



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



REPLY TO  
ATTENTION OF

December 22, 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 (November 9, 2001) and intent to award (June 12, 2002), I am pleased to forward the Community Development and Management Plan (CDMP) Executive Summary for the Fort Hamilton, New York Military Housing Privatization Initiative project. The Army will take no action to implement the CDMP before Congress has completed it's 30-day review. The Office of the Secretary of Defense has approved this project.

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

## **MILITARY HOUSING PRIVATIZATION INITIATIVE PROJECT SUMMARY**

**INSTALLATION:** Fort Hamilton, New York

**SCOPE:**

This project involves a real estate transaction between the Army and its development partner, GMH Military Housing, LLC to support on-post family housing at Fort Hamilton, New York. Under this project the Army will convey 293 existing housing units, out-lease the underlying land for a period of 50 years, and make a direct investment of \$2.175 million to the project. In exchange, GMH Military Housing, LLC will design, construct, operate, and manage residential communities that will provide soldiers access to quality, affordable family housing.

The initial development plan of the project includes: (1) the demolition/replacement of approximately 222 inadequate homes; and, (2) the renovation of 6 historic units. (Approximately 65 units will be reverted back to the Army as surplus). The project will result in the developer owning, maintaining and operating a total of 228 housing units over a 50- year lease period. In addition, GMH Military Housing, LLC will also create modern neighborhood amenities including four tot lots, landscaping, and jogging and bike trails.

GMH Military Housing will obtain commercial first mortgage financing in the amount of approximately \$56.2 million, commit approximately \$2.2 million in equity to the project, and eliminate inadequate housing. 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 an amount sufficient for the soldier to pay utility bills.

**AUTHORIZATION:**

10 U.S.C. -- Section 2875 -- Investments. The Army will make a direct investment of \$2.175 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 \$2.175 million from the Department of Defense Family Housing Improvement Fund (FHIF). The Army intends to transfer \$2.175 million appropriated for this project in the FY 2002 Army Family Housing Construction account into the FHIF.