



Seymour Johnson Air Force Base Privatization Master Plan



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**LIST OF ACRONYMS**

ACC	Air Combat Command
AETC	Air Education and Training Command
AF	Air Force
AFB	Air Force Base
AFCEE	Air Force Center for Environmental Excellence
AFDW	Air Force District of Washington
AFMC	Air Force Materiel Command
AFSOC	Air Force Special Operations Command
AFSPC	Air Force Space Command
AMC	Air Mobility Command
BAH	Basic Allowance for Housing
BRAC	Base Realignment and Closure
BES	Budget Estimate Submissions
CAM	Condition Assessment Matrix
CDM	Corporate Decision Model
CONUS	Continental United States
FHMP	Family Housing Master Plan
FY	Fiscal Year
FYDP	Future Years Defense Plan
GOQ	General Officers Quarters
HCP	Housing Community Profile
HRMA	Housing Requirements and Market Analysis
IFHMP	Installation Family Housing Master Plan
MAJCOM	Major Command
MFH	Military Family Housing
MILCON	Military Construction
NPV	Net Present Value
O&M	Operations and Maintenance
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
PACAF	Pacific Air Forces
PIK	Payment-In-Kind
POM	Program Objective Memoranda
RPM	Real Property Maintenance
RPMA	Real Property Maintenance Activities
RPMC	Real Property Maintenance by Contract
SCP	Special Command Position
SRM	Sustainment, Restoration, and Modernization
USAFA	US Air Force Academy
USAFE	US Air Forces in Europe

## EXECUTIVE SUMMARY

This 2008 Seymour Johnson AFB Family Housing Master Plan (FHMP) provides a corporate housing investment and operations and maintenance (O&M) requirement for fiscal years (FY) 2010-2015. The AF FHMP is consistent with the Office of the Secretary of Defense (OSD) guidance and accomplishes the AF goal to establish a program that ensures our airmen and their families will have adequate housing.

A series of tools are used to analyze the housing inventory and to develop investment and O&M requirements for the AF FHMP. The Housing Requirements and Market Analysis (HRMA) provides a five-year projected on-base housing requirement. The Housing Community Profile (HCP) outlines the approach to meet this requirement by developing a cost efficient program to build new or improve, replace, retain, or demolish existing housing and to maximize neighborhood efficiency. The HCPs also generate requirements to sustain the existing inventory of family housing. All operations and services costs are based on requirements provided by the MAJCOMs.

The AF FHMP uses a corporate housing investment strategy that integrates and prioritizes traditional construction funding with private sector financing within a single "road map." This road map incorporates the goal to privatize all military family housing (MFH) in the Continental United States (CONUS), Alaska, Hawaii, and Guam. Private sector financing is provided through Congressional authorities that allow for privatization of military family housing.

The data provided by these tools as well as privatization decisions are prioritized using a Corporate Decision Model (CDM). The CDM is a set of business rules that allocate projects and appropriate O&M funding by fiscal year based on budgetary limits. The results of this CDM allocation for FY2010-2015 are provided in this 2008 AF FHMP.

Seymour Johnson AFB has been designated to meet their housing requirement through housing privatization prior to FY2010. Seymour Johnson AFB is assumed to be grouped with Cannon AFB and McConnell AFB for privatization. Financial details of privatization can be found in Chapters 1 and 5 of the installation HCP's.

The Seymour Johnson AFB housing inventory at the beginning of FY2010 is summarized in Table ES-1 below. The requirement of **900** units in FY2008 is based on the latest HRMA for Seymour Johnson AFB dated September 2005.

**Table ES-1 Seymour Johnson AFB MFH Projected Inventory**

Type of Unit	Master Plan 2010 Inventory
<b>AF Owned</b>	<b>0</b>
<i>Adequate</i>	<i>0</i>
<i>Inadequate</i>	<i>0</i>
<b>Leased</b>	<b>0</b>
<b>Privatized</b>	<b>900</b>
<b>Total AF Owned, Leased &amp; Privatized</b>	<b>900</b>

See HCP sections 1.3.4 and 5.4 for more details.

## INTRODUCTION AND OVERVIEW

### PURPOSE AND GOAL

This Air Force (AF) Family Housing Master Plan (FHMP) provides a corporate, requirement-based housing investment strategy that integrates and prioritizes traditional military construction (MILCON), privatization, and operations and maintenance (O&M) funding. It identifies the most cost-effective investment option for each installation to meet its military family housing (MFH) requirements consistent with Congressional and Office of the Secretary of Defense (OSD) constraints and directives.

The AF has programmed requirements to eliminate all inadequate housing units. This master plan focuses on identifying requirements in FY2010-2015 to maintain adequate housing through privatization, sustainment and recapitalization. The AF FHMP also identifies deficit construction or elimination of surplus units at the installations due to changes in the end state housing requirement determined in the latest HRMAs.

### METHODOLOGY AND TOOLS

A standardized methodology and set of tools are used to develop the AF FHMP. Figure 1 depicts the steps taken to generate program requirements.

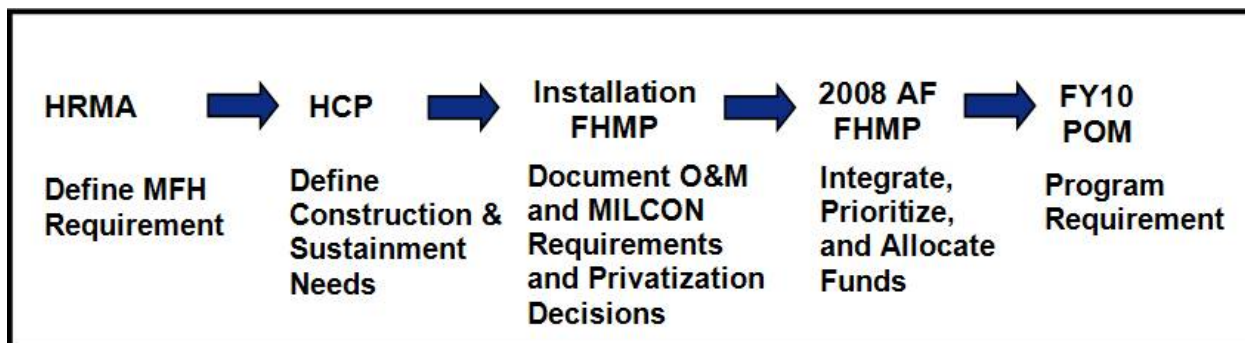


Figure 1 Air Force Family Housing Master Plan Process

A **Housing Requirements and Market Analysis (HRMA)** establishes the total MFH requirement for personnel at each Air Force installation with military families. HRMAs, per OSD policy identifies the need for on-base housing only after determining the availability of suitable housing off-base. This is known as the “off-base first” policy. OSD policies allow for a minimum number of MFH units, the Floor Requirement, at each installation. The installation housing Floor Requirement is based on the greater of (by grade):

- § the need for a military community (typically 10 percent of military families by grade);
- § the need to house key and essential personnel;

- § preservation of historic housing; and
- § providing housing for personnel whose level of Regular Military Compensation is below 50 percent of the median family income in the local area.

The HRMA assesses the ability of the private sector to house military families under the assumption that the only government-controlled housing available in five years is the Floor Requirement. A military market share is computed for each year of the analysis based on competition of only those military and civilian households actively seeking housing during the year and available rental units either turning over or newly constructed in the market.

- § The total MFH requirement is determined as the sum of the Floor Requirement plus any shortfall of private sector housing in the fifth year of the analysis.
- § Current HRMAs, completed in 2006, incorporate all known BRAC and post-PBC 720 mission requirements. HRMAs are updated periodically every four years to assess changes in mission requirements and market conditions.

The **Housing Community Profile (HCP)** provides a plan for the planning, programming, and design of improvement, sustainment, replacement, and disposal projects for MFH areas based on the installation housing requirement identified in the HRMA, and recommends solutions to correct deficiencies. Specifically, each installation HCP provides:

- a guide for ensuring the entire housing requirement, both individual units and neighborhood areas, are sustained to AF standards;
- identification of all necessary sustainment, improvements and repairs, including costs, for the units and neighborhood areas;
- a privatization analysis
- a programming guide for developing specific projects; and
- an orderly, economical implementation of all proposed construction through the use of a phasing plan that recognizes the priorities of the AF, the variable nature of funding for investment projects, and the local sequence of construction that must be followed.

The **Military Family Housing Privatization Plan (MFHPP)** presents the analysis and results of the ongoing Housing Privatization Feasibility Analysis for the Air Force Bases currently under evaluation for privatization. The plan and the supporting analysis is a tool for making privatization decisions regarding MFH. The plan presents the planning pro forma results (feasibility) of the individual bases and multiple grouped combinations of those bases using the current approved HCP and HRMA adjusted for executed demolition, improvement, and replacement projects, and any leased or privatized housing. The MFHPP is a coordinated effort by A7CAH and AFCEE/HDP.

The **Installation Family Housing Master Plan (IFHMP)** incorporates the data from the HRMA and HCP and adjusts the HCP data to reflect an FY2010 programming start date. This adjustment assumes projects programmed in FY2008 and FY2009 are

complete and future investment funding requirements start with FY2010. The IFHMP also documents the O&M funding requirements including Real Property Services and Sustainment. Real Property Services include O&M-funded demolition, privatization support (not otherwise covered under the privatization scored costs), leases, utilities, management, services, furnishings, and other miscellaneous O&M costs. O&M-funded Sustainment includes all costs defined as RPMA and RPMC. All O&M costs, with the exception of sustainment cost are based on requirements provided by the Major Commands (MAJCOMs) based on a per unit cost with appropriate revisions as necessary by AF/A7CA and AF/A7CR.

The sustainment costs are estimated in the HCP. The results of the **Condition Assessment Matrix (CAM)** inspections conducted in support of the HCP are used to predict the timing and cost of major sustainment/repair/replacement for housing components and infrastructure and community systems.

The **Air Force Housing Privatization Pro forma Model** is used to analyze data from the IFHMP. The data is used as a baseline to analyze the privatization potential and produce a “scored cost” for installations located in the United States and its territories not yet privatized. The scored cost represents the amount of funding the AF would need to provide a private developer to perform improvement, replacement and deficit construction, as well as demolition of surplus housing, identified in the IFHMP. In addition to the pro forma, a life cycle cost analysis is performed that calculates the cost to maintain government ownership of the units versus privatization of the units prior to closing of the privatization deal.

The data and decisions from the IFHMPs are rolled up into a corporate decision model used to produce the **AF FHMP**. The decision model is a series of business rules that prioritizes investment projects and allocates the projects to a fiscal year based on funding limits. These funding limits are established to ensure all investment projects can be completed to meet the AF goals.

The AF FHMP identifies:

- § Installation family housing requirements;
- § Necessary actions, including deficit reduction, and associated costs to maintain an inventory of adequate homes
- § The most cost-effective means of implementing these actions [i.e., new construction (P-711), improvement (P-713), or privatization (P-727)];
- § Fiscal years in which these actions are implemented;
- § Funds to properly operate and sustain housing that remains under AF control;
- § Surplus housing plan, including disposition of housing, cost of disposition, and year of demolition, as applicable.

The AF FHMP is used by MAJCOMs and Headquarters Air Force to prepare **Program Objective Memoranda (POM)** and Budget Estimate Submissions (BES). Accordingly, future budget documents are based on and will be consistent with the AF FHMP and supporting installation data.

## **BUSINESS RULES**

A series of business rules are used throughout the AF FHMP process. These business rules ensure all installations develop their inventory, investment (recapitalization and new requirements), sustainment, and operations requirements in a consistent manner. The following section describes the major business rules used in the master planning process.

### ***Guidelines for Determining O&M Requirements for Privatized Installations***

Once the total number of government owned privatized and leased units are determined for a specific installation, requirements are established for privatized installations in the following manner:

1. **Operations Costs:**

- a. **Management:** Requirements are based on the anticipated management requirements for housing offices at privatized installations based on the current manpower standard (currently in coordination) which includes civilian personnel and contract support, as well as, requirements for supplies, maintenance, overhead, and travel to support a housing management office. Management personnel costs for positions supporting privatization will be segregated between Management (P-721.1) and Privatization (P-727).
  - b. **Services:** Requirements are determined based on service contract levels for the required government owned units. Since the Property Owners will be responsible for municipal services, privatized installations will have no requirement for Services funding.
  - c. **Furnishings:** Requirements are based on the need to provide off base furniture and loaner furniture at overseas locations to reduce JFTR costs. For privatized installations, funding for furnishings will only be provided for General Officers Quarters (GOQs) and non-GO Installation Commanders quarters at a rate of \$6,000 per year, not to exceed \$20,000 over a five year period. Furnishings for Special Command Position (SCP) quarters will be funded at a rate of \$8,000 per year, not to exceed \$40,000 over a five year period.
  - d. **Miscellaneous:** Requirements for this category are based on the unique housing aspects not covered elsewhere. Privatized installations have no need for miscellaneous funding.
2. **Utilities:** No utilities are provided for housing at privatized installations, since utilities are the responsibility of the property owner. Utilities for the MFH office and warehouse will be included under Management.
3. **Maintenance:** Requirements for RPMA are determined based on maintenance contract levels for the required government owned units. Requirements for RPMC are determined by the findings of the HCPs. RPMA and RPMC will not be provided for housing at privatized installations since these are the responsibility of the Project Owner. Maintenance for the MFH office and warehouse will be included under Management.

Note: For installations where privatization is planned to be implemented in FY09,

sustainment requirements (RPMC + RPMA) along with utilities will be programmed for FY10 in the event privatization is delayed.

## SUMMARY OF THE PRIVATIZATION MASTER PLAN

### REQUIREMENTS

Seymour Johnson AFB has a projected requirement of **900** housing units. Seymour Johnson AFB satisfies this requirement through privatization efforts. The projected inventory to meet this requirement between FY2010 and FY2015 is shown in Table 1.

### OPERATIONS AND MAINTENANCE

HQ USAF, ACC, and Seymour Johnson AFB intend to program sufficient government funds for management & services to support housing privatization.

**APPENDIX A**  
**Data Summary**

**TABLE 1**  
**MILCON Investment Summary Table**

MILCON		# Housing Units	Housing Units \$	Infrastructure/ Community \$	Total \$
<b>New Construction</b>	Deficit	0	\$0	\$0	\$0
	Replacement	0	\$0	\$0	\$0
<b>Improvement</b>	Privatization	0	\$0	\$0	\$0
	Restoration & Modernization	0	\$0	\$0	\$0
	Sustainment	0	\$0	\$0	\$0
<b>Investment Infrastructure Repair</b>	Stand Alone Infrastructure/ Community	n/a	n/a	\$0	\$0
<b>Land Purchase</b>		n/a	\$0	n/a	\$0
<b>Demolition</b>	MILCON	0	\$0	n/a	\$0
	Surplus Adequate (0)	0	\$0	n/a	\$0
	Surplus Inadequate (0)	0	\$0	n/a	\$0
<b>Contingency</b>		n/a	\$0	\$0	\$0
<b>SIOH</b>		n/a	\$0	\$0	\$0
<b>Total MILCON Investment</b>		<b>0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

*Costs indicated above are escalated to FY2010 and include the Area Cost Factor of 0.87 for Seymour Johnson AFB. SIOH and contingency are included. Costs are shown in US dollars and do not reflect any overseas exchange rates.*

**TABLE 2**  
**Military Family Housing Summary**

<b>Unit Summary</b>	
HRMA Requirement (Projection)	900
Inventory (FY2008)	900
Government Owned	0
Adequate	0
Inadequate	0
Surplus Adequate	0
Surplus Inadequate	0
Privatized Inventory	900
Leased Inventory	0

**TABLE 3**  
**Seymour Johnson AFB Operations and Management Activities**

	2010	2011	2012	2013	2014	2015
<b>Inventory Data (Units)</b>						
Government Owned Units	0	0	0	0	0	0
Privatized Units	900	900	900	900	900	900
Leased Units	0	0	0	0	0	0
<b>Facility Operations</b>						
Services	\$313,849					
Utilities	\$1,641,006					
Leasing						
Subtotal	\$1,954,856	\$0	\$0	\$0	\$0	\$0
<b>Family Housing Management</b>						
Management	\$374,042	\$374,042	\$374,042	\$374,042	\$374,042	\$374,042
Furnishings	\$84,944					
Miscellaneous						
Privatization Support	\$391,070	\$391,070	\$391,070	\$391,070	\$391,070	\$391,070
Subtotal	\$850,056	\$765,112	\$765,112	\$765,112	\$765,112	\$765,112
<b>Facilities Sustainment</b>						
RPMA	\$2,451,286					
RPMC	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$2,451,286	\$0	\$0	\$0	\$0	\$0
<b>Other</b>						
Demolition						
Reimbursements						
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0