DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
INSTALLATIONS AND ENVIRONMENT
110 ARMY PENTAGON
WASHINGTON DC 20310-0110

REPLY TO
ATTENTION OF

August 4, 2003

Honorable Duncan Hunter, Chairman
Committee on Armed Services
United States House of Representatives
2265 Rayburn House Office Building
Washington, DC 20515-0001

Dear Mr. Chairman:

Pursuant to The Army's previous notifications of intent to solicit (July 23, 2001) and intent to award (August 26, 2002), I am pleased to forward the Community Development and Management Plan (CDMP) for Fort Stewart/Hunter Army Airfield, Georgia. The Army will take no action to implement the CDMP before Congress has completed its 45-day review.

I will be pleased to provide you with any additional information you may need.

Sincerely,

William A. Armbruster
Deputy Assistant Secretary of the Army
Privatization and Partnerships

Enclosure
cc: Honorable Ike Skelton, Ranking Member

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MILITARY HOUSING PRIVATIZATION INITIATIVE
PROJECT SUMMARY

INSTALLATION: Fort Stewart and Hunter Army Airfield (HAAF), Georgia

SCOPE:

This initiative will privatize the on-post family housing operations and management at Fort Stewart and HAAF, one installation geographically separated by 37 miles. The project will be consummated through a real estate transaction between The Army and its development partner, GMH Military Housing, LLC, previously selected under a Request for Qualification (RFQ) procurement process. GMH Military Housing, LLC will develop and manage the Fort Stewart and HAAF residential communities. The partner will design and construct residential communities that will provide soldiers access to quality, affordable family housing.

The Army will convey 2,926 existing housing units, out-lease the underlying land, and make a direct investment of $37.374 million to the project. In turn, the development partner will obtain commercial first mortgage financing in the amount of approximately $247.5 million, commit approximately $8.9 million in equity to the project, and eliminate inadequate housing.

The initial development plan of the project includes: (1) the demolition/removal from the inventory of approximately 1,092 inadequate homes, and (2) the construction of approximately 1,868 new homes. The remaining inventory will be renovated and maintained. The Fort Stewart and HAAF partner will also construct three new community centers, seven neighborhood centers, and create modern neighborhood amenities such as sports courts, landscaping, and jogging and bike trails.

The Army will pay the Basic Allowance for Housing (BAH) to soldiers, who in turn will pay rent and utilities for the privatized housing. Rents will be equal to BAH minus a utility allowance for the soldier to pay utility bills.

AUTHORIZATION:

10 U.S.C. -- Section 2875 -- Investments. The Army will make a direct investment of $37.374 million in a limited liability corporation for purposes of constructing, renovating, operating, and managing family housing.

10 U.S.C.-- Section 2878 -- Conveyance or lease of existing property and facilities. Facilities and infrastructure will be conveyed, and underlying land out-leased to the partner as part of this project.

10 U.S.C. -- Section 2880 -- Unit size and type. Housing will be renovated and constructed to community standards.

10 U.S.C. -- Section 2881 -- Ancillary support facilities. This project includes the transfer of ancillary supporting facilities, such as tot lots and playgrounds, and the construction of new ancillary facilities such as trails, community parks, etc.

JUSTIFICATION:

Privatization authorities allow The Army to leverage scarce funds and the value of installation assets to obtain private sector capital and expertise to manage, improve and construct on-post family housing in the U.S. at a life cycle cost less than using traditional appropriated funds and methods. These authorities will allow The Army and its partner to provide quality family housing and residential communities that are sustainable over time.

SOURCE OF FUNDS:

The Army will provide $37.374 million from the Department of Defense Family Housing Improvement Fund (FHIF). The Army intends to transfer $37.374 million appropriated for this project in the FY 2002 Army Family Housing Construction account into the FHIF.