

## **Southern Group Housing Privatization**

10/6/2011 - LACKLAND AIR FORCE BASE, Texas -- The Air Force Center for Engineering and the Environment recently announced it has closed the Southern Group Housing Privatization project with Forest City Military Communities. On Sept. 30, FCMC began full housing operations at all four Southern Group bases: Arnold AFB, Tenn.; Charleston and Shaw AFBs, S.C.; and Keesler AFB, Miss.

The deal, valued at \$308.1 million in development costs, provides new and renovated housing for 2,185 military families using only \$23.4 million in appropriated funds.

Forest City currently operates and manages more than 13,800 housing units across the country to include U.S. Navy Hawaii, Pacific Northwest communities, U.S. Navy Midwest, and the U.S. Air Force Academy. Forest City's plans include 22 units at Arnold, 345 units at Charleston, 1,188 units at Keesler and 630 units at Shaw, with features that include two-car garages and at least three bedrooms. In addition, amenities will include community centers, pools, tot lots and neighborhood parks.

Under the deal, the U.S. Air Force will lease approximately 860 acres of land as part of a 50-year transaction. The Air Force conveyed 2,385 existing housing units. Of the existing units, 1,184 inadequate units will be demolished. The project will provide 987 new and renovated homes to be completed in approximately four years. As-is units don't require any updating or renovations; most of the 1,198 as-is units for Southern Group are at Keesler, which was rebuilt after Hurricane Katrina.

At closing, the houses become property of Forest City Military Communities who will own and operate the rental housing development for military families, as well as finance, plan, design and construct improvements in the development and maintain at least 2,185 housing units for the 50-year lease period.

A formal notice to proceed with construction was issued Oct. 3.

"This is the first time in the history of the HP program that a notice to proceed was issued within one business day of closing," said Allen Fennigkoh, AFCEE/HPE project manager. "Usually, they take months."

The Air Force's housing privatization effort has been successful at 47 locations. The ability to partner with the private sector development community has helped the Air Force provide quality homes for Airmen and their families faster than traditional military construction programs.

In 1996, Congress created the Military Housing Privatization Initiative as part of the National Defense Authorization Act. The goal was to provide military members with quality homes faster than through military construction alone.

According to Ian Smith, deputy chief of AFCEE's Housing Privatization Division, the Air Force has accomplished in 10 years through Housing Privatization what would have taken 25 years using traditional military construction, or MILCON, and saved the taxpayer billions in the process.

"The Air Force has privatized more than 47,000 homes at 47 bases at a cost to the Air Force of \$469.4 million, and brought in \$7 billion in private funding to provide quality homes for our Airmen," said Mr. Smith.

AFCEE, headquartered here, serves as the primary Air Force service agent for worldwide housing privatization efforts including completing feasibility analyses, developing project concepts and solicitations, and providing support to the integrated acquisition teams that execute projects.

For more information on Air Force housing privatization, go to <http://www.afcee.af.mil/resources/housingprivatization/index.asp>.