



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

September 9, 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 (September 26, 2001) and intent to award (August 8, 2002), I am pleased to forward the Community Development and Management Plan (CDMP) for Fort Irwin, Moffett Community Housing, and Parks Reserve Forces Training Area, California. The Army will take no action to implement the CDMP before Congress has completed its 45-day review. The Office of the Secretary of Defense has reviewed and 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 Irwin, Moffett Federal Airfield, and Parks Reserve Forces Training Area (RFTA), California

**SCOPE:**

This initiative will privatize the on-post family housing operations and management at Fort Irwin, Moffett Federal Airfield, and Parks RFTA. Fort Irwin is located in San Bernardino County in the central Mojave Desert. Moffett Federal Airfield is located in the southern San Francisco Bay area, and Parks RFTA is located approximately 40 miles away in the eastern San Francisco Bay area. The project will be consummated through a real estate transaction between the Army and its development partner, Clark Pinnacle Family Communities, LLC, previously selected under a Request for Qualification (RFQ) procurement process. The partner will serve as the developer and manager of the Fort Irwin, Moffett Federal Airfield, and Parks RFTA residential communities. The partner will design, construct, operate, and maintain residential communities that will provide soldiers access to quality, affordable family housing and senior unaccompanied housing.

The Army conducted a Housing Market Analysis that showed a requirement for 2,622 homes at Fort Irwin, 316 homes at Moffett, and 114 homes at Parks. To meet that need, the Army will convey a total of 2,290 family housing units (18 of which are currently under construction at Fort Irwin as a Military Construction project), and will out-lease the underlying land at all three locations. The housing requirements and inventories for the three locations are reflected below:

<u>Installation</u>	<u>Reqmt</u>	<u>Initial Inventory</u>	<u>Endstate Inventory</u>	<u>Remaining Deficit</u>
Irwin	2622	2046	2376	246
Moffett	316	231	316	0
Parks	114	13	114	0
Total	3052	2290	2806	246

The remaining 246-unit deficit will be met when additional funds become available. One housing area at Moffett Federal Airfield, Orion Park, is excluded from the proposed ground lease pending resolution of an environmental issue, with an option provided to add this portion of the Moffett property to the ground lease at a later date.

The Army will also convey 120 senior unaccompanied housing (SUH) units at Fort Irwin. To meet the 200-unit requirement, the developer will construct 200 new units (80 deficit build out and 120 replacement units) and return the initial 120 units to the installation for other use. Incorporating these 200 new SUH units into the Irwin Town Center, along with potential new retail space, will revitalize the downtown area. The SUH construction will be funded by SUH rent and will be financially independent of Family Housing. Family Housing funds will not subsidize the construction of the SUH, nor will SUH funds subsidize Family Housing construction. Family Housing and the SUH will be accounted for separately in the California Communities Reinvestment and Project Funds.

Enclosure

The development partner will obtain commercial first mortgage financing in the amount of approximately \$279.8 million, commit approximately \$4 million in equity to the project, and eliminate inadequate housing. The Army will make no direct investment to the project.

The initial development period of the project includes: (1) the demolition/removal from the inventory of approximately 494 inadequate homes, (2) the construction of approximately 1,010 new family homes, (3) renovation of 75 family homes, and (4) construction of 200 new senior unaccompanied homes. During the initial development period, Clark Pinnacle Family Communities, LLC, will also construct one new community center, three neighborhood centers (one at each installation), and create neighborhood amenities such as sports courts, landscaping, tot lots, and playgrounds.

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 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 as well as the construction of new ancillary facilities such as tot lots, playgrounds, 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 no direct investment to the project.