

## ARMY INFORMATION PAPER

7 March 2014

### **SUBJECT: Army Residential Communities Initiative (RCI) Housing Privatization Program**

**REQUEST:** Provide an update on the Army's RCI Program for the Fiscal Year (FY) 2015 Military Construction (MILCON) Staffers briefing.

#### **KEY POINTS:**

- The FY15 Army Family Housing Operations (AFHO) budget request includes \$20M for the privatization account.
- The privatization account has continually decreased over the past few years, from \$29.8M in FY10 to \$20M in FY15.
- The Army has privatized 98% of its Family housing inventory inside the United States.
- The AFH privatization account provides funds for portfolio and asset management and compliance oversight of over 86,000 privatized homes at 44 installations. Army privatization pays for: civilian pay for oversight at RCI locations; Army Corps of Engineers support for environmental studies and ground lease compliance; training; and private sector real estate development and financial consultant services.

#### **BACKGROUND:**

- The Army reached its target goal of 44 installations (34 independently owned and managed business entities/projects) in December 2010; and an end state of 86,055 homes.
- The Army leveraged \$1.9B of government investment into \$13.2B of private sector investment in initial development for new construction homes, and replacement or renovations of existing family housing (a ratio of 6.9:1; DoD goal is  $\geq 3:1$ ).
- As of 1 January 2014, the RCI program has delivered 31,935 new/replacement Family homes and has renovated 25,834 Family homes, reaching 89% of the initial development plan completion mark for planned renovations and new home delivery.
- The RCI program includes five Unaccompanied Housing (UH) projects. Currently, there are 1,394 bedrooms for senior enlisted single Soldiers. In FY14, the UH end state will be 2,102 bedrooms. In FY16, the end state will be 2,402 bedrooms. In February 2013, a groundbreaking was held for the fifth UH project at Fort Meade. This project will provide 816 bedrooms for single junior enlisted personnel authorized Basic Allowance for Housing.
- The Army RCI portfolio has embraced green initiatives where possible. The RCI Energy Conservation Program (RECP) encourages residents to conserve energy in their homes; 75,000 homes are in the program as of January 2014. The RECP has resulted in cumulative savings of approximately \$60M since inception in 2007. Gas/electric consumption has declined by approximately 23%.
- As of September 2013, the RCI program has exceeded the Army goal for small and disadvantaged business utilization of 47% by awarding 64% (\$4.94B of \$7.67B) of contracts to small/disadvantaged local businesses.