



Privatization & Partnerships Division

Use of Tenant Waterfall




Tenant Waterfall

- **The tenant waterfall is a risk mitigation tool for the Projects should rental demand by targeted Accompanied Military Personnel not materialize or diminish.**
- **The waterfall is located in the Ground Lease and most of the tiers are similar across projects in the portfolio.**
- **With declining occupancy across the portfolio, more and more projects are using the tenant waterfall to boost occupancy, fund project operations and ensure that debt service is paid.**



Tenant Waterfall Structure

CATEGORY	PRIORITY
Key and essential accompanied or unaccompanied military or civilian personnel assigned or attached for duty at the Installation	1
Accompanied military personnel and unmarried chaplains assigned or attached for duty at the Installation	2
Accompanied military personnel assigned or attached for duty within a 50 mile radius of the Installation	3
Unaccompanied family members of military personnel	4
Unaccompanied military personnel (married and single) assigned or attached for duty as stated in (2) or (3) above	5
Retired military personnel and spouses or widowed spouses of retired military personnel	6
DoD and Federal Agency civilians (other than designated Key & Essential)	7
Federal Government Contractors with access to Redstone Arsenal and Retired Federal Government Civil Service Employees that retain access to Redstone Arsenal	8
Non-military or non-DoD or non-Federal Agency personnel not included in priority categories 1-7 (general public)	9





Tenant Waterfall Utilization

- Use of the Tenant Waterfall spans across all services and many installations. All residents Tier 6 and below are subject to background/credit checks and any additional restrictions as agreed to by the partnership.

Use of Tenant Waterfall for the Army		
	Army	% of Total Residents Mar-15
Military Families	74,578	95.1%
Unaccompanied	1,188	1.5%
Retirees	592	0.8%
DoD Civilians	1,300	1.7%
Foreign Soldiers	146	0.2%
Non-DoD Civilians	622	0.8%
Total Other Residents	3,848	4.9%
Total Residents	78,426	100%

Number of Army RCI Projects Implementing Waterfall	
Total Projects	34
Unaccompanied	21
Retirees	22
DoD Civilians	21
Foreign Soldiers	14
Non-DoD Civilians	14
Total Other Residents	29



Tenant Waterfall Utilization (cont.)

- **When the Army decided to retire the 3/1 BCT at Fort Knox, the significant departure of military soldiers and their families would have a negative impact on project operations. The property management team has supplemented occupancy with prospective tenants from the waterfall, opening up housing to the last tier (General Public). As of Q1 2015, the project has averaged 71.3% occupancy, a 13.9% increase from budget expectations.**





Tenant Waterfall Utilization (cont.)

- Redstone Arsenal is another project that heavily utilizes the tenant waterfall. BRAC 2005 relocated the Army Materiel Command (comprised primarily of Senior Officers) to Redstone (a project with a majority of JNCO/JENL housing). Property management aggressively pursues civilians, retirees and federal contractors to occupy these homes. As of June 2015, 63% of housing is occupied by waterfall tenants.





Army Coordination

- **Some Garrison Commanders are not receptive to the idea of having non-military personnel living on-post.**
- **Communication prior to implementation and explanation of benefits to the project is key.**
- **Need to develop a vetting process for Civilians.**



Tenant Waterfall Utilization

Residential Communities Initiative, California Military Communities, LLC. APPLICATION FOR DEPARTMENT OF DEFENSE EXCEPTION TO POLICY TO RESIDE ON FORT IRWIN	
APPLICANT INFORMATION	
Full Name:	
Grade/Step:	Phone:
DOB:	SSN:
Unit/Organization:	
Work Phone:	
Are there additional family members that are included on this request? If so, please list full names and date of birth. Attach copy of State issued identification or passport.	
Name:	DOB:
Name:	DOB:
Name:	DOB:
To Qualify For Acceptance, Proof of Medical Insurance Is Required: Please attach copies of Medical Insurance cards for all potential residents.	
By signing this agreement, applicant acknowledges and agrees that the DOD and Garrison Commander have authority to conduct a background check of applicant and maintain exclusive discretion in determining applicant's acceptance as a Civilian Exception to reside on Fort Irwin. Applicant further understands that Fort Irwin is a federal installation. Therefore, the Garrison Commander retains ultimate decision making authority in determining who resides at Fort Irwin and other matters of national security. Applicant understands that this application may be rejected for any reason the DOD and/or Garrison determines and without explanation to applicant.	
Applicant's Signature:	Date:
DIRECTOR/06 COMMANDER	
Director/06 Command Recommendation: CONCUR / NON-CONCUR (circle one)	
Director/Commander Signature:	Date:
Comments:	
CPAC VERIFICATION	
I certify the individual named above qualifies as a Civilian exception on Fort Irwin.	
CPAC Representative's Signature:	Date:
COMMENTS:	
RCI RECOMMENDATION	
DES completed background check on applicant (to include all residents age 16 and above) and recommends: APPROVAL / DISAPPROVAL (circle one)	
RCI Recommendation: CONCUR / NON-CONCUR (circle one)	
RCI Director's Signature:	Date:
COMMENTS:	
GARRISON COMMANDER'S APPROVAL/DISAPPROVAL	
Approval / Disapproval	
Garrison Commander's Signature:	Date:
This approval does not imply an approval of benefits or privileges to the Exchange, Commissary, or routine medical care on the installation.	



Summary

- **With continued troop reductions and other project challenges, the tenant waterfall is critical to ensuring flexibility for our Partners in meeting financial requirements**
- **Sit down with your Army Partner, GC and SC and set the stage months before it is required.**
- **If you have problems, get leadership involved.**