



OFFICE OF THE UNDER SECRETARY OF DEFENSE

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WASHINGTON DC 20301-3000



24 MAY 1996

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS AND HOUSING)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND FACILITIES)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(INSTALLATIONS)

SUBJECT: Military Housing Revitalization Program Policies

As part of its charter, the Housing Revitalization Support Office (HRSO) was directed to develop program policies and procedures to facilitate implementation of military housing privatization initiatives using the FY 1996 Military Housing Revitalization Act's authorities. The attached procedures are being circulated for Military Department coordination and comment. They define the sequence of key events and responsibilities from initial screening through contract award for development of family housing privatization initiatives using the new authorities. I look forward to discussing these procedures with you next week.

The Office of the Under Secretary of Defense (Comptroller) is drafting Family Housing Improvement Fund Financial Management Policies and Procedures for coordination and comment which define key financial events to be accomplished in order to execute HRSO projects. Together, the documents will define the process for executing privatized family housing projects under these new authorities.

Pending finalization of these policies and procedures, HRSO and the Military Departments have been working together to implement the new housing initiatives under the functional and organizational terms of reference contained in the September 25, 1995, SecDef Charter memorandum. These terms of reference require that:

- o The Military Departments will identify potential locations to test the housing finance initiatives;
- o The HRSO, working with the Military Departments, will select sites from the above mentioned locations to ensure that the new authorities are adequately tested in a variety of situations;
- o Initially, the HRSO and the affected Military Department will jointly co-chair each procurement team;



- o The Deputy Under Secretary of Defense (Industrial Affairs and Installations) (DUSD (IA&I)) will initially approve all contracts to be executed under the new housing finance authorities. The DUSD (IA&I) is now acting for the former Assistant Secretary of Defense (Economic Security) on these matters;
- o The DoD Family Housing Improvement Fund will be centrally managed by the DUSD (IA&I) in conjunction with the Under Secretary of Defense (Comptroller).

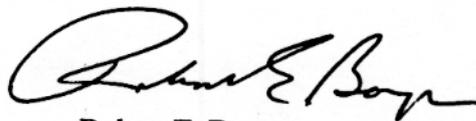
The proposed working agreements between the Military Departments and HRSO are depicted in the attached flow charts. They provide for: 1) a joint HRSO and Military Department site evaluation report for each potential location; 2) a decision, to be made by each Military Department, based on the report and other information available to the Department about proceeding with privatization at each site; and, 3) site specific briefings by each Military Department to obtain concurrence of the Deputy Under Secretary of Defense (Industrial Affairs and Installations), Office of the Secretary of Defense (OSD) Comptroller, and OSD Office of General Counsel prior to issuing the Request for Proposals (RFP).

Under no circumstances will a Military Department issue an RFP (or an Expression for Interest) citing HRSO authorities without the prior approval of the DUSD (IA&I) as described above.

Upon acceptance of the project proposal by OSD as a candidate site for privatization under HRSO authorities, HRSO and the affected Military Department will jointly co-chair the procurement team. The DoD Family Housing Improvement Fund will also assume responsibility for funding all costs associated with bringing the proposed initiative to contract award.

I anticipate that we will need to revise the procedures next year to devolve some of the necessary actions to the Services as we gain experience executing HRSO projects.

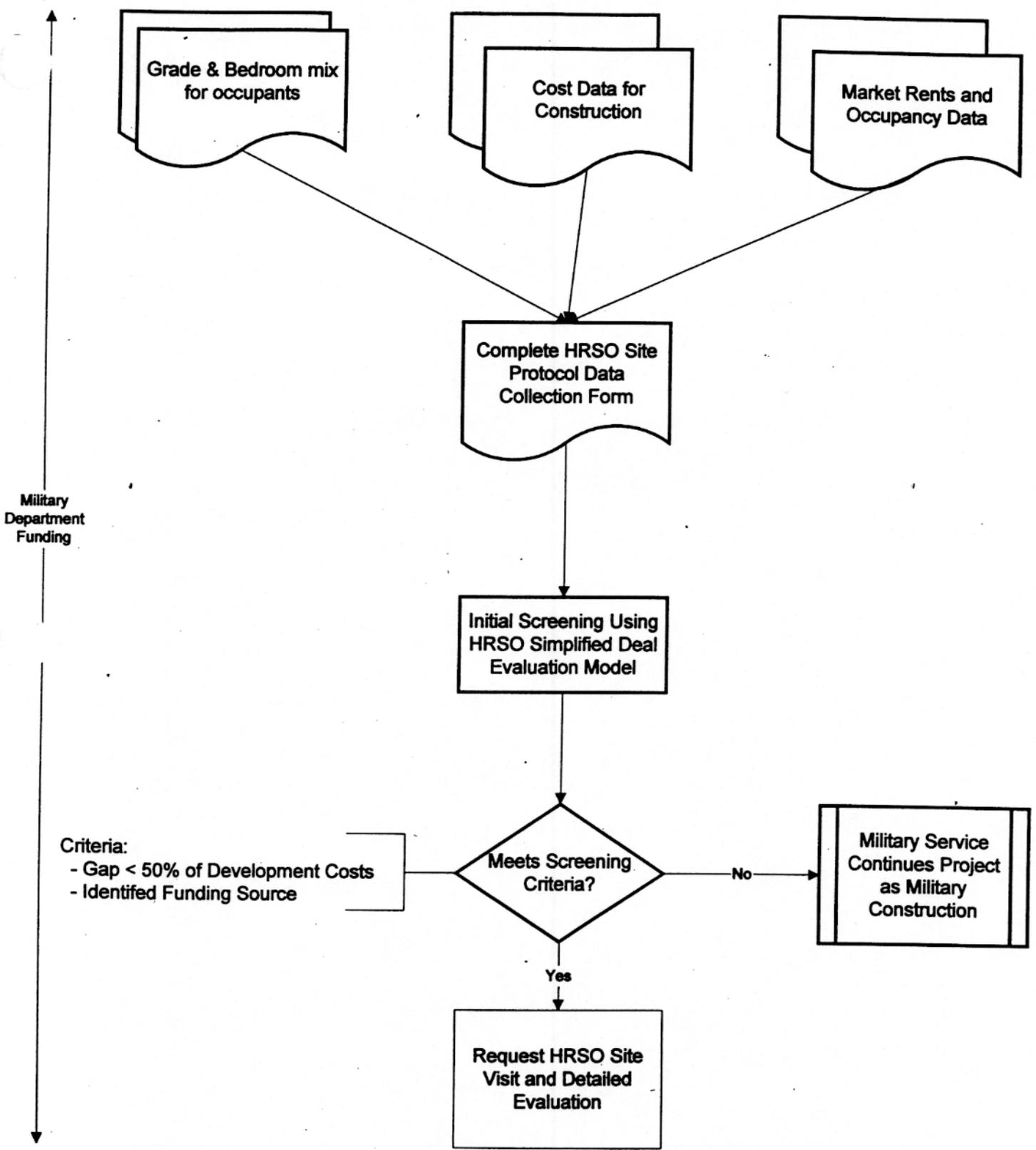
Questions and/or comments regarding these procedures should be directed to Mr. Robert Meyer, Director, Housing Revitalization Support Office (HRSO) at (703) 602-9867.



Robert E. Bayer
Deputy Assistant Secretary of Defense
(Installations)

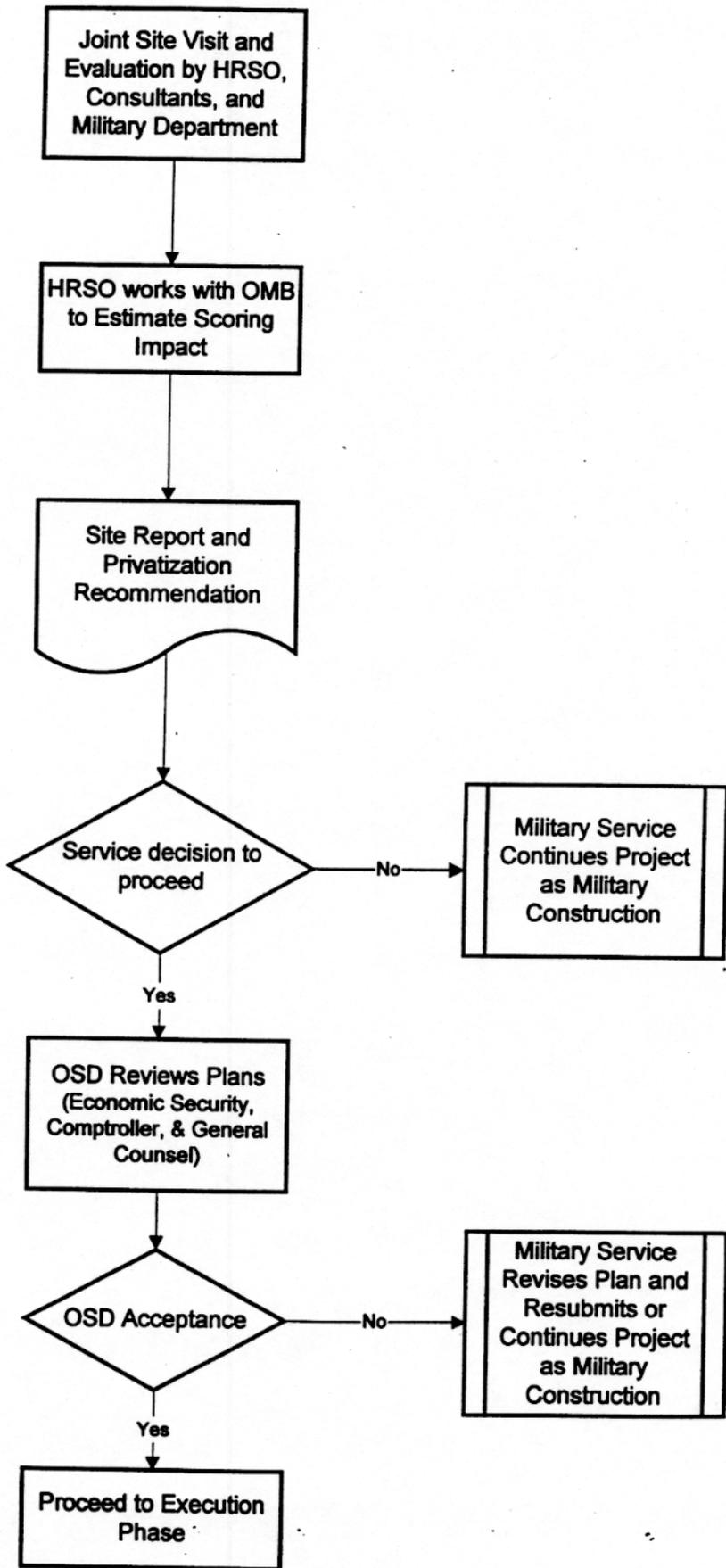
Attachments

PRIVATIZED HOUSING PROPOSAL SCREENING PROCESS



HRSO EVALUATION PROCESS

* Joint Military Service and HRSO Funding



* Each organization involved funds its own travel, admin expenses, etc.

HRSO EXECUTION PROCESS

ve HRSO Funding
from Point of
OSD Acceptance

