RESIDENTIAL COMMUNITIES INITIATIVE (RCI)

FAMILY & SENIOR UNACCOMPANIED HOUSING

Office of the Deputy Assistant Secretary of the Army for Installations & Housing

Headquarters, Department of the Army

April 2010
Military Housing – The Case for Change

- Chronic under-funding; housing deteriorating and deficit increasing

- 1996: 70% of housing needed replacement or major renovation, and Army needed $7B to correct conditions / deficits

- 1996: Congress helped by providing authorities that allow the Services to privatize family / unaccompanied housing

- 2002: Senior UPH privatization developed at locations where there are no adequate / affordable accommodations
RCI Overview

VISION
• Quality Residential Communities for Military Families & Single Senior Soldiers (Staff Sergeants & Above)

GOALS
• Eliminate inadequate Army Housing in the U.S.
• Eliminate the housing deficit

OBJECTIVES
• Sustain adequate housing
• Attract quality partners who provide expertise / innovation / capital to projects
• Ensure opportunities for reasonable profits
• Ensure incentive based fees
• Maximize use of local (large / small) businesses
• Protect interests with a RCI Portfolio & Asset Management (PAM) Program
RESIDENTIAL COMMUNITIES INITIATIVE
Assistant Secretary of the Army (Installations and Environment)

RCI Process – From Concept to Transfer to Partner

Prepare / Issue / Award RFQ* Solicitation
- Develop concept
- Start NEPA / surveys
- Start assessments
- Conduct due diligence
- Prepare 2-step RFQ
- Notify Congress
- Issue solicitations
- Conduct training
- Complete envr assessments
- Complete real estate surveys
- Develop scope (construction / renovation) and schedule
- Develop / resolve issues
- Compete debt financing
- Submit CDMP to HQ Army
- Obtain Army approval
- Finalize scoring estimate
- Obtain OSD / OMB approvals

Develop DMP** & Obtain Approvals 8 months
- Conduct training
- Complete envr assessments
- Complete real estate surveys
- Develop scope (construction / renovation) and schedule
- Develop / resolve issues
- Compete debt financing
- Submit CDMP to HQ Army
- Obtain Army approval
- Finalize scoring estimate
- Obtain OSD / OMB approvals

Notify Congress 45 days
- Notify Congress
- Project / DMP -- 45 days
- Reprogramming scoring $ into OSD account (FHIF) -- 30 days

Transition to Partner Opns 3 months
- Issue Transition Notice
- Complete business agreements
- Financial close
- Partner mobilization
- Begin oversight & Portfolio / Asset Management (PAM)
- Transfer Assets / Opns

Oversee DMP Execution 50 years
- Execute DMP
- Continue PAM
- Collect BAH
- Annual site visits
- Monthly / Qtrly reports
- Special reviews
- Restructure / refinance

* Request for Qualifications
** Development and Management Plans (Community & Unaccompanied

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RCI Family Housing Program – 44 Installations (34 Projects)

- 85,711 Houses; 98% of Army Family Housing in the U.S.
- $1.97B Army Equity = $12.60B Initial Private Development
- 6.4 to 1 leverage; the OSD goal is ≥3 to 1
Fort Bragg – Before / After Junior Enlisted Housing
Fort Belvoir’s Award-Winning Housing
Fort Polk Development

Junior Enlisted 4-Plex

Recycled Plastic & Accessible Playground
Picatinny Arsenal Ribbon-Cutting Ceremony
Single Senior Soldier UPH RCI (Staff Sergeants & Above)

Fort Irwin (Part of Town Center)
- 200 apartments
- All completed by July 2011

Fort Drum
- 192 1 & 2-bedroom apartments
- All completed

Fort Bragg
- 312 1 & 2-bedroom apartments
- All completed

Fort Stewart
- 334 1 & 2-bedroom apartments
- All completed

Fort Bliss
- 358 1 & 2-bedroom apartments
- May not close due to $ markets
Single Senior Soldier UPH RCI at Fort Stewart
Portfolio & Asset Management (PAM) – 50-Year Oversight

• Why PAM? Because 86,000-house portfolio:
  – Is comparable to largest publicly traded residential companies – only 2 larger (Equity Residential and Archstone Communities)
  – Produces $12B in development 1st 10 years; has annual portfolio income of >$1.5B
  – Includes partners who are leaders in development, property mgt and construction

• Program designed to:
  – Monitor health of RCI Portfolio; solve problems before they occur or grow
  – Detect, research and implement project enhancements
  – Report to internal / external stakeholders on program / projects for next 50+ years

• Comprised of:
  – Asset Management – Day to day oversight / protection of housing assets / operations of a specific project -- Installation Level
  – Program Management – Oversight / protection of RCI assets and operations across all RCI projects – HQDA Army Staff – OACSIM
  – Portfolio Management – Oversight / protection of RCI assets and operations across entire portfolio of RCI projects – HQDA Army Secretariat – OASA (I&E)
### PAM – Portfolio Metrics

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TOP: JNCO single family units at the Presidio of Monterey
BOTTOM: CSM duplex at Fort Lewis
Summary

• Increases the well-being of 86,000 Families & senior single Soldiers

• 2009 resident survey feedback shows continued overall improvement

• Positive results from Energy Conservation Program

• Will continue listening to our residents through assessments, surveys, focus groups and development and property management reviews

• Focusing on resident services and support to ensure consistent experiences across all installations