



**THE SECRETARY OF DEFENSE**

WASHINGTON, DC 20301-1000

25 SEP 1995

**MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
 CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
 UNDER SECRETARIES OF DEFENSE  
 DIRECTOR, DEFENSE RESEARCH & ENGINEERING  
 ASSISTANT SECRETARIES OF DEFENSE  
 GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
 INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
 DIRECTOR, OPERATIONAL TEST AND EVALUATION  
 ASSISTANTS TO THE SECRETARY OF DEFENSE  
 DIRECTOR, ADMINISTRATION AND MANAGEMENT  
 DIRECTORS OF THE DEFENSE AGENCIES**

**SUBJECT: Military Housing Revitalization Act of 1995**

I am forming a Housing Revitalization Support Office in anticipation of enactment of the Military Housing Revitalization Act of 1995. This office will facilitate implementation of the Act's new housing finance authorities allowing the Department to seek private sector capital and expertise to help solve our housing problems.

Housing is critical to the quality of life for our military service members and their families, and therefore is critical to the readiness of our forces. Consequently, improving military housing is one of my top priorities and the housing finance initiative provides us with an excellent opportunity to make great advances in this area. Ensuring success will require significant management attention and departmental resources.

The Housing Revitalization Support Office is established under the authority, direction and control of the Assistant Secretary of Defense for Economic Security and is assigned to the Defense Logistics Agency (DLA) for administrative support to include organizational and budgeting services. The Assistant Secretary will initially approve all contracts to be executed using these new housing finance authorities. The terms of reference for this joint support office are attached.

Because military service support and participation is essential to this effort, the Secretaries of the Military Departments shall nominate two senior level professionals per military service (for a total of 8) to serve on the staff of the Housing Revitalization Support Office. The Assistant Secretary of Defense for Economic Security shall also nominate two senior level professionals to serve on the staff and shall designate the support office director. The position of Director will be a Senior Executive Service position. Nominees should collectively have experience in housing program management, real estate, procurement, construction project management, and budgeting. The Military Departments shall work with the Assistant Secretary to ensure that the full range of competencies are made available to the office. I expect the office to be fully operational on October 1, 1995.

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The Director, Defense Logistics Agency shall take the necessary actions to create the Housing Revitalization Support Office within DLA's organization. Military and civilian personnel billets for staff selected to serve in the office will be retained by their parent organization.

Further, the Assistant Secretary of Defense for Economic Security, working with the Military Departments and the Director, Defense Logistics Agency, shall ensure that the Housing Revitalization Support Office is adequately supported with clerical personnel, office equipment, furniture and supplies, and funds to hire expert consultants. The Department of Defense Housing Improvement Fund will be available for the office's administrative expenses following enactment of the Military Housing Revitalization Act of 1995 and the appropriation of funds for that account. Periodically, the Assistant Secretary shall review the resource needs of the office. Additional resources from the appropriate DoD Components may be required as a result of these reviews to ensure the success of this initiative.

Lastly, the Secretaries of the Military Departments shall, by October 1, 1995, identify potential locations to test the new housing finance authorities. The Assistant Secretary of Defense for Economic Security, working with the Military Departments, shall select from the identified locations to ensure that the new authorities are adequately tested in a variety of situations facing each military service. For FY1996, the goal is to execute projects affecting at least 2000 units of family housing and 2000 barracks spaces.

This housing finance initiative deserves our best effort. Thank you for your support.



Attachment

## **TERMS OF REFERENCE**

### **HOUSING REVITALIZATION SUPPORT OFFICE**

The Military Housing Revitalization Act of 1995 provides a significant opportunity to work with the private sector on improving housing conditions for military service members and their families. The objective is to execute the Act's available budget authority within 5 years or less and to dramatically improve the Department's housing within ten years using the Act's new housing finance authorities.

#### **Section 1. Establishment**

The Housing Revitalization Support Office (HRSO) is hereby established as a cooperative effort of the Office of the Secretary of Defense and the Departments of the Army, Navy and Air Force to develop creative methods of using private sector capital and expertise to improve housing for military service members and their families. The office will report to the Assistant Secretary of Defense for Economic Security who will initially approve all contracts to be executed using these new housing finance authorities.

#### **Section 2. Functions**

The Housing Revitalization Support Office shall facilitate implementation of the Military Housing Revitalization Act's housing finance authorities by: developing program policies, procedures, and procurement and real estate guidelines for incorporating these new authorities into Service housing programs; participating in and overseeing and reviewing proposed housing acquisitions; monitoring and evaluating executed contracts to determine program effectiveness; and, preparing required reports to Congress.

Specific objectives are as follows:

1. interact with existing government and industry organizations and individuals to implement the housing finance authorities and procedures;
2. develop standardized solicitation packages, lease documents, contracts, etc. (actual contracts will be signed and administered by the responsible Service);
3. develop performance standards to monitor progress and results in use of the housing finance authorities;
4. identify and champion better ways of obtaining housing through the use of private capital and expertise, and commercial practices and procedures; and,
5. develop legislative proposals to institutionalize proven authorities.

### **Section 3. Organization**

The Housing Revitalization Support Office (HRSO) should include people with experience in housing program management and procurement, real estate development, construction project management, housing operations, budget and finance from the Departments and private industry. The HRSO will organize around integrated acquisition teams. Initially, each team will be co-led by a HRSO project leader and a leader designated by the affected Military Service. The teams will also include typical Military Service housing acquisition personnel supplemented with expert consultant support.

### **Section 4. Administration**

Each of the Military Services and the Office of the Secretary of Defense will provide staff support, as needed, for the duration of the Housing Revitalization Support Office (HRSO). Funds to execute housing contracts and funds for HRSO administrative purposes, e.g. travel, studies and expert consultant support, will be provided from the Department of Defense Housing Improvement Fund, as established by the Military Housing Revitalization Act of 1995. Administrative costs to establish the HRSO incurred prior to enactment of the Act may be provided for by operations and maintenance funds. The DoD Housing Improvement Fund will be centrally managed by the Assistant Secretary of Defense for Economic Security in conjunction with the Under Secretary of Defense (Comptroller).

These terms of reference will expire: (1) five years from the date of enactment of the Act; or, (2) earlier, if the Assistant Secretary of Defense for Economic Security determines they are no longer required.