



Department of the Air Force

Military Construction and Family Housing Program

**Fiscal Year (FY) 2002
Amended Budget Submission**

**Justification Data Submitted to Congress
June 2001**

ADVANCE PLANNING AND DESIGN

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DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

FY 2002 ADVANCE PLANNING AND DESIGN

Program (In Thousands)
FY 2002 Program \$24,558
FY 2001 Program \$12,732

Purpose and Scope

This program provides for preliminary studies to develop additional family housing facilities, one time multi-phase design, and housing community plan developments; studies for site adaptation and determination of type and design of units; and working drawings, specifications, estimates, project planning reports and final design drawings of family housing construction projects. This includes the use of architectural and engineering services in connection with any family housing new or post acquisition construction program.

Program Summary

Authorization is requested for:

- (1) Advance planning and design for future year housing programs;
- (2) FY 2002 Authorization and Appropriation of \$24,558,000 to fund this effort as outlined in the following exhibit:

1. COMPONENT AIR FORCE	FY 2002 MILITARY CONSTRUCTION PROJECT DATA			2. DATE
3. INSTALLATION AND LOCATION VARIOUS AIR FORCE BASES		4. PROJECT TITLE FAMILY HOUSING ADVANCE PLANNING AND DESIGN		
5. PROGRAM ELEMENT 8.87.42	6. CATEGORY CODE 71 I-000	7. PROJECT NUMBER	8. PROJECT COST (\$000) 24,558	
9. COST ESTIMATE				
ITEM	U/M	QUANTITY	UNIT COST	COST (\$000)
FAMILY HOUSING ADVANCE PLANNING AND DESIGN	LS			24,558
SUBTOTAL				24,558
TOTAL CONTRACT COST				24,558
TOTAL REQUEST				24,558
10. DESCRIPTION OF PROPOSED CONSTRUCTION: Architect-engineer services, survey, fees, etc., in connection with advance planning and design of family housing dwelling units and properties included in or proposed for the Air Force Family Housing Construction Account.				
11. PROJECT: This request is for an authorization and appropriation of \$24,558 million to provide planning and design costs in connection of family housing new or post acquisition construction programs.				
REQUIREMENT: The funds requested are necessary to procure architect-engineer services to make site and utility investigations; one time multi-phase design, and housing community profiles (HCP) developments; for the preparation of design and specifications of advance plans for future year family housing programs in connection with any family housing new or post acquisition construction programs.				
IMPACT IF NOT PROVIDED: The funds requested are necessary to support the development of the housing community plans and to support the new and post acquisition construction programs.				

O&M SUMMARY

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DEPARTMENT OF THE AIR FORCE
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OPERATIONS, UTILITIES AND MAINTENANCE

(Excluding Leasing, Debt, and Privatization)

Program (\$ in Thousands)

FY 2002 Program \$741,774

FY 200 1 Program \$709,151

Purpose and Scope: Provides operations and maintenance resources to pay for the cost of ownership in terms of property management, utilities, and day-to-day maintenance.

a. Operations. This portion of the program provides for operating expenses in the following sub-accounts:

(1) Management. Includes installation-level management such as housing office operations, quality assurance evaluators, administrative support, community liaison, and annual service fees paid to the Corporation-Trust Company. Provides the required corporate presence in Delaware for the United States Air Force Housing, Inc., which continues as the entity holding title to Capehart and Wherry real property. The housing referral program assists the 60% of Air Force families that live in local communities to find quarters in the private sector and implements the Fair Housing Act of 1968. Referral services will also provide information and service to place members in privatized housing. Housing Management offices provide counseling on housing decision-making, advance information on new base of assignment, and assist members through settling-in and home-finding.

(2) Services. Provides basic support services including refuse collection and disposal; fire and police protection; entomology and pest control; and snow removal and street cleaning.

(3) Furnishings. Procures household equipment (primarily stoves and refrigerators) and, in limited circumstances (largely overseas), furniture; controls furnishings inventories; and maintains and repairs furniture and appliances.

(4) Miscellaneous. Provides mobile home hookups, leased office and warehouse space supporting family housing, and payments to other federal agencies or foreign governments to operate permit housing units occupied by Air Force personnel.

b. Utilities. Includes all purchased and base-produced heat, electricity, water, sewer, and gas utilities serving family housing. Occupants purchase their own telephone and cable TV service.

c. Maintenance. Provides upkeep of family housing real property, as follows:

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(1) Maintenance/Repair of Dwellings. Service calls, routine maintenance, repairs, and replacement of deteriorated facility components.

(2) Exterior Utilities. Maintenance and repair of water, sewer, electric, steam and gas lines supporting family housing areas.

(3) Other Real Property. Upkeep of grounds, common areas, roads, parking areas, and other property for the exclusive use of family housing occupants not discussed above.

(4) Alterations and Additions. Minor alterations to housing units or housing support facilities. Large scope and high dollar-value projects are included in the construction program.

The Air Force family housing budget requests essential resources to provide military families with housing either in the private market through assistance from a housing referral office, or in privatized or government housing. Increased emphasis has been placed on the proper funding of the family housing operations and maintenance program. The Air Force's FY02 and FY03 Operation and Maintenance programs emphasize the following goals:

- * Identify affordable housing for military members. Where shortages exist, identify project proposals to privatize or request new construction or leasing of housing for military families.

- * Reduce utility consumption through increased management emphasis on energy conservation and whole-house improvements to improve energy efficiency.

- * Reduce furnishings inventories in accordance with transfers and realignments. Redistribute excess furnishings from realigned bases.

- * Fund government appliances and furniture consistent with cost/benefit studies and the delivery of new housing units which need government-supplied appliances.

- * Continue the Quarters Cleaning Initiative (QCI) which helps limit expensive overseas temporary lodging allowances (TLAs) to approximately three days in lieu of the **10-day** maximum. QCI program costs are offset by known savings in TLA accounts.

- * Invest wisely in maintenance and repairs to preserve and restore the existing adequate housing inventory worldwide.

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* Schedule maintenance and repair activities along with whole-house improvements to obtain the greatest enhancement in livability while increasing the useful life of housing units with the minimum capital investment and minimum impact on occupants.

* Senior Air Force leadership is focused on comprehensive GOQ program improvements to include a GOQ Master Plan that details facility condition in addition to maintenance and repair and investment needs of every GOQ.

* Continue installation, operation, maintenance, and improvements of the Automated Civil Engineer System-Housing Module, (formerly identified as Housing Information Management System) an Air Force-wide computer system designed to assist in all phases of housing management. On-going initiatives include fielding of software needed to fulfill daily assignment, scheduling, maintenance, and inspection of units. Improved customer service, reduced operations costs, and better management control are anticipated through the fielding of this system.

Operation and Maintenance FY 2002 Program Summary - Highlights

Authorization/Appropriation is requested in FY 2002 for \$730,761. This amount, together with estimated reimbursements of \$11,013, will fund the FY 2002 Operation and Maintenance program of \$741,774.

A summary of the funding program for FY 2002 is as follows (\$ in thousands):

<u>Operations</u>	<u>Utility</u>	<u>Maintenance</u>	<u>Total Direct</u>	<u>Reimburse-</u>	<u>Total</u>
<u>Request</u>	<u>Request</u>	<u>Request</u>	<u>Request</u>	<u>ment</u>	<u>Program</u>
\$125,583	\$168,652	\$436,526	\$730,761	\$11,013	\$741,774

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USAF FY2002 BES		Fiscal Year: 2002	
Family Housing Operation and Maintenance, Summary		Command: USAF	
Excludes Leased Units and Costs		Exhibit: FH-2	
Worldwide Summary			
Fiscal Year:	2000	2001	2002
Inventory Data (Units)			
Units in Being Beginning of Year	110,326	106,162	103,724
Units in Being at End of Year	106,162	103,724	83,015
Average Inventory for Year	108,244	104,943	93,370
	Total Cost	Total Cost	Total Cost
	(\$000)	(\$000)	(\$000)
	Unit	Unit	Unit
	Cost (\$)	Cost (\$)	Cost (\$)
Funding Requirements (\$000)			
OPERATIONS (DIRECT)			
Management	65,376	64,371	58,224
Services	31,265	30,784	28,356
Furnishings	38,400	37,797	36,619
Miscellaneous	2,507	2,467	2,384
Sub-Total Direct Operations	137,548	135,419	125,583
Anticipated Reimbursements	1,704	1,735	1,762
Gross Obligations, Operations	139,252	137,153	127,345
UTILITIES (DIRECT)			
Direct Utilities	157,090	156,112	168,652
Anticipated Reimbursements	8,092	8,238	8,370
Gross Obligations, Utilities	165,182	164,350	177,022
MAINTENANCE (DIRECT)			
M&R Dwelling	328,828	336,714	352,239
M&RExt. Utilities	19,697	19,939	20,759
M&R Other Real Property	25,126	25,374	26,484
Alter & Add.	35,217	35,594	37,044
Sub-Total Direct Maintenance	408,868	417,620	436,526
Anticipated Reimbursements	852	867	881
Gross Obligations, Maintenance	409,720	418,488	437,407
PRIVATIZATION			
Privatization Support Costs	3,534	4,820	35,406
Gross Obligations, Privatization	3,534	4,820	35,406**
GRAND TOTAL, O&M - NOA	707,040	713,971	730,761
Anticipated Reimbursements	10,648	10,840	11,013
GRAND TOTAL, O&M - TOA	717,688	724,812	741,774

NOTES:

1 - FY00 Inventory does not include privatization with the exception of Lackland AFB (272 units).

2. FY01 Inventory does not include privatization with the exception of Lackland AFB (272 units), Robins AFB (666 units) and Elmendorf AFB (564 units).

3. **Beginning In FY02, privatization costs are not included in the "Grand Total, O&M" due to the creation of a new Program Element to track all privatization costs (PE 727). Privatization costs are noted in the FH-2 for reference only.

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USAF FY2002 BES		Fiscal Year: 2002	
Family Housing Operation and Maintenance, Summary		Command: USAI	
Excludes Leased Units and Costs		Exhibit: FH-	
Conterminous US			
Fiscal Year:	2000	2001	2002
Inventory Data (Units)			
Units in Being Beginning of Year	77,338	75,453	73,632
Units in Being at End of Year	75,453	73,632	54,899
Average Inventory for Year	76,396	74,543	64,266
	Total Cost	Total Cost	Total Cost
	(\$000)	(\$000)	(\$000)
	Unit	Unit	Un
	Cost (\$)	Cost (\$)	Cost (\$)
Funding Requirements (\$000)			
OPERATIONS (DIRECT)			
Management	45,355	44,957	39,373
Services	17,984	17,750	15,544
Furnishings	7,908	7,984	6,992
Miscellaneous	543	542	474
Sub-Total Direct Operations	71,790	71,233	62,383
Anticipated Reimbursements	1,247	1,270	1,290
Gross Obligations, Operations	73,037	72,502	63,673
UTILITIES (DIRECT)			
Direct Utilities	102,349	103,423	108,199
Anticipated Reimbursements	5,924	6,031	6,127
Gross Obligations, Utilities	108,273	109,453	114,326
MAINTENANCE (DIRECT)			
M&R Dwelling	221,445	228,323	238,977
M&R Ext. Utilities	11,604	11,859	12,590
M&R Other Real Property	13,636	13,911	14,703
Alter & Add.	13,673	13,931	15,039
Sub-Total Direct Maintenance	260,358	268,024	281,309
Anticipated Reimbursements	624	635	645
Gross Obligations, Maintenance	260,981	268,659	281,954
PRIVATIZATION			
Privatization Support Costs	3,179	4,620	31,816
Gross Obligations, Privatization	3,179	4,620	31,816**
GRAND TOTAL, O&M - NOA	437,676	447,300	451,891
Anticipated Reimbursements	7,794	7,935	8,062
GRAND TOTAL, O&M - TOA	445,470	455,235	459,953

NOTES:

1 - FY00 Inventory does not include privatization with the exception of Lackland AFB (272 units).

2 - FY01 Inventory does not include privatization with the exception of Lackland AFB (272 units), Robins AFB (666 units) and Elmendorf AFB (664 units).

3 - ** Beginning In FY02, privatization costs are not included in the "Grand Total, O&M" due to the creation of a new Program Element to track all privatization costs (PE 727). Privatization costs are noted in the FH-2 for reference only.

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Fiscal Year: **2002**
Command: **USAF**
Exhibit: **FH-6**

USAF FY2002 BES

Summary of Historic Housing Unit Detail

Fiscal Year:	2000	2001	2002
1. Historic Housing Costs, Non-GOQ Data			
a. Number of Non-GOQ units on NHRP (Inventory)	1,042	1,042	1,039
b. Improvement Costs (\$000)	0	0	0
c. Maintenance and Repair Costs (\$000)	3,431	8,615	5,463
d. Total Historic Maintenance, Repair, Improvements (\$000)	3,431	8,615	5,463
e. Average Cost Per Unit (\$000)	3	8	5
2. Historic Housing Costs, GOQ Data			
a. Number of GOQ units on NHRP (Inventory)	52	52	55
b. improvement Costs (\$000)	507	10	160
c. Maintenance and Repair Costs (\$000)	879	1,423	703
d. Total Historic Maintenance, Repair, Improvements (\$000)	1,386	1,433	863
e. Average Cost Per Unit (\$000)	27	28	16
3. Total Historic Inventory & Costs (Non-GOQ & GOQ)			
a. Number of Non-GOQ & GOQ units on NHRP (Inventory)	1,094	1,094	1,094
c. b. Maintenance Improvement and Costs Repair (\$000) Costs (\$000)	4,310 507	10,038 10	6,166 160
d. Total Historic Maintenance, Repair, Improvements (\$000)	4,817	10,048	6,326
e. Average Cost Per Unit (\$000)	4	9	6

OPERATIONS

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RECONCILIATION OF INCREASES AND DECREASES

EXHIBIT OP-5

OPERATIONS

(Program In Thousands)
FY 2002 Program \$125,583
FY 2001 Program \$135,419

The FY 2002 program represents Air Force family housing requirements and was developed using OSD/OMB approved inflation and foreign currency fluctuation rates. Adjustments have been made for force structure changes and mission realignments. All program sub-accounts are described in detail in the following analyses:

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Management. The Management account includes installation-level housing office operations, quality assurance, administrative support, community liaison, and annual service fees paid to the Corporate-Trust Company to provide the required corporate presence in Delaware. The housing referral program assists members to find homes in the private sector and implements the Fair Housing Act of 1968.

		(\$ in Thousands)
1.	FY 2001 President's Budget	\$55,685
2.	Projected Congressional Adjustments (FCF):	-\$496
3.	FY 2001 Projected Appropriated Amount:	\$55,189
4.	Supplementals:	None
5.	Price Growth:	None
6.	Functional Program Transfers:	None
7.	Program Increases:	
	a. Family Housing Master Plan and General Officer Quarter Master Plan Implementation	\$9,182
8.	Program Decreases:	None
9.	FY 2001 Current Estimate	\$64,371
10.	Price Growth:	
	a. Inflation	\$1,030
	b. Foreign Currency Fluctuation Rate Adjustment	None
11.	Functional Program Transfer:	None
12.	Program Increases: ACES-HM Implementation	\$45
13.	Program Decreases	
	a. Inventory decrease (-11,573 units x \$624/unit = -\$7,222K).	-\$7,222
14.	FY 2002 Budget Request:	\$58,224

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Analysis of Change in Management

The Management sub-account consists of predominately fixed costs such as salaries and required administrative support supplies and equipment. As part of our management activity, we are completing development of new computer-based work tools to improve customer service and management of resources. This effort includes implementation of the Automated Civil Engineer System-Housing Module (ACES-HM). This system improves customer services and data sharing for overall program management and also provides interactive training.

The management sub-account also provides funds for Housing Market Analyses at each base to determine the proper amount of housing needed to support the assigned population, and supports the Family Housing Master Plan, which is the source document for future housing decisions. This sub-account has also funded General Officer Quarter Master Plan efforts. The Management sub-account is not per-unit specific since there is a basic level of support and manning for the base housing office regardless of the number of units.

The Management sub-account provided funds for studies of privatization projects at selected installations prior to FY 2002. To comply with the Senate Report 106-290 accompanying the FY 2001 Military Construction Appropriations Bill, a new program element (PE) within the MFH O&M account called "Privatization Support" has been developed. Accordingly, all MFH privatization support requirements are now included in a separate Privatization OP-5.

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Services. Provides basic support services such as refuse collection and disposal; fire and police protection; entomology and pest control; snow removal; and street cleaning.

Military family housing activities are affected by many new environmental standards. The environmental legislative changes in states and foreign countries continue to evolve leading to an uncertain ability to predict program growth. Initiatives to remove lead-based paint and asbestos, install leak detection on underground heating fuel storage tanks, and provide spill/overflow protection and corrosion control are also covered within this account.

		(\$ in Thousands)
1.	FY 2001 President's Budget	\$27,997
2.	Projected Congressional Adjustments:	-\$237
3.	FY 2001 Projected Appropriated Amount:	\$27,760
4.	Supplementals:	None
5.	Price Growth:	None
6.	Functional Program Transfers:	None
7.	Program Increases: Increases to base refuse/recycling and entomology/termite inspection contracts costs	\$3,024
8.	Program Decreases:	None
9.	FY 2001 Current Estimate	\$30,784
10.	Price Growth:	
	a. Inflation	\$493
	b. Foreign Currency Fluctuation Rate Adjustment	None
11.	Functional Program Transfer:	None
12.	Program Increases: Services required to support scheduled FY 2002 privatized units until privatization contracts are awarded during fiscal year	\$597
13.	Program Decreases:	
	a. Inventory decrease (-11,573 units x \$304/unit = -\$3,518)	-\$3,518

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14. FY 2002 Budget Request: \$28,356

Analysis of Changes in Services

The Services budget request has been decreased as a result of scheduled privatization of housing units. However, funds are required to provide services to support the scheduled privatized units until privatization contracts are actually awarded during the respective fiscal years. Additionally, the services account has incurred increased costs in base refuse/recycling programs and entomology/termite inspections.

It should be noted that regardless of privatization of units or competitive sourcing of housing flight operations, the Air Force position is a small core of government housing expertise is required at all locations to advise local commanders. This is called a housing functional advisory staff (FAS), and funding for FAS level of housing management support is included.

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Furnishings. Includes the procurement for initial issue and replacement of household equipment (primarily stoves and refrigerators) and in limited circumstances overseas, furniture; the control, moving, and handling of furnishings inventories; and the maintenance and repair of such items.

This FY 2002 budget reflects the Congressional desire for increased burden sharing with foreign governments.

Loaner sets of furniture are issued to military families overseas so they may occupy permanent quarters prior to the arrival of personally owned furniture. Loaner sets are very cost effective because they reduce the cost of temporary quarters. Other items of household furnishings normally built into CONUS houses which are limited or not included foreign country local construction standards, such as wardrobes (clothes closets), kitchen cabinets or sideboards and appliances, are also issued to military families.

Leases in Europe also require closets and kitchen cabinets to be issued along with appliances since leased units overseas do not have the same accommodations available as in the United States.

The furnishings account funds essential furnishings at levels consistent with cost/benefit studies and the needs of the Air Force. Much of the funding requested in the furnishings account results from an analysis of the most economical or cost effective way to fulfill Air Force requirements. Issue of furnishings by the government avoids higher costs in other accounts such as military allowances and other support appropriations.

	(\$ in Thousands)
1. FY 2001 President's Budget	\$38,180
2. Projected Congressional Adjustments:	-\$280
3. FY 2001 Projected Appropriated Amount:	\$37,900
4. Supplementals:	None
5. Price Growth:	None
6. Functional Program-Transfers:	None

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7.	Program Increases:	None
8.	Program Decreases: Reduced furnishing requirements due to scheduled privatization of units	\$103
9.	FY 2001 Current Estimate	\$37,797
10.	Price Growth:	
	a. Inflation	\$605
	b. Foreign Currency Fluctuation Rate Adjustment	None
11.	Functional Program Transfer:	None
12.	Program Increase: Programmed increase in furnishings requirements for new build-lease housing units	\$2,754
13.	Program Decreases:	
	a. Inventory decrease (-11,573 units x \$392/unit = -\$4,537)	-\$4,537
14.	FY 2002 Budget Request:	\$36,619

Analysis of Changes in Furnishings

Furnishings costs are trending downward over the long term from over \$50 million per year in the late 1980's to \$36.6M in FY02. Base closures and realignments from overseas have been the primary cause of these reductions. Also most overseas Air Force bases have transitioned from limited Joint Federal Travel Regulation (JFTR) to full JTFR entitlements, which means less government furniture is required. Inventory decreases also drive decreases in the funds requested.

This request addresses the needs of newly constructed and leased housing units being added to the Air Force inventory to compensate for housing deficits. For example, mission requirements and realignments have resulted in the build-up of activities at several locations in Europe, to include increases in concurrent family travel at RAF Lakenheath, England. Funding is required to support initial issue requirements for the Lakenheath and Aviano build-to-lease units coming on line in FY02. With more families at these locations to support, the furnishings requirements have increased.

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Miscellaneous. Includes mobile home hookups, leased office and warehouse space supporting family housing, payments to other Federal agencies or foreign governments (i.e. United Kingdom and Australia) to operate Permit Housing units occupied by Air Force personnel, and similar costs.

	(\$ in Thousands)
1. FY 2001 President's Budget	\$2,332
2. Projected Congressional Adjustments:	-\$17
3. FY 2001 Projected Appropriated Amount:	\$2,315
4. Supplementals:	None
5. Price Growth:	None
6. Functional Program Transfers:	None
7. Program Increases: Additional warehousing requirements to support temporary furnishings storage at overseas locations	\$152
8. Program Decreases.	None
9. FY 2001 Current Estimate	\$2,467
10. Price Growth:	
a. Inflation	\$39
b. Foreign Currency Fluctuation Rate Adjustment	None
11. Functional Program Transfer:	None
12. Program Increases: Additional warehousing requirements to support temporary storage of furnishings during phase-in period of Lakenheath and Aviano build-lease units	\$179
13. Program Decreases:	-\$301
a. Inventory decrease (-11,573 units x \$26/unit = -\$301)	

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14. FY 2002 Budget Request: \$2,384

Analysis of Changes in Miscellaneous

This stable program covers incidental costs in support of family housing. Miscellaneous costs include implementation of the International Cooperative Administrative Support Services (ICASS) Program. ICASS is a system for managing and sharing the administrative support costs of overseas operations of US Foreign Affairs agencies and other US Government agencies that operate as part of the country team at US Embassies. The requirement for funds to support temporary storage of furnishings at overseas locations has increased. New or replacement furnishings are ordered months in advance at some overseas locations due to the long lead time in procuring and receiving furnishings. As a result, temporary storage is often required for the furnishings while housing units are transitioned either into or out of the Air Force inventory.

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UTILITIES

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RECONCILIATION OF INCREASES AND DECREASES

EXHIBIT OP-5

Utilities. This program provides for all utilities consumed in government-owned family housing. Electricity, purchased heating, water, sewage and waste systems are included. MFH facilities consume approximately one-fifth of Air Force facility energy usage; therefore, MFH residents and management share a significant role in the achievement of Air Force energy reduction goals. Since MFH occupants are not billed for their energy consumption, conservation motivation comes primarily from command emphasis. Energy projects to install set back thermostats, water heater jacket insulation, insulation in crawl and attic spaces, and thermal doors and windows are also achieving good results toward the attainment of Air Force energy conservation goals.

	(\$ in Thousands)
1. FY 2001 President's Budget	\$158,959
2. Projected Congressional Adjustments:	-\$1,175
3. FY 200 1 Projected Appropriated Amount:	\$157,784
4. Supplementals:	None
5. Price Growth:	None
6. Functional Program Transfers:	None
7. Program Increases:	None
8. Program Decreases: Inventory reduction due to scheduled privatization of units in FY 2001	-\$1,672
9. FY 2001 Current Estimate	\$156,112
10. Price Growth:	
a. Inflation	\$2,498
b. Foreign Currency Fluctuation Rate Adjustment	None

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11.	Functional Program Transfer:	None
12.	Program Increases:	None
	a. PBD 604 – Foreign Currency Fluctuation Inflation	\$1,593
	b. PBD 602 – Fuels Inflation	\$1,500
	c. PBD 8 10 - Readiness and Training	\$26,000
13.	Program Decreases:	
	a. Decrease in usage to support Air Force Energy Reduction.	-\$1,749
	b. Inventory decrease (-11,573 units x \$1,495/unit = -\$17,302)	-\$17,302
14.	FY 2002 Budget Request:	\$168,652

Analysis of Changes in Utilities

The requirement for FY 2002 and FY 2003 is based on historical obligation trends, which continue to be influenced by rising energy prices and energy conservation savings resulting from whole-house improvements and energy conservation projects. Privatization of utility service lines and activity will cause some localized increases in per-unit costs. The rising energy prices are only partially offset by aggressive utility conservation savings. In general, the continuing utilities cost trend is growth above normal inflation. Air Force goals continue to emphasize a reduction in energy consumption and costs through conversion to natural gas and installation of energy saving materials in housing units. Most locations are experiencing upward utilities cost trend because utility rate increases have **outpaced** energy conservation savings. However, European locations are experiencing downward utilities cost trend. Continued conservation efforts allow reduced consumption that partially offset rising energy prices. Also, inventory decreases contribute to offsetting the increase in the funds requested.

The consumption stream shown in the table below is consistent with Air Force goals of reducing consumption and costs through conversion to natural gas and installation of energy-saving materials and devices in housing units.

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USAF FY2002 BES		Fiscal Year:		2002
Family Housing Summary of Utility Detail		Command:		USAI
		Exhibit:		FH-10
Fiscal Year:	2000	2001	2002	
TOTAL COST OF UTILITIES (\$000)	157,090	156,112	168,652	
UTILITY QUANTITIES				
Electricity (KwH)	980,393,029	920,441,544	1,080,381,287	
Heating				
Gas (CF)	3,742,704,714	3,721,025,503	4,081,880,688	
Fuel Oil	3,000	3,000	4,447	
Residuals (BBLs)	4,975	4,887	5,335	
Distillates (BBLs)	257,193	251,828	282,301	
Purchased Steam (MBTU)	631,385	587,710	650,099	
Heat Plants Coal Fired (MBTU)	642,582	603,735	609,307	
Heat Plants Other Than Gas, Oil, Coal (MBTU)	0	0	0	
Propane (BBLs)	1,076	1,192	1,312	
Water (Kgal)	18,955,180	18,666,482	20,543,953	
Sewage (Kgal)	13,044,962	12,747,362	14,185,592	

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MAINTENANCE

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DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

RECONCILIATION OF INCREASES AND DECREASES

EXHIBIT OP-5

Maintenance. Provides upkeep of family housing real property through service calls, change of occupancy rehabilitation, routine maintenance, preventive maintenance, interior and exterior painting, and major repairs.

(\$ in Thousands)

1.	FY 2001 President's Budget	\$428,456
2.	Projected Congressional Adjustments and Economic Assumptions:	-\$3,187
3.	FY 2001 Projected Appropriated Amount:	\$425,269
4.	Supplementals:	None
5.	Price Growth:	None
6.	Functional Program Transfers:	None
7.	Program Increases:	None
8.	Program Decreases:	-\$7,649
	a. Increased "must pay" costs in other accounts have caused a decrease in available funds for maintenance (i.e. privatization studies and master plan implementation costs paid for in the management account)	
9.	FY 2001 Current Estimate	\$417,620
10.	Price Growth:	
	a. Inflation	\$6,682
	b. PBD 604 – Inflation	\$2,792
	c. PBD 660 -- Foreign Currency Fluctuation Rate Adjustment	-\$21,661
	d. PDB 804 - Non-Pay Purchases Inflation	\$1,000

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

e. PBD 804C - Non-pay Purchases Inflation	-\$1000
f. PBD 83 1 - Foreign Currency Fluctuation	-\$9,235
11. Functional Program Transfer:	None
12. Program Increases: The Maintenance account includes funds transferred from the Operations and Utilities account in expectation of privatization contracts being awarded on schedule. These funds will be required for the Operations and Utilities of proposed privatized units if scheduled contract award dates are delayed. Program increase also includes funds transferred from the Leasing account due to delays in the schedule of build-lease units at Aviano and Lakenheath. Additionally, increased emphasis on maintenance and repair is required to minimize escalating growth in the backlog of Deferred Maintenance and Repair.	\$94,432
13. Program Decreases:	\$54,104
a. Inventory Decrease (-11,573 x \$4,675/unit = \$54,104)	
14. FY 2002 Budget Request:	\$436,526

Analysis of Changes in Maintenance Program

The maintenance account reflects Air Force Family Housing Master Plan (AF FHMP) priorities and attempts to arrest growth of our deferred housing maintenance and repair requirements within fiscal constraints. Unfortunately we have not eliminated our deferred maintenance and repair backlog. In 1999 we projected 61,000 inadequate units. Yet, after two years of strong congressional support of housing military construction programs, the recent analysis of Air Force housing, accomplished by architectural and engineering firms during the AF FHMP data gathering process, indicates that due to deferring maintenance and repair, we have made little headway in reducing the number of inadequate units. As of the beginning of FY02, the AF FHMP projects the need to revitalize approximately 59,000 inadequate houses.

The AF FHMP draws a distinct line between military construction and maintenance funding. Architect and engineering firms gathered housing condition assessment data on every housing type in the Air Force. This data documents the existing condition of major housing system components (ex: roofs, furnaces, carpet, window, cabinets) and then, using industry standard life cycles, projects the replacement requirement for these components (ex: roof: 15-20 years; gas furnace: 20 years). The overall condition of housing components and replacement cost determined whether each requirement was projected for replacement using military construction

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

or to be maintained using Real Property Maintenance by Contract (RPMC) funds. This database was then used to project future facility funding requirements and substantiate the existence of a maintenance and repair backlog.

Air Force assets are valued at over \$16 billion in replacement costs. Limited maintenance funding and a high occupant turnover have accelerated deterioration of the Air Force housing inventory. Many of the homes were built in the 1950s and 1960s and have never received system upgrades and lack standard amenities of community houses. Constrained funding has resulted in a greater reliance on more costly, temporary fixes which only exacerbate the deterioration of our housing units. Notably, the infrastructure systems such as streets and sewers that support the units are now beyond their projected economic lives at most installations, with several systems near failure.

Housing condition assessments conducted for the Air Force Family Housing Master Plan substantiate that a failure to adequately fund maintenance and repair eventually leads to increased military construction costs. The maintenance and repair funding profile represents a balanced, fiscally constrained program that is consistent with the DOD goal to revitalize all our inadequate housing by or before 2010, while ensuring sufficient RPMC funds are available to maintain existing adequate inventory.

The Maintenance account includes funds transferred from the Operations and Utilities account in expectation of privatization contracts being awarded on schedule. These funds will be required for the Operations and Utilities of proposed privatized units if scheduled contract award dates are delayed.

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**MAINTENANCE &
REPAIR OVER \$20K**

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**DEPARTMENT OF THE AIR FORCE MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST
NON-COQ UNITS**

This information complies with the House of Representatives, Military Construction Appropriations Bill (Conference Report 106-221) requiring the Services to report major maintenance and repair expenditures projected to exceed \$20,000 per unit. While these projects are shown as line items here, the maintenance budget estimate includes them among overall requirements for the entire inventory. Since over 60 percent of the average investment project includes major maintenance and repair actions, we can mitigate some of these problems through the FY 2002 O&M program.

Location	Base	No of Units	Year Built	High Unit		Total Cost (\$000)	Improvements Non-Routine FY1997-2001 (\$000)	
				Cost (SOOO)	Unit (NSM) Proj (NSM)			
CONUS								
AL	Maxwell	16	1932-35	50	265-324	4,700	730	0
Replace electrical and HVAC systems. Abate lead base paint and asbestos. Patch and paint as required.								
CA	Los Angeles	1	1935	30	99	99	30	0
Remove existing stairs to the second floor and landing and replace with treated materials								
CO	USAF Academy	10	1959	83	184	1,840	833	0
Renovate interiors to include the entryway, kitchen/family room, bathrooms, living room/atrium, and replace diffusers and thermostats. Update siding and paint interior and exterior.								
FL	Tyndall	10	1969	49	107	1,070	500	0
Renovate kitchens and baths in IO JNCO units. Replace interior doors and stove. Relocate mechanical room for exterior access. Relocate washer/dryer, interior non-load bearing walls. Install ground-fault circuit-interrupters (GFCI), carpeting, tile flooring, doorbell, and dishwasher.								
FL	Patrick	75	1996	32	130	9,750	1500	0
Repair exteriors of 75 MFH units. Replace all windows and sliding glass doors with energy efficient systems. Repair cracks on all existing stucco surfaces and install new exterior insulation finish system. Phase 2 of 6 phases.								
ID	Mt Home	1	1962	36	121	121	36	0
Work involves replacing wastewater piping under floor and replacement of flooring in kitchen, bathroom and hallway. Asbestos abatement.								

**DEPARTMENT OF THE AIR FORCE MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST
NON-GOQ UNITS**

Location	Base	No of Units	Year Built	High Unit			Improvements Non-	
				Cost (\$000)	Unit (NSM)	Proj (NSM)	Total Cost (\$000)	Routine FY1997-2001 (\$000)
IL	Scott	4	1948	96	138	552	384	0
Repairs kitchens to include cabinets, counter tops, plumbing, light fixtures, and flooring. Replaces doors (interior and exterior), windows and carpeting. Upgrades HVAC and water heaters. Replaces siding and fascia.								
IL	Scott	24	1973	84	132	3,168	2,016	0
Repairs kitchens to include cabinets, counter tops, plumbing, light fixtures, and flooring. Replaces doors (interior and exterior), windows and carpeting. Upgrades HVAC and water heaters. Replaces siding and fascia.								
KS	McConnell	50	1959	60	88-108	4,901	2,000	0
Repairs fire/life safety deficiencies. Replaces deteriorated wood floors. Repairs basement areas by replacing the furnace and providing proper spacing & definition of laundry/mechanical/storage areas. Repairs driveways, sidewalks, and exterior fascia. Repairs the entry stoop and provides a covered area at the front door.								
MD	Andrews	1	1976	33	135	135	33	0
Replaces siding, windows, gutters and downspouts.								
MO	Whiteman	5	1957	40	112	560	125	0
Repair termite damage. Includes electrical, plumbing, structural, dry wall, painting, flooring, fixtures, lighting, asbestos/lead based paint abatement. Replaces kitchen cabinets and fixtures; and bathroom vanity, tub and fixtures. Includes electrical, plumbing, structural, dry wall, painting, flooring, fixtures, cabinets, sinks, shower/bathtub, and lighting.								
NC	Pope	20	1975	77	107-123	2,268	1,000	0
Renovates bathrooms to include vanities, tubs, sinks and toilets. Renovates kitchens. Replaces all doors and frames, shelving, floor coverings and light fixtures. Replaces the wood carport ceiling with metal soffit and encases existing supports. Replaces the privacy fencing and screening around the HVAC equipment. Paints the interior.								
NC	Pope	56	1975	49	107-123	6,408	1,500	0
Replaces floor coverings and light fixtures. Renovates bathrooms to include vanities, tubs, sinks and toilets. Replaces the wood carport ceiling with metal soffit and encases existing supports. Replaces the privacy fencing and screening around the HVAC equipment. Paints the interior.								

**DEPARTMENT OF THE AIR FORCE MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST
NON-GOQ UNITS**

Location	Base	No of Units	Year Built	High Unit			Total Cost (\$000)	Improvements Non- Routine FY1997-2001 (\$000)
				Cost (SOOO)	Unit (NSM)	Proj (NSM)		
NE	Offutt	10	1896	30	527	5,270	250	0
Repairs required to keep the building up to standards for a facility on the National Historic Register. Work includes pointing brick and repairing the roof.								
NM	Holloman	29	1956	45	121	3,536	948	0
All associated removal, modifications and repairs or all associated work required to upgrade existing kitchens.								
NM	Holloman	59	1956	44	119	6,993	2,138	0
Repairs to exterior walls of housing units to include energy saving windows, repairs due to foundation settlement, includes work required on garages, carports, stoops, and exterior storage units.								
OH	WPAFB	12	1935	55	194	2,328	559	0
Repair and restore windows with energy efficient windows meeting historic criteria . Repair window trim and sills as required. This scope is identified as Phase 111 of Project Number ZHTV984004(R7), Rpr/Rpl Windows Brick Quarters, Wright-Patterson AFB, Ohio.								
SC	Shaw	5	1952	35	125.3	627	175	0
Upgrades include: replacing interior/exterior doors; installing new flooring; rewiring the existing electrical system; enclosing the porch; and installing privacy fencing.								
TX	Laughlin	1	1959	84	214	214	84	0
Upgrade kitchen to include: cabinets, counter tops, plumbing, light fixtures, and flooring. Replace doors (interior and exterior), windows and carpeting. Upgrade HVAC and water heaters and upgrade exterior by replacing siding and fascia. Unit 9018 - Wing Commander.								
TX	Laughlin	1	1959	75	83	83	75	0
Upgrade kitchen to include: cabinets, counter tops, plumbing, light fixtures, and flooring. Replace doors (interior and exterior), windows and carpeting. Upgrade HVAC and water heaters and upgrade exterior by replacing siding and fascia. Unit 9020 - Support Group Commander.								
WA	Fairchild	26	1960	79	95-1 11	2,658	1,800	0
Renovates kitchens and bathrooms to include: cabinets, countertops, plumbing, light fixtures, and flooring. Replaces doors (interior and exterior), windows, carpeting, wall/ceiling board and wiring. Improves floor plan. Upgrades HVAC and water heaters. Repairs exterior by replacing sheeting, siding and roofing. Adds patios and converts carports to garages.								

**DEPARTMENT OF THE AIR FORCE MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST
NON-GOQ UNITS**

Location	Base	No of Units	Year Built	High Unit Cost (\$000)	Unit (NSM)	Proj (NSM)	Total Cost (\$000)	Improvements Non-Routine FY1997-2001 (\$000)
WA	McChord	30	1939	44	130-165	4,250	1302	0
Replaces oil-fired boilers, single piping circulation systems, and radiators with a gas-fired boiler, two circulating pumps, an expansion tank, a shot feeder, and dual piping circulation system per building. There are five family housing units per building.								
WA	McChord	52	1959	55	101	5,252	2,500	0
Repairs mechanical and electrical systems, insulation, floors, windows, doors, sidings, roof. Repairs driveways, sidewalks, and attached/detached carports. Renovates bathrooms and interior to modern contemporary standards.								
WA	McChord	1	1959	70	180	180	70	0
Repair unit severely damaged by termites. Project includes the installation of temporary structural supports for built-up roof. Replace damaged exterior load-bearing walls (without damage to brick fascia) of utility/mechanical room, kitchen, family room, entryway, and bedroom, refinish.								
WY	F E Warren	3	1	1910	200	253	7,843	3,000
This project is the second of five phases to accomplish comprehensive repairs to 156 historic MFH units. Each phase will address requirements specific to units contained in that phase, but may include roofing, windows, paint, brick tuckpoint, porches, exterior woodwork, plumbing, heating, electrical and structural work.								
OVERSEAS								
AK	Eielson	82	1962	43	126	5,176	1,400	221
Replaces roof, windows, and exterior doors on 41 units and arctic area heating on 11 units.								
Azores	Lajes Field	2	1962	47	190	280	100	0
Replace windows in senior officer quarters. Existing windows are antiquated and were installed "piecemeal" by different manufacturers throughout the house.								
Japan	Kadena	68	1986	33.0	122	16,592	2,000	82
Replace interior domestic hot and cold pipes to include ceiling and wall work. chilled water piping system and related interior electrical work. Paint and patch wall to match existing surfaces. Repair roofs.								
Japan	Kadena	68	1986	33.0	122	16,592	2,000	82
Replace interior domestic hot and cold pipes to include ceiling and wall work. chilled water piping system and related interior electrical work. Paint and patch wall to match existing surfaces. Repair roofs.								

G&FOQ OVER \$25K

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DEPARTMENT OF THE AIR FORCE MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST
GENERAL OFFICERS QUARTERS

This information complies with the 1984 House Appropriations Committee language requiring the Services to report any expenditures from the maintenance account for General or Flag Officer housing projected to exceed \$25,000 per unit. The number of maintenance projects over this threshold is less than previous years, reflecting our strategy to limit use the O&M funds, unless there is a compelling reason, to keep good units good and correct life, safety, health or facility integrity issues. All work shown in these projects is consistent with the Air Force General Officer Quarter Master Plan.

As with the non-GOQ units exceeding the \$20,000 threshold, inflation plays a role in driving repair costs beyond the \$25,000 threshold. Eventually relatively routine repairs will exceed the specified thresholds if no upward adjustment to the threshold is made to account for inflation. Each project described below includes maintenance and repair, alterations, asbestos and lead-based paint abatement and operations costs anticipated for FY 2002 to present a complete picture of the spending projected for the quarters.

Location	Base	Qtrs	Size ID NSM	Year Built	Oper Total (\$000)	Util Total (\$000)	Maint Total (\$000)	Total O&M (\$000)	Improvements Non-Routine FY1997-2001 (\$000)
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CONUS

AL	Maxwell	334	248	1934	1	4	56	61	0
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Replace the existing metal roof and flooring. Install screens and add/repair stucco base walls. Proposed work complies with GOQ Master Plan.

AL	Maxwell	341	249	1934	1	4	55	60.0	0
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Convert the existing patio to screened porch with stucco base walls, roof, screening, and tile floor. Proposed work complies with GOQ Master Plan.

c o	Peterson	218	194	1965	2.5	3.5	52.8	58.8	0
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Replaces existing windows with new energy efficient windows.

NE	Offutt	7	527	1894	3	2.5	48.5	54.0	0
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Repairs required to keep the building up to standards for a facility on the National Historic Register. Work includes pointing brick and repairing the roof.

NE	Offutt	8	527	1894	3	2.5	48.5	54.0	0
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Repairs required to keep the building up to standards for a facility on the National Historic Register. Work includes pointing brick and repairing the roof.

DEPARTMENT OF THE AIR FORCE MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST
GENERAL OFFICERS QUARTERS

Location	Base	Qtrs	ID	Size NSM	Year Built	Oper Total (\$000)	Util Total (\$000)	Maint Total (\$000)	Total O&M (\$000)	Improvements Non-Routine FY1997-2001 (\$000)
NE	Offutt	9		527	1894	3	2.5	41.5	47.0	0
Repairs required to keep the building up to standards for a facility on the National Historic Register. Work includes pointing brick and repairing the roof.										
NE	Offutt	10		527	1894	3	2.5	41.5	47.0	0
Repairs required to keep the building up to standards for a facility on the National Historic Register. Work includes pointing brick and repairing the roof.										
NE	Offutt	11		527	1894	3	2.5	48.5	54.0	0
Repairs required to keep the building up to standards for a facility on the National Historic Register. Work includes pointing brick and repairing the roof.										
NE	Offutt	12		527	1894	3	2.5	48.5	54.0	0
Repairs required to keep the building up to standards for a facility on the National Historic Register. Work includes pointing brick and repairing the roof.										
NE	Offutt	14		527	1894	3	2.5	41.5	47.0	0
Repairs required to keep the building up to standards for a facility on the National Historic Register. Work includes pointing brick and repairing the roof.										
NE	Offutt	15		527	1894	3	2.5	41.5	47.0	0
Repairs required to keep the building up to standards for a facility on the National Historic Register. Work includes pointing brick and repairing the roof.										
NE	Offutt	16		527	1894	3	2.5	49.5	55.0	0
Repairs required to keep the building up to standards for a facility on the National Historic Register. Work includes pointing brick and repairing the roof.										
WY	FE Warren	92		494	1910	5	5.4	241	251.4	0
Repair/replace roof, replace boiler and associated piping and radiators, and repair floor structure and foundation at foyer chimney.										
OVERSEAS										
Germany	Ramstein	1013		291.5	1958	2.4	6.5	76.6	85.5	0
Reseals basement and replaces domestic, heating, and sanitary piping.										

PRIVATIZATION

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DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

RECONCILIATION OF INCREASES AND DECREASES

EXHIBIT OP-5

Housing Privatization. This program provides for all MFH O&M funded costs related to privatization. The Air Force pursues privatization ventures to transfer operation and maintenance responsibility to the private sector where cost effective. Accelerated revitalization of housing assets is the biggest benefit from privatization. In order to comply with the Senate Report 106-290 accompanying the FY 2001 Military Construction Appropriations Bill, the FY 2002/2003 BES and the President's Budget separately identifies and justifies the funds required to develop, evaluate and oversee privatization projects, including the cost of consultants hired to assist in these efforts. A new program element (PE) within the MFH O&M account called "Privatization Support" is being developed. The FH-2's include cost for Privatization Support as a separate sub-account; however, due to the time limit involved in establishing a new program element for this BES submission, the privatization costs are additive to the Maintenance sub-account in the database only. An unused AFEEIC is being used as a place-holder for the funds.

(\$ in Thousands)

1. FY 2001 President's Budget:	\$0
2. Projected Congressional Adjustments:	None
3. FY 200 1 Projected Appropriated Amount:	\$0
4. Supplementals:	None
5. Price Growth:	None
6. Functional Program Transfers:	None
7. Program Increases:	None
8. Program Decreases:	None
9. FY 2001 Current Estimate	\$0
10. Price Growth:	N/A

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

a. Inflation	N/A
b. Foreign Currency Fluctuation Rate Adjustment	N/A
c. PBD 800 - Family Housing and Barracks Improvement	\$12,300
11. Functional Program Transfer: To comply with Senate Report 106-290, funds transferred from MFH Investment account to MFH O&M Privatization Support sub-account for project development and inspection requirements. Also includes funds transferred from the MFH O&M Management sub-account where funds were traditionally budgeted for privatization project development through concept approval to the Privatization Support sub-account.	\$23,106
12. Program Increases:	None
13. Program Decreases:	None
14. FY 2002 Budget Request:	\$35,406

REIMBURSABLE PROGRAM

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DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

RECONCILIATION OF INCREASES AND DECREASES
Exhibit OP-5

Reimbursement. Includes collections received from rental of Air Force family housing to foreign nationals, civilians and others. Included in the estimate are the anticipated reimbursements due to members who voluntarily separate that are authorized to live in government quarters for up to 6 months after separation.

		(\$ in Thousands)
1.	FY 2001 President's Budget:	\$10,840
2.	Congressional Adjustments:	None
3.	FY 200 1 Appropriated Amount:	\$10,840
4.	Proposed Supplementals:	None
5.	Price Growth:	None
6.	Functional Program Transfers:	None
7.	Program Increases:	None
8.	Program Decreases	None
9.	FYO 1 Current Estimate:	\$10,840
10.	Price Growth: Inflation	\$173
11.	Functional Program Transfers:	None
12.	Program Increases:	None
13.	Program Decreases:	None
14.	FY 2002 Budget Request:	\$11,013

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LEASING

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DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

LEASING

Program (\$ in Thousands)
FY 2002 Program \$102,919
FY 2001 Program \$106,874

Purpose and Scope

Provides leasing of privately owned housing for assignment as government quarters at both domestic and foreign locations when the local economy and on-base housing cannot satisfy requirements. The leasing program is authorized by 10 U.S.C. 2828 and provides for payment of rent, operations, and maintenance costs of privately-owned quarters for assignment as government quarters to military families. This program also includes funds needed to pay for services such as utilities and refuse collection when these services are not part of the contract agreement.

The Air Force continues to rely on the private sector to meet the majority of housing needs. Where the private sector rental markets and on-base housing cannot meet requirements and cost-effective alternatives do not exist, short and long-term leases are used. The Air Force must use the leasing program in high cost areas and overseas to obtain adequate housing to meet critical needs and to avoid unacceptably high member out-of-pocket costs.

Program Summary - Highlights

Authorization is requested for appropriation of \$102,304 to fund leases and related expenses in FY 2002. FY 2002 request for family housing leasing points is summarized as follows:

- (1) 9,201 Foreign lease points
- (2) 5,800 Section 801 lease points
- (3) 3,333 Domestic lease points

Foreign Leasing

Congress controls leasing in foreign countries: first by the number of lease points authorized, then by the review and approval of contract proposals, and finally by the funds appropriated. As overseas bases close, foreign leases are terminated as soon as economically possible. Air Force strategy during the remaining **drawdown** in overseas areas is to continue to maximize the use of government-controlled assets, thereby providing more affordable housing for our personnel and avoiding expensive off-base housing entitlements. The Air Force has been able to retain some housing areas from closing bases for use by families at remaining nearby bases. In fact, the percentage of Air Force members assigned to foreign locations who are able to reside in

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

government-controlled quarters has increased. As the Air Force has drawn down in Europe, the order of the release of housing assets has been, where possible, (1) private rentals (which are usually the most expensive), (2) Government Rental Housing Program (GRHP) and build-to-lease units, and (3) government owned. The exact mix of types of housing has depended upon available assets in each locality. Where possible the Air Force has made renewals of leases on a year-to-year basis to reduce costs by limiting termination liability. Full authorization is required to allow for sufficient flexibility during mission realignments to maximize cost effective solutions.

Section 801 Leasing

This program is helping to reduce our CONUS family housing deficit at bases where Air Force families are seriously affected by housing shortages and high housing costs.

In FY 1984, Congress authorized the testing of a new leasing program for U.S. installations in P.L. 98-15, Section 801. Subsequently, nine housing communities were constructed:

- Eielson AFB, AK, 300 units and 366 units
- Hanscom AFB, MA, 163 units
- Goodfellow AFB, TX, 200 units
- March AFB, CA, 200 units (base closed in FY96)
- Summerfield Housing, MD 1242 units (828 Air Force funded, 414 Navy funded)
- Travis AFB, CA 300 units
- Ellsworth AFB, SD, 200 units and 828 units
- Hurlburt AFB, FL, 300 units
- Cannon AFB, NM, 350 units

The Air Force contracted to have Centennial Estates Housing (828 units) constructed by Hunt Building Corporation (HBC) in 1990 and 1991 at Ellsworth AFB. Poor construction caused many units to become uninhabitable. A settlement agreement was signed by HBC on 1 Mar 99 and by the Air Force and Department of Justice on 2 Mar 99. HBC will pay the United States \$8M over a 5 year period. The settlement includes an allocation of funds to Ellsworth AFB for real property and facility maintenance which will be funded through the regular O&M appropriation verses the Military Family Housing O&M appropriation. The Air Force estimates Ellsworth AFB will receive \$485K in FY2001.

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

Domestic Leasing

Domestic leasing provides temporary housing for Air Force families pending availability of permanent housing. For example, the Air Force is supporting OSD's requests for domestic lease units for personnel assigned to the Armed Forces Radio and Television Service in Los Angeles, CA, and for units supporting the Defense Finance and Accounting System reorganization. This has been an excellent transition procedure to support families in high cost areas while preparing for long-term solutions. Also, affordable housing in high cost locations for recruiters is giving vital support to recruiting.

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

RECONCILIATION OF INCREASES AND DECREASES

EXHIBIT OP-5

<u>Leasing</u>	(\$ in Thousands)
1. FY 2001 President's Budget	\$114,628
2. Congressional Adjustments:	None
3. FY 200 1 Appropriated Amount:	\$114,628
4. Supplementals:	None
5. Price Growth:	None
6. Functional Program Transfers:	None
7. Program Increases:	None
8. Program Decreases: Delay in schedule of build-lease units at Aviano and Lakenheath	-\$7,754
9. FY 2001 Current Estimate	\$106,874
10. Price Growth:	
a. Inflation	\$1,710
b. PBD 604 – Inflation	\$615
11. Functional Program Transfer:	None
12. Program Increases:	None
13. Program Decreases:	
a. Delay in schedule of build-lease units at Aviano and Lakenheath	-\$6,280

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

14. FY 2002 Budget Request: \$102,919

Analysis of Changes in Leasing

The attached leasing charts reflect changes to the program by locations and type of lease. These requirements are a direct result of changes to mission beddowns and other housing needs.

**DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST**

ANALYSIS OF LEASED UNITS (Other than Section 801)
FY 2002

LOCATION	FY 00			FY 01			FY 02		
	# UNITS	LEASE MONTHS	COST (\$000)	# UNITS	LEASE MONTHS	COST (\$000)	# UNITS	LEASE MONTHS	COST (\$000)
DOMESTIC LEASES									
Los Angeles, CA	50	600	\$620	50	600	\$620	50	600	\$624
Ontario, CA (Det 4)	4	48	\$50	4	48	\$50	4	48	\$50
Los Angeles, CA (AFRTS)	20	240	\$248	20	240	\$243	20	240	\$249
Los Angeles, CA (DFAS)	40	480	\$496	40	480	\$496	40	480	\$499
Alameda, CA	2	24	\$20	3	36	\$30	3	36	\$30
Pinedale, WY	6	72	\$89	6	72	\$89	6	72	\$90
Recruiter/R.O.T.C.	147	1,764	\$1,819	180	2,160	\$2,228	185	2,220	\$2,394
Unassigned	3,064	0	\$0	3,030	0	\$0	3,025	0	\$0
TOTAL DOMESTIC LEASES	3,333	3,228	3,342	3,333	3,636	3,761	3,333	3,696	3,937
FOREIGN LEASES									
Aman, Jordan	3	36	\$43	4	48	\$57	4	48	\$57
Cairo, Egypt	3	36	\$51	4	48	\$68	4	48	\$68
Manama, Bahrain	2	24	\$46	1	12	\$25	1	12	\$25
Nairobi, Kenya	1	12	\$17	1	12	\$17	1	12	\$17
Asmara, Eritrea	1	12	\$10	1	12	\$10	1	12	\$11
Islamabad, Pakistan	1	12	\$20	1	12	\$20	1	12	\$20
Doha, Qatar	1	12	\$35	1	12	\$35	1	12	\$35
Abu Dhabi, UAE	1	12	\$41	1	12	\$41	1	12	\$41
Bangkok, Thailand	6	72	\$132	6	72	\$132	6	72	\$133
Classified Location	5	60	\$105	5	60	\$106	5	60	\$108
Osan, Korea	276	3,312	\$4,133	276	3,312	\$4,187	276	3,312	\$4,267
Sembawang, Singapore	117	1,404	\$3,360	117	1,404	\$3,398	117	1,404	\$3,463
Ankara, Turkey	18	216	\$331	18	216	\$336	18	216	\$343
Aviano, Italy	650	7,800	\$8,675	700	8,400	\$9,470	680	8,160	\$7,702
Bonn Embassy, Germany	1	12	\$30	1	12	\$30	1	12	\$30
Izmir, Turkey	4	48	\$128	3	36	\$114	3	36	\$117
Kalkar, Germany	23	276	\$281	0	0	\$0	0	0	\$0
Lakenheath, UK	1,179	14,148	\$16,599	1,365	16,380	\$19,454	1,313	15,756	\$15,793
Stavanger, Norway	1	12	\$50	1	12	\$50	1	12	\$51
Paris, France	7	84	\$302	7	84	\$302	7	84	\$304
Ramstein, Germany	34	408	\$524	0	0	\$0	0	0	\$0
San Vito, Italy	150	1,800	\$2,067	0	0	\$0	0	0	\$0
Spangdahlem, Germany	500	6,000	\$5,897	500	6,000	\$5,914	500	6,000	\$5,953
Vienna, Austria	1	12	\$36	1	12	\$36	1	12	\$37
Copenhagen, Denmark	4	48	\$155	4	48	\$155	4	48	\$156
Unassigned	6,212	N/A		6,183	N/A		6,255		
TOTAL FOREIGN LEASES	9,201	35,868	43,068	9,201	36,216	43,957	9,201	35,352	38,732
GRAND TOTAL FH-4	12,534	39,096	46,410	12,534	39,852	47,718	12,534	39,048	42,668

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Exhibit FH-4

**ANALYSIS OF HIGH COST LEASED UNITS
(Other than Section 801)
FY 2002**

LOCATION	FY 02 TOTAL LEASES Per Country	FY00			FY01			FY02		
		HIGH COST UNITS	HIGH COST Defined	EST COST	HIGH COST UNITS	HIGH COST Defined	EST COST	HIGH COST UNITS	HIGH COST Defined	EST COST
DOMESTIC LEASES										
Los Angeles, Ca	50	43	\$12,000	\$597,000	43	\$12,000	\$597,000	43	\$12,000	\$600,589
Los Angeles, CA/DFAS	40	8	to	\$104,000	8	to	\$104,000	8	to	\$104,625
Pinedale, WY	6	4	\$14,000	\$52,000	4	\$14,000	\$52,000	4	\$14,000	\$52,313
Recruiter/ROTC	185	35		\$427,560	38		\$477,888	38		\$512,414
Sub-Total Domestic	281	90		1,180,560	93		1,230,888	93		1,269,941
FOREIGN LEASES										
*Izmir, Turkey	4	4	\$115	\$128,000	3	\$86	\$114,000	3	\$86	\$116,697
*Stavanger, Norway	1	1	\$18,632	\$50,000	1	\$18,632	\$50,000	1	\$18,632	\$51,307
*Aviano, Italy	700	1	\$14,729	\$28,122	1	\$14,729	\$28,435	1	\$14,729	\$28,948
*Sembawang, Singapore	117	117	\$2,906,599	\$3,360,000	117	\$2,906,599	\$3,398,000	117	\$2,906,599	\$3,462,692
**Paris, France	7	N/A	N/A	\$302,000	N/A	N/A	\$302,000	N/A	N/A	\$303,815
**Copenhagen, Denmark	4	N/A	N/A	\$83,700	N/A	N/A	\$83,700	N/A	N/A	\$84,203
**Aman, Jordan	3	N/A	N/A	\$43,000	N/A	N/A	\$57,000	N/A	N/A	\$57,343
*Asmara, Eritea	1	N/A	N/A	\$10,000	N/A	N/A	\$10,000	N/A	N/A	\$11,066
*Bonn Embassy, Germany	1	N/A	N/A	\$30,000	N/A	N/A	\$30,000	N/A	N/A	\$30,180
**Manama, Bahrain	2	N/A	N/A	\$46,000	N/A	N/A	\$25,000	N/A	N/A	\$25,150
*Islamabad, Pakistan	1	N/A	N/A	\$20,000	N/A	N/A	\$20,000	N/A	N/A	\$20,120
**Doha, Qatar	1	N/A	N/A	\$35,000	N/A	N/A	\$35,000	N/A	N/A	\$35,210
*Abu Dhabi, UAE	1	N/A	N/A	\$41,000	N/A	N/A	\$41,000	N/A	N/A	\$41,246
*Cairo, Egypt	3	N/A	N/A	\$51,000	N/A	N/A	\$68,000	N/A	N/A	\$68,409
*Nairobi, Kenya	1	N/A	N/A	\$17,000	N/A	N/A	\$17,000	N/A	N/A	\$17,102
**Bangkok, Thailand	6	N/A	N/A	\$132,000	N/A	N/A	\$132,000	N/A	N/A	\$132,794
**Vienna, Austria	1	N/A	N/A	\$36,000	N/A	N/A	\$36,000	N/A	N/A	\$37,222
**Classified Location	5	N/A	N/A	\$105,000	N/A	N/A	\$106,000	N/A	N/A	
Sub-Total Foreign	859	123		4,517,822	122		4,553,135	122		4,523,506
GRAND TOTAL FH-4A	1,140	213	N/A	5,698,382	215	N/A	5,784,023	215	N/A	5,793,446

Exhibit F IA

HIGH COST DOMESTIC LEASE approvals range between \$12k and \$14k per unit per year with OSD approved inflation added per year. Thirty eight of the Recruiter and ROTC leases exceed \$12K per year and details of each new or renewed lease is approved by Congress.

- HIGH COST FOREIGN LEASE criteria differs from domestic. Adjusted cost cap for overseas leases is determined by multiplying \$20k times the FY 88 exchange rate divided by the FY 02 exchange rate. Leases exceeding this cap are defined as HIGH COST and are part of the number of high cost leases allowed.

- * STATE DEPARTMENT pool leases do not count against the total number of high cost leases allowed.

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

FAMILY HOUSING, DEPARTMENT OF THE AIR FORCE SECTION 801 FAMILY HOUSING SUMMARY (Dollars In Thousands)									
FY 2002									
LOCATION	NO. OF UNITS	DATE OF AWARD	DATE OF FULL OCCUP	FY00 UNITS	FY00 COSTS	FY01 UNITS	FY01 COSTS	FY02 UNITS	FY02 COSTS
Hanscom AFB, MA	163	SEP 85	OCT 87	163	\$2,765	163	\$2,767	163	\$2,797
Goodfellow AFB, TX	200	SEP 86	JAN 88	200	\$1,934	200	\$1,934	200	\$1,968
Andrew AFB, MD	828	AUG 91	OCT 95	828	\$12,078	828	\$12,141	828	\$12,278
Hurlburt AFB, FL	300	JAN 91	SEP 92	300	\$3,593	300	\$3,651	300	\$3,731
Travis AFB, CA	300	SEP 89	AUG 91	300	\$4,335	300	\$4,357	300	\$4,405
Eielson AFB, AK	666	SEP 91	JAN 96	666	\$15,726	666	\$15,874	666	\$16,320
Ellsworth AFB, SD	1,028	AUG 89	JUN 91	1,028	\$14,134	1,028	\$14,247	1,028	\$14,488
Cannon AFB, NM	350	JUN 91	AUG 93	350	\$3,949	350	\$4,185	350	\$4,265
ANNUAL REQUIREMENT	3,835	N/A	N/A	3,835	58,514	3,835	59,156	3,835	60,251
Unused Lease Points	1,965			1,965	\$0	1,965	\$0	1,965	\$0
GRAND TOTAL FH-4B	5,800	N/A	N/A	5,800	58,514	5,800	59,156	5,800	60,251

DEBT PAYMENTS

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DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2002 BUDGET REQUEST

DEBT PAYMENT

Program (in Thousands)
FY 2002 Program \$35
FY 2001 Program \$34

Purpose and Scope

The Debt Payment program continues in name only, as the last of the **Capehart** and Wherry mortgages were liquidated in FY 1989. This program includes payment of Servicemen's Mortgage Insurance Premiums to FHA for mortgages assumed by active military personnel prior to FY 1980.

Program Summary - Highlights

Request authorization for the appropriation of \$35,000 for FY 2002. No additional budget authority is required for mortgages as noted above.

Servicemen's Mortgage Insurance Premiums

Servicemen's Mortgage Insurance Premiums, Section 124, Public Law 560, 83rd Congress, The Housing Act of 1954, aids in providing homes for members of the Armed Forces of the United States and their families through a system of FHA mortgage insurance, specially designed to assist such members in financing the construction or purchase of homes.

This program was discontinued through Public Law 93- 130 (Military Construction Appropriation Act, 1980) which allowed coverage only on existing mortgages covered prior to FY 1980. The amount needed to continue funding premiums on mortgages existing prior to FY 1980 continues to slowly decrease, adjusted for inflation. The program for FY 200 1 is as follows:

<u>Fiscal Year</u>	<u>Number</u>	<u>Average Payment/Yr</u>	<u>Amount (\$000)</u>
2002	181	\$193	\$35
2001	181	\$189	\$34

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FOREIGN CURRENCY EXCHANGE DATA

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FOREIGN CURRENCY EXCHANGE DATA
FY 2002 Budget Estimate Submission
(\$ in Thousands)

Country	Local Currency	FY 2000		FY 2001		FY 2002	
		Approved Exchange Rates	\$ U.S. Requiring Conversion	Approved Exchange Rates	\$ U.S. Requiring Conversion	Approved Exchange Rates	\$ U.S. Requiring Conversion
Denmark	Krone	7.110	\$117	7.393	\$149	8.975	\$151
European Comm	Euro	N/A		N/A		1.1967	\$72,234
Germany	D Mark	1.855	\$56,492	1.952	\$53,691	N/A	N/A
Italy	Lira	1,836.370	\$14,861	1,932.190	\$14,104	N/A	N/A
Japan	Yen	111.670	\$52,555	102.670	\$45,014	126.68	\$50,572
Norway	Krone	7.888	\$130	8.072	\$51	9.5603	\$52
Portugal	Escudo	190.680	\$938	198.830	\$1,538	N/A	N/A
Singapore	Dollar	1.664	\$3,424	1.685	\$3,355	1.8265	\$3,375
South Korea	Won	1,199.100	\$4,705	1,149.800	\$4,911	1349.5	\$5,023
Spain	Peseta	158.250	\$284	165.300	\$327	N/A	N/A
Turkey	Lira	N/A	\$0	N/A	\$4,487	1,255,000	\$4,568
United Kingdom	Pound	0.608	\$32,113	0.625	\$35,670	0.7144	\$36,312
Total			\$165,619		\$163,297		\$172,287

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