

AIR FORCE

Housing Privatization



Renting Privatized Housing

Privatized Housing is one of the many options you have when you decide where you and your family will live. Privatized Housing (PH) allows you to retain the sense of military community, you may have experienced when the Air Force managed the housing, along with the benefits of living in community rental housing. This information sheet answers frequently asked questions about privatized housing.

What is Privatized Housing?

Privatized Housing (PH) replaces Military Family Housing (MFH) and is owned, managed, and maintained by a private developer or Project Owner (PO). The PO's goal is to provide quality homes for military families thus enhancing their Quality of Life (QOL) while maintaining the military community and camaraderie found on installations.

Why did the Government Privatize Housing and how does it work?

The Government wanted to provide a better QOL for their military families but realized it would take approximately 12 years and \$5.6 Billion to accomplish the task using appropriated funds. Congress decided that they could achieve the desired end result through privatization much faster and in 1996 passed the Military Housing Privatization Initiative (MHPI).

How does Privatized Housing work?

In privatized housing, you sign a Resident Lease Agreement, typically for a one-year term. Rent is normally paid in arrears and the PO can help you set up a monthly allotment to pay your rent. Your first month's rent may be pro-rated from your lease start date and you are responsible for payment of this prior to move-in. The Resident Lease Agreement spells out all relevant rent terms and conditions of occupancy and should include a military clause and a lease termination clause. The monthly allotment terminates upon lease termination.

Why do I pay rent for Privatized Housing?

If you are an active duty service member and government housing is not provided, you receive a Basic Allowance for Housing (BAH) based on your rank and assigned duty station. If you lived in MFH, you forfeited your BAH; with PH, you receive your BAH and pay rent for your home to the PO. The POs use the rental income they collect to pay for improvements (new construction and renovation), maintenance,

property management, and community events; just as owners of rental properties in the local community do.

How does BAH work?

As stated above, BAH is intended to be sufficient to pay for your housing and utilities in the local community. Congress sets BAH rates, adjusting them every year to account for changes in the local economy. The annual recalculation means BAH can go up or down. However, because of BAH “rate protection,” once you are assigned to a location, your BAH will not be reduced (*except* for some personal status changes, i.e., rank reduction, dependent changes, etc.). Likewise, if your BAH increases, your rent will increase because BAH is the basis for your rent calculation as explained above.

How much will I pay for rent?

Usually, the amount you pay to live in PH depends on the BAH you receive. However, there may be instances where the PO and the government decide to charge another rental amount. A decision of this type is usually related to the occupancy rate at the installation but could be due to other mitigating factors.

Your BAH includes funds to pay for your rent, utilities, and property insurance. The DoD and Air Force policies require that service members living in PH be responsible for the gas and electricity they consume in their homes. The Air Force policy further says that residents will be credited a utility allowance from their BAH. That utility allowance is the average cost of gas and electricity for the type of unit the resident lives in, plus 10%. This credit is called a utility allowance (UA). Your rent is therefore, calculated as your BAH minus your utility allowance.

Example	
BAH	\$1,000.00
Average Monthly Gas and Electricity Cost – (\$200.00)	
Utility Allowance – 110% of \$200.00	– \$220.00
Rent	\$780.00

How do I pay for the gas and electricity my family consumes?

How you pay for your gas and electricity consumption depends on the utility infrastructure at your location and whether or not your house is metered. Until your PO installs gas and electric meters, your rent will include these utility costs. Once homes are metered, your PO will notify you that you will be responsible for your actual gas and electricity consumption. Depending on your location, you may be billed by the local utility company or by the property manager.

If the utility infrastructure is such that the gas and electric companies can bill you directly, your housing allotment will be adjusted to your BAH minus your utility allowance. Your utility allowance will remain and you will use those funds to pay the gas and electric companies directly.

Unfortunately, because of the complexity of the utility infrastructures at many Air Force bases, you may not be able to have a direct billing relationship with the utility companies. At projects where this is the case, the PO continues to receive your allotment and pays the utility company for the gas and electricity. They will monitor your usage and if your consumption is less than your allowance, the PO will send you a refund. If your consumption is greater than your allowance, the PO bills you for the difference.

Please note that details, regarding how to pay for your gas and electricity consumption, are installation specific, so speak with your PO or government Housing Management Office (HMO) to ensure you have the correct information. Regardless, if you receive a utility allowance (UA) and you conserve energy, you should realize a savings.

Why do I pay the same rent for an older/un-renovated home as other Airmen pay for a new home?

PH unit designations are by rank. Rent is based on the BAH for your rank not the age of the home. The PO utilizes the rent he collects for current inventory to execute a construction schedule which will bring all the homes up to market standards within a certain amount of time, usually less than 6 years. We know you choose where to live and we hope you choose PH.

Why do Airmen of the same rank pay different rental amounts for a similar house?

The project's success hinges on the PO's ability to keep the homes occupied. Unlike when the Government managed the housing, the PO can offer incentives or discounts as necessary to attract renters, just like a private landlord would downtown. The PO makes these business decisions, when necessary, with full Air Force support and understanding that it may result in members of the same rank paying different rates. Again, this is just like rental housing in the local community.

What other housing related expenses might I incur?

That depends on your location and personal lifestyle. Typically, in PH, you will NOT have to pay a security deposit but could be responsible for a refundable pet deposit. You are urged to obtain personal renter's insurance to cover your belongings. You will be financially liable for any damages you and your family cause to the home during your occupancy (normal wear and tear excluded). Moving your household goods for your convenience is another thing you might choose to do. In some instances, Government funded moves of household goods are authorized, such as to relocate a family because the home they are residing in is scheduled for demolition or renovation. In general, the Government can fund one move into or out of housing (not including a move related to a permanent change of station).

If I have a question or disagreement, who do I call?

As in any rental community or homeowner's association, your primary contact is the on-site Property Manager (PM). The Housing Management Office (HMO) is your government advocate and he or she works closely with the PM to assist you when necessary. The HMO can also help mediate a dispute, just as he or she would do in the local community.

Is Privatized Housing is a good deal?

We believe PH is a good deal for our military families. Our privatized communities retain the military camaraderie and esprit de corps plus provide many amenities specifically designed for our military families. We encourage you to compare the benefits of PH to your local community housing. The choice is yours. You can obtain more information on PH from your HMO or the PM.