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CNICINST 11103.11A
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CNIC INSTRUCTION 11103.11A

From: Commander, Navy Installations Command

Subj: PRIVATIZATION OF NAVY UNACCOMPANIED HOUSING

Ref: (a) National Defense Authorization Act for Fiscal Year
1996 (P.L. 104-106, 10 U.S.C. §1001)
(b) 10 U.S.C. §2881a
(c) ASN (I&E) memorandum, "Housing," of 25 Feb 2002
(d) CNO WASHINGTON DC 011654Z Mar 12 (NAVADMIN 072/12)
(e) OMB Letter, "Scoring Military Housing Privatization
Initiative," of 25 Jun 1997
(f) 10 U.S.C. §2872
(g) Joint Federal Travel Regulations
(h) 10 U.S.C. §2884-2885
(i) CNIC Desk Guide: Standard Operating Procedures for
Navy Oversight of Health and Safety Issues in
Privatized Housing
(j) CNICINST 3070.1

1. Purpose. To define responsibilities for the Unaccompanied Housing (UH) Privatization Program and provide policy and procedures for the program management of UH Public Private Venture (UH-PPV) projects, as established by references (a) and (b).

2. Cancellation. CNICINST 11103.11 dated 18 March 2010.

3. Background. The Military Housing Privatization Initiative (MHPI), established by Congress in reference (a) and amended by reference (b), authorized the Navy to implement three pilot projects for privatized housing for unaccompanied personnel. Assistant Secretary of the Navy, Installations and Environment (ASN(I&E)) established initial department policy for privatized unaccompanied housing in accordance with the provisions of the MHPI.

4. Policy. UH-PPV projects shall be developed, executed and overseen in accordance with references (a) through (j), to

provide unaccompanied Service members with quality, affordable housing.

a. The following guidance for the pilot projects is based upon reference (c) with demographics updated as per reference (d):

(1) Unaccompanied Service members (E1-E3 and E4) referred to privatized housing utilizing reference (a) are entitled to receive a higher rate of Partial Basic Allowance for Housing (HRPB) in accordance with reference (g), Joint Federal Travel Regulations (JFTR) part U10010C.

(2) Preferably, Service members will pay rent via direct allotment. Those electing not to pay by allotment will pay a security deposit not to exceed one month's rent.

(3) Rents will be based upon the market value of the unit and include utilities and renter's insurance. Rents codified in reference (g) are not rate protected and are subject to annual fluctuations in Basic Allowance for Housing (BAH) for the Military Housing Area.

(4) Secure, accessible, climate controlled storage will be provided for deployed members. Storage space will be allocated for at least one-third of allowed spaces measuring no less than 50 cubic feet per person. Storage may be either on or off site.

b. In addition to the rules set forth in reference (e), the Office of Management and Budget (OMB) in the Executive Office of the President of the United States proposed, and Navy has concurred, with the following precepts for UH-PPV projects:

(1) The Department of Navy (DON) may not provide municipal services such as utilities, fire services, et cetera, to the UH-PPV project for free. These services may be provided under the authority of reference (f) pursuant to written reimbursement agreements when it is determined to be in the best interests of the Navy.

(2) Housing must be built to meet local market standards; marketable to private sector civilians if Department of Defense (DoD) personnel are not available to occupy the units.

(3) There will be no recourse with the Government in the event that any military tenant fails to meet their rental agreement or damages the property.

(4) UH-PPV projects will maintain a "civilian environment" (e.g., no spot inspections of non-public areas, no operational training on premises, no unannounced command inspections).

(5) The buildings to be constructed should be easily separated from the base and easily accessed by private citizens.

(6) UH-PPV projects will not be built in rural locations.

(7) Limited Liability Corporation (LLC) or investment agreements cannot be combined with credit structures.

c. Existing UH-PPV projects were implemented by awarding a contract to a private sector business entity under which a new legal entity was created to own and operate the housing. The private sector business entity serves as the Managing Member and its rights and duties are defined in the operating agreements. The Managing Member manages the project and is responsible for the day-to-day operations. The Managing Member has a business entity that serves as a Property Manager for the Managing Member. The DON functions as a Non-Managing Member of the LLC and has certain rights and duties that are defined in the operating agreements.

(1) The Managing Member is responsible for routine building inspections and maintenance. The practice of Command inspections is not allowed in privatized units. Commands may not utilize privatized facilities without prior coordination with and permission from the Property Manager.

(2) The Property Manager is responsible for contacting the proper authorities when they become aware of illegal activity (such as underage drinking, possession of contraband, or assault).

(3) The Property Manager is responsible for creating policy regarding resident complaints and conflict resolution processes.

d. While enabling legislation authorizes "assignment" of Service members to privatized housing, OMB specifically

prohibits this practice. Accordingly, Service members will not be assigned but rather referred to the Property Manager of the privatized housing. The referral consists of validating the Service member's eligibility as stated below to reside in UH-PPV housing should they choose. Service members will be responsible for entering into a lease agreement and making arrangements for their monthly lease payments with the Property Manager.

e. Eligibility of Service members for privatized quarters must be determined prior to referral or placement on the wait list. Eligibility criteria for unaccompanied Service members are as follows:

(1) A Special Request/Authorization Form (NAVPERS Form 1336/3) is approved by the prospective tenant's Commanding Officer, accompanied by a copy of current orders, and last Leave and Earnings Statement (LES).

(2) Ability to reside in housing for a minimum of six months before their Projected Rotation Date (PRD) and/or Expiration of Active Obligated Service (EAOS).

(3) Not scheduled for an extended deployment (greater than 90 days) for the next six months (extended deployment terminates eligibility for housing for Service members in receipt of the HRPB).

(4) Willing to enroll in an allotment program for rental payments; or, if not, willing to pay a security deposit.

(5) Eligible to collect BAH-Partial (not collecting BAH differential or BAH at the with-dependents rate).

(6) Receive and obtain documentation of individual financial counseling provided by a command sponsored counselor.

f. Service members are referred to UH-PPV on an individual basis, not part of an operational unit. UH-PPV rooms will not be designated for the maintenance of unit integrity, nor will they be held vacant for extended periods for this purpose.

g. The Installation Housing Office or Service Center shall use the Unaccompanied Housing Module (UHM) in enterprise Military Housing (eMH) for referring eligible Service members to the Property Manager upon receipt of vacancy notification. The Housing Office typically has a minimum of 30 days to provide a name from the referral list before the Property Manager can

solicit other eligible personnel and then private sector civilians. The referral period may vary by project.

(1) Referrals will be based on gender requirements identified by the Property Manager. The gender of one occupant dictates the gender of all occupants of the unit.

(2) Extended deployments terminate eligibility for referral; therefore, Service members on the wait list who are on extended deployment or pending extended deployment will be deferred referral eligibility until such deployment has been completed. Members pending deployment will not be removed from the list, but will remain in queue and be reactivated upon notification of return by the Service member.

(3) Referral to UH-PPV is based on the priority list below. Active Duty (a) and (b) are considered preferred referrals and will have priority over all others. This list establishes the relative priority among those eligible personnel on the list. It is not intended to create any separate entitlement to privatized housing nor does it create any independent right to base access. Where privatized housing is located within a secure perimeter, all tenants must have an independent means of base access. Signing a lease does not, in and of itself, create a right to base access. Reference (j) governs base access to unaffiliated civilians for the purpose of occupying public private venture housing.

(a) E1-E3, E4<4 unaccompanied Service members.

(b) E4>4 unaccompanied Service members.

(c) DoD and Coast Guard active duty unaccompanied E5 and above.

(d) DoD and Coast Guard active duty accompanied military personnel.

(e) Retired military personnel.

(f) DoD civilian employees.

(g) Federal civilian employees.

(h) Retired DoD/Federal civilian employees.

(4) The Property Manager may advertise via any available medium to attract eligible personnel within priorities (c) through (h) to apply for housing.

h. Requirements regarding rental rate and payment.

(1) UH-PPV residents are responsible for establishing their allotment for rent for the duration of their lease and making arrangement for any rent not paid by allotment.

(2) Service members who do not establish an allotment will be required to pay a security deposit not to exceed one month's rent.

(3) Security deposit refund policy will be included in the lease and comply with local landlord/tenant laws.

(4) Rent established in accordance with reference (g) will adjust annually with the prevailing BAH at the without dependents rate.

(5) At no time shall the rental rate for a non-military tenant be less than the rental rate for Service members.

(6) Rent will be due on the first of the month for the previous month's rent (rent in arrears).

i. Processing HRPB for UH-PPV requires coordination between the Property Manager, Navy Housing Office and the Navy Pay and Personnel Support Center (NPPSC), Personnel Support Detachment (PSD), or Customer Service Desk (CSD), as appropriate for the installation, to ensure HRPB starts and stops in accordance with the initiation and termination of the lease.

(1) Updates to the Military Pay System do not occur instantly and are not always realized on the next Leave and Earnings Statement (LES) received by the Service member. Arrangements may need to be made in order to accommodate for the actual start date and receipt of BAH.

(2) Inputs made in the system in the first week of the month should become effective on the 15th. The HRPB should be realized in the end of the month LES.

(3) Inputs made in the system after the first week, but prior to the last week of the month, should become effective the first of the following month. The HRPB should be realized in the mid-month LES.

j. The Property Manager shall determine the notification policies and process for the residents regarding extended absences and short-term deployments. Residents are required to submit notice to vacate due to extended deployment, Permanent Change of Station (PCS), or change in status/rank, in accordance with the terms of their lease.

k. A Service member's lease cannot be terminated for reasons other than those stated in this instruction. Short-term deployments (less than 90 days) and school attendance for Training and Development (TAD) are not just causes for termination. The following actions are cause for lease termination:

- (1) Post-trial confinement to the brig
- (2) Discharge from Service
- (3) Deployments scheduled to exceed 90 days
- (4) Separation or retirement from service
- (5) PCS orders outside of the commuting area, generally a one-hour commute
- (6) Acquired dependents
- (7) Violations of lease agreement
- (8) Promotions above the rank of the preferred referral population (E1-E4) will terminate the lease upon renewal for the Service member if there is a waiting list (e.g., wait list consisting of the target population of E1-E4; promotion to E5 (actual, not frocked))

5. Responsibilities

a. Commander, Navy Installations Command (CNIC) is responsible for:

- (1) Coordinating with Deputy Chief of Naval Operations (DCNO N1, Manpower and Personnel) on HRPB requests for an

existing or new project, and for obtaining approval from the Office of the Secretary of Defense for approval of project-specific HRPB.

(2) Participating in UH-PPV project concept development, source selection, exclusive negotiations, and post-award oversight in accordance with references (h) and (i).

(3) Providing UH-PPV program guidance and policy, as required.

b. Region Commanders (REGCOMs) are responsible for:

(1) Ensuring dissemination and compliance with program guidance and policy.

(2) Participating in UH-PPV project concept development, source selection, exclusive negotiations, and post-award oversight in accordance with references (h) and (i).

(3) Providing municipal services to the LLC under the authority of reference (f), when it is determined to be in the best interest of the Navy.

c. Installation Commanding Officers (COs) are responsible for:

(1) Ensuring dissemination and compliance with program guidance and policy.

(2) Participating in UH-PPV project concept development, source selection, exclusive negotiations, and post-award oversight in accordance with references (h) and (i).

6. Action

a. CNIC shall:

(1) Provide technical validation in the review and submission of all project documentation as required by reference (h) (e.g., Program Evaluation Plan and Monitoring Matrix).

(2) Review and respond as necessary to all project requests and reports as required (e.g., annual budgets, incentive fee requests, and flash reports).

b. REGCOMs shall:

(1) Review all project documentation submitted as required by references (h) and (i) for accuracy prior to submission to CNIC.

(2) Review, respond and forward all project requests and reports as required.

c. Installation COs shall:

(1) Review, respond and forward all project documentation submitted as required by reference (h) for accuracy prior to submission for region review.

(2) Evaluate property management performance, record findings, and submit results for region review as per reference (i).

(3) Verify eligibility of Service members for privatized quarters prior to referral or placement on the wait list.

(4) Ensure unaccompanied Service members are counseled regarding their financial obligations and occupant responsibilities for residing in privatized housing.

(5) Manage a fair and equitable wait list system.

(6) Process the start/stop of HRPB with NPPSC, PSD, or CSD, as appropriate for the installation, once notified by the Property Manager of a Service member's lease activation or termination.

(7) Provide unclassified deployment information to the Property Manager, as applicable, for planning purposes. Deployment information becomes unclassified 30 days prior to the deployment.

(8) Refer eligible personnel to the Property Manager in a timely manner.

(9) Work with the Property Manager when the wait list for preferred referrals ((a) and (b)) has been exhausted.

(10) Work with Property Managers to facilitate communications with Ship/Unit Commanding Officers regarding privatized housing opportunities.

7. Records management. Records created as a result of this instruction, regardless of media and format, shall be managed in accordance with SECNAV M-5210.1.



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