



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

April 20, 2004

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 Polk, Louisiana. 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

MILITARY HOUSING PRIVATIZATION INITIATIVE ARMY PROJECT SUMMARY

INSTALLATION:

Fort Polk, LA

SCOPE:

This joint installation initiative will privatize the family housing operations and management at Fort Polk . The project involves a real estate transaction with the successful offeror, Picerne Military Housing, LLC, under which the government will convey a combined inventory of 3,430 housing units and certain associated improvements, and lease the underlying land at the installation. In exchange, Picerne will plan, design, develop, renovate, demolish, construct, own, operate, maintain and manage a rental housing development at Fort Polk for 50 years; the existing utilities infrastructure and additional utilities infrastructure constructed by the developer will be maintained by the installation or a separate utilities privatization partner.

The Army competitively solicited this installation as a separate project as part of a multi-installation Request for Qualification procurement process. Picerne was selected as the development partner for the Fort Polk project in April 2003.

The 11 year Initial Development Period for this project will consist of 784 homes with major renovations, 1,583 homes with medium renovations, 331 homes with minor renovations, demolition and replacement of 474 homes, and construction of 1,123 homes to eliminate the deficit, for a total end state of 3,821 homes. The privatized homes shall be designated for occupancy by all ranks. Housing and rents shall not exceed the Basic Allowance for Housing (BAH) at the dependent rate for the designated military pay grade, minus an allowance for the soldier to pay utility costs.

No Army and Air Force Exchange Services (AAFES) or Defense Commissary Agency (DeCA) or Moral Welfare Recreation (MWR) services activities will be adversely affected by this privatization initiative.

AUTHORIZATION:

10 U.S.C. Section 2875, Investments. The Army will make a direct investment of \$64 M 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. Housing units will be conveyed and land will be leased to the successful offeror as part of the project.

10 U.S.C. Section 2880, Unit size and type. The housing to be renovated and constructed as part of this project will be similar to that found in the local community.

10 U.S.C. 2881, Ancillary supporting facilities. No conflict with AAFES, DeCA or non-appropriated fund activities. Ancillary facilities will include community centers that include meeting rooms, a kitchen, sports courts, playgrounds, and walking/fitness trails.

10 U.S.C. 2882, Assignment of members of the armed forces to housing units. Military members will pay the BAH minus an allowance for utilities to the SO by allotment.

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 military families with quality family housing and residential communities that are sustainable over time.

FUNDS REQUIRED:

The budget scoring analysis indicates a projected scoring amount of \$64 M.

SOURCE OF FUNDS:

The Army will provide \$64 M from the Department of Defense Family Housing Improvement Fund (FHIF). The Army intends to transfer \$64 M appropriated funds for this project in the FY2003 Army Family Housing Construction account into the FHIF.