



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

12 MAR 1987

MEMORANDUM FOR ALMAJCOM/CE/FM

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

SUBJECT: Use of Military Family Housing (MFH) Funds for Private Sector Financing (PSF)

Attached is a coordinated AF/LEH/LEI and SAF/FMBI policy addressing the use of MFH funds for PSF projects. This policy includes guidance on the type of funds to be used through contract award for military family housing construction and privatization projects. Our POCs are Mr. Roberto Castellanos, HQ USAF/LEHI, DSN 227-0157 and Mr. Don Peskie SAF/FMBIC, DSN 227-1675.

A handwritten signature in cursive script that reads "Donald E. Murphy".

DONALD E. MURPHY, Colonel, USAF
Chief, Housing Division
DCS/Installations & Logistics

Attachment:
PSF funds policy

cc:
SAF/FMBIC
AF/LEI

Use of Military Family Housing (MFH) Funds for Private Sector Financing (PSF) Initiatives

References: (a) DUSD Memorandum of 3 Dec 96
(b) AFI 65-601, Vol. 1, Chap 21
(c) AFM 65-604
(d) AFI 32-6002
(e) USD Memorandum of 15 Jul 96

1. The following clarification addresses the use of MFH funds for PSF initiatives. Included are: guidance on the type of funds to be used through contract award for military housing construction projects and housing privatization initiatives; and applicability of the DOD Family Housing Improvement Fund (FHIF) to privatization initiatives.

2. Reference (a) updated the funding responsibilities of the Military Services for screening, evaluating and executing privatized housing proposals through contract award. In general, the Services will fund costs of developing projects through contract award using existing MFH Construction funds or any other Service funds which were appropriated for similar expenses.

3. The following guidance clarifies which type of funds the Services should be using for evaluating and developing housing privatization initiatives and conducting the acquisition process through contract award. Aspects of these efforts are supplemental to the planning and design associated with the MFH Construction projects. Such supplemental efforts are not included in the MFH budget and must be funded within existing resources.

4. Based on criteria specified by references (b) and (c), either MFH Operation & Maintenance (O&M) project Operations P-721 and MFH Construction project Advance Planning and Design P-714 funds should be used for the planning, execution, and administration of contracts for privatization projects. MFH Operation & Maintenance (O&M) project Maintenance of Real Property Facilities P-722 should not be used.

5. In accordance with the policies and guidance of references (b) through (d), the following clarification is provided regarding the applicability of funding sources for planning, evaluation and design costs of military housing construction projects and privatization projects:

a. **Military Construction Projects.**

(1) P-721 is used for preliminary planning costs from the beginning of a MFH initiative through MAJCOM and Air Staff approval of its DD Form 1391.

(2) P-714 is used for planning and design costs from the approval of its DD Form 1391 through design completion.

b. Privatization Projects.

(1) P-721 is used for preliminary costs from the beginning of a MFH initiative through OSD acceptance as a privatization project.

(2) P-714 is then used for acquisition development costs through contract award. If P-714 is not available within the MAJCOMs' existing TOA for P-714, funding should be requested from AF/LEH. If reallocation of P-714 is not feasible from the Headquarters, P-721 may continue to be used through contract award on an exception basis with the approval of AF/LEH and SAF/FMBIC.

(3) During the phases through contract award, each organization funds its own travel, administrative expenses, etc. Contractor support provided by HRSO is funded by HRSO.

(4) After contract award, all further costs for the execution and administration of the contract will be financed by funds available in the FHIF.

6. In the absence of previous guidance or additional funding, Services have been incurring privatization related costs (e.g., feasibility studies), some of which were funded outside of P-721 and P-714. Effective with this guidance, costs should be incurred using P-721 or P-714 funds as stated above.

be consistent with Par. 6 of this memorandum, Par. 3.3.2.2 of reference (d) must be revised to read: "Use family housing operation (P-721) funds, not design (P-714) funds, for:" Also, a new Par. 3.3.2.3 should be added to reference (d) as follows: "Use family housing maintenance and repair (P-722) funds, not design (P-714) funds, for design of maintenance and repair projects."

8. Section 2883 (c) of the Military Housing Privatization Initiative or 1996 National Defense Authorization Act authorizes the Secretary of Defense to use the FHIF for housing privatization initiatives. Reference (e) promulgated financial management policy and procedural guidance for the DOD FHIF which established responsibilities and specified the (sources/types of) funds to be deposited into the FHIF and what the funds were to be used for.

9. Reference (a) has basically restricted the use by the Military Services of the FHIF for costs incurred after contract award, e.g., for the government contribution toward the financing of the construction or implementation phase of a privatization project including activities in connection with the execution and administration of contracts for such initiatives.

10. Due to limited appropriated funding of the FHIF, very little, if any, FHIF funding will be provided to the Military Services for the government's contribution to privatization initiatives. Accordingly, Air Force installations which do not have any, or have little, MFH Construction funds available to transfer to the FHIF for a privatization project must develop other approaches to address the government contribution, e.g., conveyance or lease of Air Force property or facilities within available Authorities.

11. SAF/FMBIC POC is Mr. Don Peskie, DSN 227-1675.