



DEPARTMENT OF THE NAVY

NAVAL FACILITIES ENGINEERING COMMAND

200 STOVALL STREET

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From: Commander, Naval Facilities Engineering Command

Subj: HOUSING PRIVATIZATION INITIATIVES (38-96)

Ref: (a) 10 U.S. Code Section 2837 (FY95)

(b) 10 U.S. Code Section 2875 (FY96)

1. Congress authorized the Secretary of the Navy, pursuant to reference (a), to enter into Limited Partnerships with one or more private firms to stimulate the development of family housing. Reference (b) extended the authority to all services, expanded the range of financial techniques available, and removed a prohibition against the transfer of government-owned property.

2. The housing privatization initiative represents a radical change in how we satisfy Navy housing requirements. Its impact on the traditional Military Construction process will be considerable. Thus far, the experience of all those concerned, both within DOD and in other branches of Government, has been limited to two Navy projects. There has been extensive NAVFAC interface with the Housing Revitalization Support Office (HRSO), the Assistant Secretary of the Navy (I&E), and the Assistant Secretary of Defense for Economic Security. Appropriate Congressional subcommittees have required briefings at key points in the process. It is expected that the interface will grow in significance as more projects are started. While there are no definitive guidelines or history to help us through this process, it is clear that this Public-Private Venture (PPV) effort will require NAVFAC to develop a different skill mix.

3. The housing privatization program itself is in its infancy. Likewise, NAVFAC procedures and policies are in the early stages of development. It is our intent to work with the Engineering Field Divisions and Engineering Field Activities to develop a logical, coherent strategy for PPV projects. Field offices will play a prominent role in the source selection process; and Code 11 will continue as the Source Selection Authority for such projects until it is reasonable to delegate such authority.


ROBERT R. BOYER
By direction