON projects, and this presents a complication: MILCON projects are prioritized at the base and Major Command (MAJCOM) level strictly in light of how critical they are to mission needs. Commanders at all levels have to balance competing demands. If the choice is between infrastructure directly related to the mission and those which merely support the mission, those mission facilities must by definition always be more important. Aircraft maintenance or air traffic control facilities are more vital than housing, food service, or health, even though the latter have a clear mission relation. This reality would be less important if the Total Obligation Authority (TOA) of the Air Force and MILCON appropriations were larger, but this simply is not the case.

Despite the limiting factors of time, budget, and mission priorities, MILCON offers the Air Force a number of advantages. New design and construction can meet all standards for space, amenities, safety, and force protection, and can be held to traditionally high Air Force quality standards. Since facilities built using MILCON funding must be on Federal property, commanders, senior NCOs, and other leadership will have full control of those facilities and the people who live in them. Additionally, MILCON is a well-established process under long confirmed legal authority. The procedures required to build new facilities are well understood by the Civil Engineers and budget managers who execute such projects.

While MILCON is an attractive solution, it will be imperative that the concept of a dorm recapitalization fund be reinstated to ensure that we do not replicate the current experience of long-term decay because of a lack of sufficient operations and maintenance funding investment. A major disadvantage for new MILCON, beyond the long time horizons and uncertainty of budgets, is that it will not address the underlying root causes of the present challenge. New MILCON funding does not automatically equate to new operations and maintenance (O&M) or FSRM funding to maintain the new facilities. Given limited budgets commanders must opt for investment in mission resources and people before they invest in facilities. Life cycle management principles that are not supported by sound life cycle management actions will result in the recurrence of the same problems in the future.

Repeal or revision of the Budget Control Act to allow for increased MILCON appropriations would be the first step in addressing this issue enterprise wide. Even without an enterprise-wide commitment, higher prioritization by base and MAJCOM commanders would be necessary to apply MILCON on a case by case basis. Alternatively, a return to budget “earmarks” by Congress could allow for specific investment at specific locations. While the traditional military construction approach would be the most desirable way to go, the Air Force TOA is and will probably be inadequate without a massive increase in military construction spending or a return to Congressional earmarks necessary to move dormitory upgrades into the funded column.

PIECEMEAL RENOVATION

Thanks to high Air Force quality standards in design and construction of facilities many if not most of the building envelopes of Air Force dorms are quite sound, though they may not meet modern seismic, force protection, and energy conservation requirements. Nor do the rooms themselves meet modern Air Force UH standards. That said, renovation allows for the correction of the most grievous problems in a more timely fashion than complete recapitalization through MILCON investment.

Renovating one or two buildings at a time is generally less expensive than complete demolition and replacement. Programming of funding is easier, though the elimination of a specific program element for dorm recapitalization from the Future Year Defense Program (FYDP) means that dorms continue to compete with all other requirements for funding year over year. Like MILCON, renovation uses existing authorities and processes that are familiar to Air Force Civil Engineers and budgeteers. Renovation also means that commanders and senior NCOs enjoy the same degree of control they are used to under current circumstances.

Renovation requires certain tradeoffs to be effective. As stated above, Air Force standards for building construction and safety have evolved, particularly since the attacks of September 11, 2001. The Air Force must either spend the extra money in renovation required to meet requirements like their new seismic standard, or make conscious decisions to waive such requirements. Similarly, the expanded space and amenity requirements intended to improve the quality of life for Airmen either must be waived to allow renovation with changing of room layouts, or accept that a building designed to house 70 – 80 Airmen in 1956 will only house 50 – 60 Airmen in the future. This loss of total rooms translates into the need for new MILCON at some future point to replace the lost inventory, assuming that mission requirements remain the same.

As with MILCON, a piecemeal renovation approach does not address the underlying causes of the problem. Without a rethinking of programming and investment by both Air Force leadership and Congress, the same conditions are likely to emerge at some point in the future. Depending upon how far into the mechanical working of buildings the renovation extends, unacceptable conditions could return very quickly. And without consistent operations and maintenance and FSRM funding, the hands of the Base Civil Engineer will be effectively tied and unable to prevent this reoccurrence.

The restoration of a dorm recapitalization fund to the FYDP would be a major step toward making piecemeal renovation a sustainable solution, at least for the next decade or so. Beyond that horizon, it is important to recognize that building envelopes, no matter how well designed and constructed, will eventually fail even with ongoing maintenance. And that maintenance (or subsequent renovations) will be progressively more expensive and difficult as the envelope ages.

PRIVATE RECAPITALIZATION OF EXISTING DORMS

Since the building envelopes themselves remain sound, there is a strong preference among leadership for renovating the existing dorms at Dyess AFB, and the same may apply at many other Air Force locations. The rationale includes avoiding the cost of new construction, but the renovations currently planned are still expensive, with costs in the range of \$5 million per building and design/construction timelines of at least two years. This is in addition to the time required to advocate for and receive budget authority and appropriations.

Using private capital would mean that the buildings and real estate would need to be leased at or below fair market value to a private entity (or a consortium of state/local government entity with a private entity,) who would then shoulder the burden of acquiring financing for the renovations. Once complete, that same entity would manage the dorms receiving payments either in the form of individual lease payments from residents using their BAH, or in a lease-back arrangement with the Air Force. The leasing entity would carry all responsibility for the long term maintenance and management of the dorms.

There are three different avenues to consider under this option. The use of the Enhanced Use Lease vehicle under Title 10 U.S. Code § 2667 - *Leases: non-excess property of military departments and Defense Agencies*, would allow for existing buildings and property to be leased to a private entity for renovation, operation, and management. Similarly, the MHPI, as authorized by Congress in the 1996 National Defense Authorization Act and amended several times since then, would allow for a lease of property and facilities to a private entity. A more recent law, Title 10 U.S. Code § 2679 – *Intergovernmental Support Agreements*, may allow for a partnership between the Air Force, a state or local government entity, and a private developer. Each of these carries potential advantages and pitfalls.

The obvious primary advantage of any of these options is the elimination of the need for Federal funding through Congressional appropriation. Additional advantages would be the opportunity to keep Airmen on base for unit integrity and readiness, relieving the Base Civil Engineer of the costs and headaches involved in operating and maintaining dorms, and providing Airmen with improved quality of life. In addition, if using either the EUL or MHPI the Air Force has well established procedures and staff with extensive experience in these types of transactions, particularly within the Air Force Installation Management Support Center (AFIMSC). That said, it should be noted that both EUL and MHPI have very long time horizons from project concept to ground breaking that rival MILCON in length.

Unfortunately there are major Federal policy obstacles to this approach, most significantly the requirement under Office of Management and Budget (OMB) and Congressional Budget Office (CBO) rules to “score” these types of projects against current Fiscal Year budgets. In essence, these rules require that a Federal agency offset the entire life-cycle costs of these projects in the year they are constructed against their current budgets, as opposed to amortizing these costs of 20 or more years as would occur in the private sector. There are strong policy arguments for and against waiving these rules, which will be discussed later in this paper.

Another challenge in using these or any other approach using private funding is creating a cash flow to repay loans and finance interest. Under MHPI families are provided monthly BAH, even though the projects are built on Federal property. This is used to pay rent and utilities to the MHPI provider, *if the family chooses to live in the MHPI neighborhood*. Under a EUL arrangement Airmen could be provided

with Letters of Unavailability which would make them eligible to draw BAH. The downside is that under current BAH policy, provision of BAH provides single Airmen with the same choice as families, allowing them to choose to live in either on or off base housing. It is also important to recognize that use of the BAH option would be significantly more expensive than lease-back in many rural and smaller markets like Abilene.

MHPI had an exemption from scoring rules until 2014 that enabled project development, but cash flow became an issue for some MHPI developers when families “voted with their feet” and chose to live elsewhere. This left the developers with empty units. A “waterfall” of eligibility was created that gives Federal employees, Reservists, military retirees, Air Force contractors, and even the general public access to this housing. But even this expanded market doesn’t guarantee the developer occupancy, and can create security and access challenges for MHPI neighborhoods that are on base. These same considerations would be even more severe with dorms, since MHPI neighborhoods are generally built on the periphery of bases, while dorms (including those at Dyess AFB) are generally integrated into the main cantonment area of the base.

From the viewpoint of the private investor, these options carry a significant degree of risk that is largely dependent upon decisions the Air Force makes about the structure of the deal. Current Air Force policy requires that the value of any ground lease be recouped at the current fair market appraised rate. Reducing that cost to less than fair market value could improve the long-term financials for the private entity. If the Air Force agrees to a lease-back arrangement the private entity would have a guaranteed cash flow for the life of the lease-back, again improving financial performance. This is similar to a nuance of the MHPI, which allowed for the Air Force to guarantee financing of new construction and operations in weak markets through 20 year leases. This long term obligation of the Department is not currently feasible for UH construction because of policy and scoring rules.

If the Air Force chooses to use the BAH option, no guarantee for occupancy or cash flow is possible under current law (Title 37 U.S. Code § 403 - *Basic allowance for housing*). The Army overcame this pitfall with new construction on Fort Meade, Maryland that produced apartment-style dorms with extensive amenities to attract occupants. But it is important to note that this was new construction, not renovation of old buildings, and that the housing markets of Abilene and the National Capital Region are immensely different. From an investor’s viewpoint, this is likely the least attractive scenario.

One way to overcome the BAH pitfall is to change BAH rules for junior Airmen. This would require both legislative and policy action. Some have advocated for a “partial BAH” approach that would provide Airmen with a part of the allowance, but require that those funds be spent for housing on base. Given recent Congressional concerns about the costs of BAH DoD-wide, it is unclear that any legislative relief on this issue is practical.

A new way to approach the possibility of reusing the existing dorms is presented through the Air Force Community Partnership (AFCP) program and including the state and local government entities in the deal structure. As mentioned above, Title 10 U.S. Code § 2679 – *Intergovernmental Support Agreements*, enables partnerships between the Air Force and state and local government to help the military address issues, create efficiencies, and realize cost savings. In short, instead of a public-private Partnership under the EUL or MHPI rubric, a public-public-private partnership would be used, with a state or local government entity acting as the intermediary between the Air Force and the private developer, and providing capital investment or loan guarantees, or both, to help manage risk.

In the case of Dyess AFB, the State of Texas has a fund called the Defense Economic Adjustment Assistance Grant (DEAAG) and a bond-based loan fund which could be tapped for capital. The City of Abilene, Taylor County, Development Corporation of Abilene, and other local government entities could also provide capital or in-kind development support. Whether the addition of public investment would be enough to overcome the risk aversion of private capital is an open question, but one that merits exploration. While not all states have economic development funds like DEAAG, the marriage of public and private investment in major infrastructure projects, stadiums, convention centers, affordable housing, and other publicly owned real property is common throughout the nation.

Unfortunately the same concerns about cash flow that inhibit both the EUL and MHPI approaches apply in this case as well. Enabling upfront investment is only one part of a successful dorm project. Creating a funding stream that provides for ongoing maintenance, operations, and even future recapitalization is equally important to a successful deal.

The feasibility of renovating the existing dorms using some combination of public and private investment depends primarily on the ability to change public policy and investment. As noted above, changes to BAH rules, OMB and CBO scoring, and budget appropriations would all be necessary, and this may require extensive new legislation. It may be more feasible to “carve out” limited authorities and exceptions as pilot programs to prove the feasibility of this approach rather than to create permanent exceptions and waivers or to change law. Dyess AFB is an ideal candidate for such a pilot.

PRIVATE DEVELOPMENT OF NEW DORMS ON FEDERAL PROPERTY

The Army has produced one project that stands out as a potential model for future dorm development in the Department of Defense at Fort Meade, Maryland. There the Army made property available to a developer at no cost, and with no guarantees for occupancy. Military members are given BAH and lease apartments with roommates. These apartments are built to local apartment standards with high enough quality and amenities to attract military customers receiving BAH who have the choice of living anywhere. Amenities include full, modern stainless steel kitchens in every unit, a fitness center, study hall, a large common room with full kitchen to allow for unit meetings and events, a swimming pool and outdoor entertainment areas, and even a fire pit. Due to the presence of the National Security Agency at Fort Meade, a very large percentage of residents are Air Force enlisted, and occupancy remains at near 100%.⁵

⁵ **A note on Construction Standards:** *Military construction standards normally are very specific in form and function. They are also very specific with regard to materials, force protection, etc. These standards would be applied as much as possible to any rehabilitation of existing structures. These requirements are generally much more expensive than traditional civilian construction standards.*

Civilian builders will normally use construction materials and techniques that are less costly and more responsive to current market design standards. A privately financed project, whether on or off Federal property as in the options below, will explore market demands and interests to shape the project's form and functions. This is necessary to be sure that if military user demand is not sufficient to maintain financial viability for the project, it will be able to attract a non-military market share. Privately financed projects will also need to provide amenity sets that are attractive to both military members and the general populace.

Because there were no guarantees by the Army, the project did not have to be scored. The project was attractive to private capital investment because of the extreme shortage and high cost of housing in the Fort Meade area. The vehicle for this deal was an existing MHPI agreement and lease, which were modified for the purpose.

While the unique market circumstances in that region of Maryland were critical to the Fort Meade success, the same model may be applicable at many locations. Whether using EUL or MHPI as the fundamental authority, if the apartment complex is located on a base perimeter, or even outside the fence line, the same waterfall could apply to provide a broad market base. Dyess AFB in particular has several parcels along its perimeter with immediate access to local roads. For security purposes gates could be installed activated with Common Access Cards (CAC) and grounds and parking could be designed to comply with Anti-terrorism/Force Protection (ATFP) requirements. The addition of local or state government investment and incentives could also enhance the deal, whether as adjunct to the EUL/MHPI vehicle or through the AFCP authority.

Advantages of this approach include the development of new housing, with modern efficient mechanical plants that require less maintenance, eliminating the factors that make so many dorm rooms at Dyess AFB uninhabitable. In addition, providing housing on base would alleviate many of the readiness and unit cohesion concerns mentioned above, and provide for more efficient oversight of young Airmen. The intangible effects of raising the quality of life of Airmen would be hard to measure, but market surveys in the private sector suggest that people are happier and more productive in modern, well equipped, and well maintained homes.

The same inhibitors apply to this concept as to renovation of the existing dorms with private financing. Scoring remains the primary issue. Cash flow and guarantees are equally problematic, and would require legislative and policy relief for either the use of BAH or a lease-back arrangement. Investment risk would remain high. In addition, if new housing were developed the Air Force would still have old dorm buildings standing on the base requiring either demolition or repurposing. Conceivably conversion to office or storage space would be possible and could eliminate many plumbing issues, but that would assume that the Air Force has a requirement for such space in the immediate or foreseeable future.

Interestingly, the very first two privatized military housing projects were developed decades ago by the Army at Fort Ord, California with no guarantees to the developer other than access to customers and the right to use a waterfall that contained non-service connected individuals if Soldier tenants were not sufficient to fill the 525 unit apartment projects. Like Fort Meade, this project was designed to local market driven standards rather than traditional military unaccompanied housing standards. The project design was so attractive, it was used as a combination UH, family housing and at times transient lodging facility. These projects built in the mid-1980's remain in service today as very desirable and affordable apartment housing in the civilian market.

Like renovation of the existing dorms, the feasibility of developing new housing stock using some combination of public and private investment depends primarily on the ability to change public policy and investment. Again, it may be most feasible to "carve out" limited authorities and exceptions in a pilot program. While a detailed market study is necessary given the current housing market in the Abilene area, Dyess AFB may be a suitable candidate for such a pilot.

PRIVATE DEVELOPMENT OF NEW DORMS ON NON-FEDERAL PROPERTY

Private development of new, apartment-style dorms using private and/or state or local government funding on private or public (non-Federal) lands adjacent to an Air Force base offers a number of potential advantages. The most immediate is that Federal scoring rules would not apply, unless the Air Force chose to participate in a leasing role to ensure that all eligible Airmen lived in the development. In addition, local government could bring a much wider array of potential financial incentives to bear, including offering tax abatements, creating special taxing districts, and using other Federal grant programs (such as the Community Development Block Grant program) to help fund projects. The Air Force would also be completely relieved of maintenance, management, and recapitalization of the plant and equipment.

As with the other options mentioned above, no occupancy guarantees could be offered. Indeed, many states have laws in place that require landlords to release military members from long-term leases in cases where the member is deployed or receives short notice orders for permanent change of station. However the development would conceivably be open to the general public, unless as stated above the Air Force chose to lease a block of apartments or the entire development.

This type of development may be easier to finance, since financial institutions are familiar with this type of risk. However market conditions would play a significant role in risk analysis, and considerable state and local investment would likely be required in weaker markets. As with the on base new stock option, it is conceivable that the developer could design with Air Force requirements in mind, provide for AT/FP preparation and response, and even provide price incentives to attract Airmen receiving BAH.

MIXED-USE (RETAIL/RESIDENTIAL) DEVELOPMENT

Mixed-use development is very common in today's marketplace, particularly in urban areas or areas enjoying rapid growth. This is because the combination of commercial lease space with residential development offers developers and their financial backers the opportunity of multiple cash flows that spread risk over at least two market sectors. This type of development is more efficient from an urban planning perspective. The same advantages and disadvantages of developing an apartment-only concept hold for this approach, and the same public policy obstacles exist.

In the particular case of Dyess AFB the feasibility of this approach is unknown. The primary growth of Abilene is not located near Dyess AFB, although infill development is slowly building towards the Dyess AFB vicinity. A more detailed market study would be required to assess this option.

USE OF EXCESS MHPI

As mentioned above, some MHPI projects have trouble maintaining occupancy rates, even with the waterfall fully utilized. While MHPI is meant primarily for families, homes could be easily adapted to house multiple Airmen. At Dyess AFB this is already underway on a voluntary basis in their Quail Hollow development, which is a combination of small apartments and townhomes.

This approach has appeal for several reasons. The Air Force has a strong interest in supporting the financial viability of MHPI developments, since failure would threaten the housing for thousands of Airmen and their families. Filling vacancies with single Airmen arguably makes better sense than making the homes available to defense contractors, retirees, or the general public in a waterfall. These

communities have already been developed with security and AT/FP in mind, and providing Airmen with housing would address some of the unit cohesion and Airmen development issues discussed above.

However, there are a number of potential pitfalls in this approach that must be kept in mind. The most important of which is what happens if missions and base populations change, and an influx of military families cannot be served because single Airmen are occupying the housing? Clearly, careful management is called for. Additionally, the same concerns about the use of BAH apply in this case, with scoring becoming a potential issue if homes are leased on long terms by the Air Force. And of course, the question of recapitalizing, reusing, or demolishing the old dorm buildings remains.

In some locations this may be an ideal solution to problems. It may also be an excellent stopgap measure at some locations. Dyess AFB is already utilizing this concept on a voluntary basis for Airmen with BAH. The Air Force should consider this opportunity. We discuss some specifics of how providing BAH versus leasing blocks of homes could be assessed at Dyess AFB in the Appendix of this paper.

DISCUSSION: LAW AND POLICY

There are a number of legal and policy considerations that sometimes appear to be contrary to doing the right thing for the Airmen who defend our nation. Addressing these issues will require political will, clear communications, and persistence. A discussion of each is in order:

Scoring

OMB Circular A-11 is the “bible” for how Federal agencies prepare and manage budget requirements that are included in the President’s Budget and that go to Congress annually for action by the Authorizations and Appropriations committees in the House and Senate. Section 21 of Circular A-11 describes scoring as “...the process of estimating the change in Government spending and collections resulting from enacted or proposed legislation, compared to what would happen in the absence of that legislation.” These estimates are prepared both to inform policy makers of the budgetary effects of proposed legislation, and to inform congressional and statutory budget enforcement procedures. Appendix B of Circular A-11, BUDGETARY TREATMENT OF LEASE-PURCHASES AND LEASES OF CAPITAL ASSETS, provides specific guidance most pertinent to the options for developing new unaccompanied housing as described in this paper.

Scoring is based upon several laws, beginning with the Balanced Budget and Emergency Deficit Control Act of 1985 and most recently the Budget Control Act of 2011. The basic idea is to impose controls on both the overall size and rate of growth of the Federal budget. This makes good economic sense, as the Federal government can literally print money. Uncontrolled spending has resulted in severe impacts on the overall national economy in the past, including driving high rates of inflation and devaluing the dollar. So scoring in of itself is not a bad thing, but it carries unintended consequences in a number of instances.

Scoring is the single most important issue preventing private sector capital or non-Federal public capital from being used to supplement the traditional Congressional Appropriations process to solve the current dormitory housing challenge. In the 1990’s, when military family housing became an embarrassment to the military and started impacting retention, some of the scoring rules were relaxed

so as to tap into the billions of dollars that ultimately were invested in MHPI. This relaxation was eliminated in 2014.

Scoring is currently a major discussion topic across the Department of Defense. The authors have been part of a number of public and private meetings on the subject with senior Defense leaders, Congressional staff and private sector military housing developers in recent months. A consistent theme throughout these meetings has been what needs to be done to relax the scoring framework so as to use private dollars to recapitalize the aging Defense infrastructure. The American Bar Association also recently published a white paper on the topic entitled *The Crisis in the Federal Government's Infrastructure: Additional Approaches to the Current Federal Budgetary Scoring Regime*. Some relief of scoring will be necessary to address the reality that there is no expectation that appropriated funds will be sufficient to meet the current and future needs of the military. This will ultimately force the use of private funding to allow appropriated funding to be focused on projects essential to the mission, but not reasonable targets for private investment.

Air Force Policy

Funding Prioritization

Recent discussions with senior staff at Headquarters Air Force, the Air Force Secretariat, and Air Force Civil Engineer Center (AFCEC) indicate a lack of interest/support in using non-traditional acquisition approaches to solve the UH situation in the Air Force for two reasons 1) current data does not show an Air Force enterprise-wide UH problem and 2) the MAJCOMS do not make dorms higher priorities for traditional military construction funding consideration.⁶ Air Force TOA is inadequate to meet the direct mission and readiness requirements of MAJCOMS, let alone support infrastructure, making it impossible for them to prioritize the dorms high enough to attract funding. The simple fact is that the age of the buildings coupled with the lack of adequate FSRM funding over the years is finally catching up with the Air Force as buildings are starting to fail across the enterprise.

In the past the Air Force specifically programmed for recapitalization of unaccompanied housing, but that line was cut from the FYDP some years ago. Restoration of that "dorm fund" could help the Air Force slowly recover from the current maintenance shortfall, but new appropriations and allocations to that fund would likely be small. This means that a number of years would be required to achieve the desired result. Private funding would help fill this gap much faster, particularly if implemented using the established MHPI process supported by scoring relief.

"Bluing"

Some senior NCOs, including a past Chief Master Sergeant of the Air force, have used "bluing" as a factor in resisting change in the UH acquisition approach. Bluing is the process of acculturation, training, and maturation that young Airmen go through to ensure they understand how they fit into the Air Force culture and mission. The explanation of the need for bluing is often used as the reason that non-traditional acquisition of unaccompanied housing is found to be unacceptable. Anecdotal discussions by the authors with a number of Noncommissioned Officers at Dyess AFB and elsewhere suggest that bluing is much more common in the workplace than in dorms. That said, there is really no reason that a non-traditional project could not be structured to meet the service indoctrination needs of the enlisted

⁶ Confidential, Personal Communications, December 2017 – February 2018, multiple locations.

chain of command. A question could be logically asked that if it is acceptable for the junior airmen to live off base through statements of non-availability, why not also allow for the non- traditionally funded UH on base?

Evolution of Air Force Culture

Current senior leadership of the Air Force volunteered as the Cold War reached its climax. Very often, the generational differences between junior and senior Airmen are not fully appreciated by these decision makers. The services and infrastructure available on today's Air Force base pale in comparison to the quality and variety available at comparable costs outside the gate. The revolution in communications technology has utterly changed the way young people interact and perceive their roles in society today. The young Airman of today can be indoctrinated into the Air Force culture in ways other than through the ownership of their living quarters. The attractiveness of an Air Force career can be impacted substantially by the Airman's feelings about quality of life while in the Air Force. Senior Air Force leadership perceptions about housing needs of the individual Airman are often at odds with what the Airman truly values.

The Air Force should look to modern colleges and universities to examine how they have adapted to this cultural shift. By using alternative funding models rather than traditional governmental-style budgeting for dormitory capitalization and operations, they are allowing market forces to provide the amenities and services that are most attractive to their students. A search of satisfaction surveys with current student housing conducted by the authors revealed a strikingly high level of satisfaction over multiple years at many universities and colleges.⁷

RECOMMENDATIONS

The Air Force intends to have results from a workgroup in the summer of 2018 that is tasked with examining the enterprise-wide approach to unaccompanied housing, including the use of various privatized options.⁸ It is hoped that this paper will contribute in some way to those deliberations. We provide specific recommendations and actions for Dyess AFB and the Abilene community in Appendix 1. From an enterprise perspective the authors recommend that the Air Force:

1. Seek and publish a clear statement of command intent with regard to unaccompanied housing. This could come from the Chief of Staff, or be a joint statement issued from a Corona meeting with input from the Chief Master Sergeant of the Air Force and MAJCOMS. This should guide all future UH management and investment.
2. Gather data from all Air Force bases about the maintenance conditions of dorms and their physical plants. While ages and general conditions of buildings overall are well known, it is unclear that the Air Force understands the age of HVAC, plumbing, and electrical systems, how often they have been patched/repaired/worked around, and how difficult it is to acquire parts

⁷ Google Search: "Student Housing Satisfaction Surveys". Results at: <https://www.google.com/search?source=hp&ei=w9iNWrk5G8zktQWaxrGoCQ&btnG=Search&q=satisfaction+of+students+with+university+housing+surveys>

⁸ Marlow Gogel, HAF/A4 Housing, Asset Management Division, Personal Communication, 8 December 2017, the Pentagon

for either routine or preventive maintenance. This could provide insight into the extent of the emerging challenge beyond the anecdotal evidence cited in this paper to guide future programming.

3. Seek authority for one or more pilot projects to examine the efficacy of the various methods of attracting private capital described in this paper. Renovation of existing dorms, construction of new dorms on Air Force property, and private development off base could be tailored to specific needs and local markets at a few Air Force bases.
4. Update Air Force policy to reflect both the current and future mission requirements of the Air Force and the changing attitudes of young Airmen to provide not just adequate housing, but homes that provide a high quality of life, encourage productivity and retention.
5. Continue to engage with the Office of Management and Budget and Congressional Budget Office, as well as with Congress, to seek relief from scoring rules to develop infrastructure in cases where the use of private capital is clearly and demonstrably in the best interest of the United States and the American tax payer.

Additional Data and Information needs

Each of the courses of action described above requires detailed data sets to determine the financial viability of each concept. The most fundamental challenge is to identify and develop funding streams to capitalize the project. Equally important is the need to identify funding streams to finance the long term operations and maintenance of the project. Failure to identify and quantify the operational funding stream will lead to the future demise of the project not unlike the situation that has led to the “red tagging” of the current dormitories that once met standards.

Key data will be contained in current Air Force housing surveys that should describe the local housing marketplace, the adequacy of existing housing stock by type, both on and off base, and number of statements of non-availability by rank. In the case of off base courses of action the overall housing market of a community must be evaluated. It will also be important to discuss the potential for state, city and local non-profits interest and ability to invest in the needed housing. Such participation will reduce the amount of private capital required. This housing data will also be the critical foundation for any requests for increasing priority for military construction funding, policy changes or support for special legislation.

Appendix: The Dyess Case

The recommendations contained in the body of this document and the solution sets presented can only address mid to long-term requirements, not current needs. An Air Force base with nearly 30% of its unaccompanied housing stock uninhabitable and very active operational missions to perform clearly has an immediate problem. With that in mind we offer the following observations and recommendations for immediate and mid-term actions.

Some fundamental elements will go into a successful recapitalization of Dyess AFB Unaccompanied Housing:

- Clear Commander's Intent at both the Wing and MAJCOM level with active involvement in developing, advocating for, and implementing solutions from the highest levels of leadership
- Political will and active support from the community, including both local government and business interests to advocate for needed legislation
- Support for creative solutions from senior NCOs at both the Wing and MAJCOM levels
- Support from both the State of Texas and local government for investment to help private developers attract financing
- Developers who understand the risks and are willing to work in a collaborative structure with Federal, State, and local governments
- Aggressive support of the Texas Congressional delegation in both Houses

We have assumed that the primary goal of the Commander and the community is to preserve and upgrade the existing buildings as UH that will meet the majority of the mission needs for such housing. It is important to recognize that the current renovation program cannot achieve that goal in less than 10 years at current funding levels and pace of design/construction. Moreover, if the renovations result in fewer dorm rooms per building, the base will literally be working itself into an ongoing UH shortage that will require the eventual construction of at least one additional dorm building. And this will be done in the context of renovating building envelopes that are already 60 years old. In addition, this UH situation will leave the base with "limited" to "no" capacity to accommodate new or expanded missions.

Using private capital to renovate the existing dorms would require the same amount of time and effort as setting the stage for development of new privatized dorms on the base perimeter, which would likely be easier to finance thanks to the ability to use a waterfall approach to support occupancy. Both require special legislation, a way to ensure a revenue stream for financing of debt, and investors willing to accept the risks of the project. While State of Texas DEAAG funding could likely be used to help with the deal structure, the \$5 million per project funding limit would not be sufficient to offset risk in an 11 dorm renovation deal. Either O&M funding or BAH would be required to provide a revenue stream, and in both cases this would require legislative action to authorize and appropriate funds, create the mechanism for the transaction, and waive scoring. Only after authorization and a financing structure are in place will a solicitation and acquisition action be initiated by AFIMSC, likely including support from the Defense Logistics Agency. This type of action normally takes two years in the experience of the closest analog program, the Military Privatized Housing Initiative, and this time horizon would apply to either renovation of existing buildings or new construction.

The MAJCOM and base Commanders need to carefully weigh the pros and cons of either renovation or new construction, and work closely with the community and Congressional delegation to select the best

option. Once that option is selected, all stakeholders must work closely together to build support inside DoD, with Congress, and with state and local government. In both cases, the MAJCOM and base should continue to seek traditional FSRM funding, given the uncertainty of success in the realm of law and policy change. Clearly laying out the two potential Courses of Action (COA):

- COA 1: Private Renovation of Existing Buildings
 - Description: renovate existing buildings using a combination of private and public funding. Include upgrades to amenities and space to improve quality of life.
 - Pros
 - Continued use of existing sound structures
 - Airmen housed in concentrated facilities for unit integrity, readiness, and security
 - The opportunity to include updated amenities and space in renovated facilities
 - Use of private funding (and potential State of Texas funding) for construction
 - Shift ongoing operations and maintenance costs to the private sector
 - Cons
 - Extensive legislative and policy action required
 - Scoring relief
 - Establish a mechanism for the use of BAH on Federal property similar to that contained in the MHPI authority of the Military Construction Act of 1984 (this would need to include the ability to provide for a waterfall to support occupancy), or
 - Establish a funding mechanism (similar to the funding for MHPI under the Military Construction Act of 1984, Section 801) for O&M funding
 - While the structures are currently sound, the buildings are 60 years old – at some point structural failure becomes a key consideration
 - Renovation will likely reduce the total number of units per building, leading to a future MILCON or new private construction requirement
 - Finance risk is very difficult to assess, particularly considering the combination of building age and Federal budget volatility
- COA 2: Private Construction of New Buildings on the Base Perimeter
 - Description: Develop new, modern apartment-style facilities on the base perimeter, including modern amenities and providing for possible leasing to the public.
 - Pros
 - New construction
 - Airmen housed in concentrated facilities for unit integrity, readiness, and security
 - Use of private funding (and potential State of Texas funding and local government funding/incentives) for construction
 - Shift ongoing operations and maintenance costs to the private sector
 - Cons
 - Extensive legislative and policy action required
 - Scoring relief

- Establish a mechanism for the use of BAH on Federal property similar to that contained in the MHPI authority of the Military Construction Act of 1984 (this would need to include the ability to provide for a waterfall to support occupancy), or
- Establish a funding mechanism (similar to the funding for MHPI under the Military Construction Act of 1984, Section 801) for O&M funding
 - The Abilene housing market is not large and is not growing rapidly, particularly in the Dyess AFB area, suggesting increased finance risk

The base Commander needs to make one further clear decision: does he desire to have all Airmen who currently live off base on BAH in a more controlled environment immediately, or is he satisfied with the status quo? The base can use the Quail Hollow MHPI apartments to aggregate all Airmen in a single location if it desires. Action Step 2 below demonstrates how this would work, and Table 1 below provides a monthly cost comparison for the Air Force in using O&M as opposed to BAH funding.⁹

Action Steps:

1. Clearly quantify current and projected requirements using realistic assumptions for future mission changes, and a comparison of the gap in housing (if any) generated under the current renovation program.
 - a. As soon as possible, complete a housing survey and update the Dorm Master Plan that will provide the data foundation for any project's definition, justification and financing. Most importantly, this data base and analysis will be the critical foundation for the justification of any request for policy waivers or special legislation.
 - b. Demonstrate the extent of the problem at Dyess AFB
 - c. Cooperate with the MAJCOM and AFIMSC Detachment 10 to demonstrate the problem command wide
2. Aggregate Airmen currently on BAH in the Quail Hollow apartments:
 - a. Seek MAJCOM support and O&M funding to enter into leases under AFI 32-6005, *Unaccompanied Housing Management*
 - b. Seek HAF/A4 and AFCEC concurrence in concert with the MAJCOM for this approach
 - c. Ask Hunt Military Communities to suspend use of the waterfall at Quail Hollow and enter into leases as units become vacant
 - d. Move Airmen into Quail Hollow as their leases in the community expire, and suspend BAH payments
 - e. Continue to lease apartment units until an adequate number are encumbered to ensure availability to serve the need for the next two years
 - f. Continue this practice annually until the permanent UH problem is corrected
 - g. NOTE: extending the data in the table to an annual basis yields:
 - i. BAH cost: \$2,235,600.00 annually
 - ii. O&M cost: \$1,138,500.00 annually
 - iii. It is important to note that BAH costs would be centrally funded by the Air Force, while O&M costs would be funded through the MAJCOM and base

⁹ # of Airmen on BAH: Lt Col Max Johnson, 7 MSG/CD, Personal Communication, 27 February 2018, teleconference

Table 1: BAH vs O&M Lease Cost Comparison Per Month*

GRADE	# Airmen on BAH	BAH Rate	BAH Cost (Rate x Airmen)	Quail Hollow Rent (per person)	Quail Hollow O&M Cost (Rent x Airmen)
E-1	20	\$ 828.00	\$ 16,560.00	\$ 417.50	\$ 8,350.00
E-2	40	\$ 828.00	\$ 33,120.00	\$ 420.00	\$16,800.00
E-3	140	\$ 828.00	\$115,920.00	\$ 425.00	\$59,500.00
TOTAL COST**			\$165,600.00		\$84,650.00

*BAH and O&M are separate budget appropriations **does not include utilities

3. Seek MAJCOM support for a multi-faceted approach to both a longer-term and permanent dorm solution:
 - a. Seek MAJCOM support for elevating the funding priority of FRSM actions on the remaining dorms in the hopes of accelerating the renovation program
 - i. Make the case for mission impact due to current housing shortages
 - ii. Make the case for higher prioritization based upon mission impact
 - b. Recognize that the renovation program will not be a permanent solution – the base should develop a plan to support future mission needs
 - c. COA 1, Renovation:
 - i. Seek MAJCOM support for a pilot project for privatized dorm renovation
 - ii. Develop a concept for a public-private partnership arrangement between Dyess AFB and a private developer
 1. Seek Texas Military Preparedness Commission (TMPC) DEAAG funding for utilities
 2. Funding stream to come from an MHPI funding mechanism similar to that of the Military Construction Act of 1984, Section 801
 - a. Direct payments from Air Force to developer, including all utilities
 - b. Airmen required to live in this housing for first three years of service
 3. Alternative: funding stream to come from use of BAH under an MHPI scenario, with legislative change to BAH that enables Air Force to require Airmen to live in this housing
 - d. COA 2, New Construction
 - i. Seek MAJCOM support for a pilot project for privatized dorm construction on the perimeter of the base
 - ii. Designate a 10-acre parcel of land on the perimeter of the installation for future privatized dormitory development in the Installation Development Plan
 - iii. Develop a concept for a public-public-private partnership arrangement between the City of Abilene, Dyess AFB, and a private developer
 1. City to lease the 10 acres for 50 years and provide utility infrastructure to the project, as well as helping to mitigate finance risk with a long-term loan from the Texas Military Preparedness Commission (TMPC)
 - a. State of Texas DEAAG funding for utilities
 - b. Long-term TMPC loans (or City of Abilene bonds) to finance lease and provide construction financing to the developer
 - c. City supports develop with public road and utility access
 2. City sub-leases land to developer who builds a complex comparable to that at Fort Meade, Maryland

- a. Size the development to allow for future mission growth, with a waterfall to provide occupancy in the near term
 - b. Security perimeters and force protection amenities, including CAC-operated gates both of access to public streets and to the base
 - 3. Base provides road way to connect the complex to the interior of the base through a CAC-operated, unmanned gate facility
 - a. Provide for “man trap” controlled access through double gates that will only operate one gate at a time for security purposes
 - b. Provide both vehicular and pedestrian gates
 - c. Consider limiting base access to an autonomous bus or pedestrian traffic, and provide for bicycle transportation options as well
 - 4. Funding stream to come from an MHPI funding mechanism similar to that of the Military Construction Act of 1984, Section 801
 - a. Direct payments from Air Force to developer, including all utilities
 - b. Airmen required to live in this housing for first three years of service
 - c. Eligible to draw BAH after three years, but may elect to use BAH to lease apartments in this complex, retaining any surplus due to reduced rents
 - iv. Base develops a plan for repurposing of current housing in to office/storage for future mission needs, or includes buildings in demolition plans
 - 4. Develop and implement a communications and engagement plan to advocate for the restoration of “dorm fund” programming and support for the privatized pilot project
 - a. Coordinate Air Force “in-reach” with MAJCOM, SAF/IEI, and HAF/A4 Housing office
 - i. Targets
 - 1. Corona support
 - 2. Senior NCO support (Command Chiefs/Chief Master Sergeant of the Air Force)
 - 3. SAF/FM support
 - 4. AFIMSC support
 - 5. Office of General Counsel support
 - ii. Messages
 - 1. Airmen deserve and perform better when living in top-notch housing
 - 2. Dormitories are an emerging challenge as plants and buildings age
 - 3. Funding for O&M and FSRM of dorms is never going to be adequate
 - 4. BAH is more expensive than O&M and does not support Air Force desires for Airman development
 - 5. Restoring the dorm fund will help fill the gap pending a permanent solution
 - 6. MHPI is a proven success for families, and can provide similar outcomes for Airmen
 - 7. A pilot project will provide Congress with the evidence needed to develop and fund an enterprise-wide solution
 - b. Propose pilot legislation in coordination with several interest groups:
 - i. Association of Defense Communities

- ii. International City-County Management Association
- iii. Air Force Association
- iv. National Association of Home Builders
- v. National Apartment Association
- vi. MHPI developers
- vii. MAJCOM
- viii. SAF/IEI
- ix. Office of the Secretary of Defense
- c. Pilot legislation basic elements
 - i. Provide mechanism for public-public-private partnership similar to that of 10 USC 2679, Intergovernmental Support Agreements
 - 1. Encourage state and local government participation to mitigate risk
 - 2. Provide for a competitive mechanism that ensures quality and protects the interests of the United States while streamlining acquisition
 - ii. Allow Section 801-type rental guarantee to address market, financial and unit deployment realities
 - iii. Waive scoring rules if the project proponents can demonstrate enhanced value to the United States
 - iv. Provide a funding mechanism
 - v. Provide for BAH alternative consistent with the concept above if necessary
 - vi. ALTERNATIVE: set up an “industrially funded” acquisition mechanism similar to the Defense Working Capital Funds
 - 1. Initial “seed money” appropriation
 - 2. Provides funding for infrastructure development and construction loans to help developers mitigate risk
 - 3. Part of payments to property manager goes to repay fund over time
- d. Propose legislation permanently restoring the dorm capitalization fund to Air Force Programming
 - i. Require Air Force to program for dorm O&M/FSRM
 - ii. Set a threshold and metrics for dorm quality
 - 1. Minimum square footage and amenities
 - 2. Maintenance metrics
 - 3. Resident complaint metrics
 - iii. Provide appropriations accordingly

References

Congressional Research Service. (2001). *Military Housing Privatization Initiative: Background and Issues* (Order Code RL31039). Washington, DC: The Library of Congress.

Executive Office of the President. (2016). *Preparation, Submission, and Execution of the Budget* (Circular A-11). Washington, DC: Office of Management and Budget.

Public Law Section, Privatization, Outsourcing, and Financing Transactions Committee. (2018) *The Crisis in the Federal Government's Infrastructure: Additional Approaches to the Current Federal Budgetary Scoring Regime*. Washington, DC: American Bar Association.

United States Air Force. (2016). *Air Force Enhanced Use Lease (EUL) Playbook*. San Antonio, TX: Air Force Civil Engineer Center.

United States Air Force. (2006). *Air Force Unaccompanied Housing Design Guide*. Washington, DC: Headquarters United States Air Force, Office of the Civil Engineer, Housing Division.

United States Air Force. (2016 as revised 2017). *Facilities Requirements* (Air Force Manual 32-1084). Washington, DC: Air Force Departmental Publishing Office.

United States Air Force. (2007). *Memorandum: Obtaining Value from Outgrants*. Washington, DC: Office of the Assistant Secretary for Installations, Environment, and Energy.

United States Air Force. (2016 as revised 2017). *Unaccompanied Housing Management* (Air Force Instruction 32-6005). Washington, DC: Air Force Departmental Publishing Office.

U.S. Government Accountability Office. (2010). *MILITARY HOUSING: Installations Need to Share Information on Their Section 801 On-Base Housing Contracts* (GAO-11-60). Washington, DC: Government Publishing Office.