



Department of the Air Force

Military Construction and Family Housing Program

**Fiscal Year (FY) 2003
Budget Submission**

**Justification Data Submitted to Congress
February 2002**

INDEX

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2003 BUDGET REQUEST

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O&M SUMMARY

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OPERATIONS, UTILITIES AND MAINTENANCE
(Excluding Leasing, Debt, and Privatization)

Program (\$ in Thousands)
FY 2003 Program \$720,211
FY 2002 Program \$7 11,648

Purpose and Scope: Provides operations and maintenance resources to pay for the cost of ownership in terms of property management, utilities, and day-to-day maintenance.

a. Operations. This portion of the program provides for operating expenses in the following sub-accounts:

(1) Management. Includes installation-level management such as housing office operations, quality assurance evaluators, administrative support, community liaison, and annual service fees paid to the Corporation-Trust Company. Provides the required corporate presence in Delaware for the United States Air Force Housing, Inc., which continues as the entity holding title to Capehart and Wherry real property. The housing referral program assists the 60% of Air Force families that live in local communities to find quarters in the private sector and implements the Fair Housing Act of 1968. Referral services will also provide information and service to place members in privatized housing. Housing Management offices provide counseling on housing decision-making, advance information on new base of assignment, and assist members through settling-in and home-finding.

(2) Services. Provides basic support services including refuse collection and disposal; fire and police protection; entomology and pest control; and snow removal and street cleaning.

(3) Furnishings. Procures household equipment (primarily stoves and refrigerators) and, in limited circumstances (largely overseas), furniture; controls furnishings inventories; and maintains and repairs furniture and appliances.

(4) Miscellaneous. Provides mobile home hookups, leased office and warehouse space supporting family housing, and payments to other federal agencies or foreign governments to operate permit housing units occupied by Air Force personnel.

b. Utilities. Includes all purchased and base-produced heat, electricity, water, sewer, and gas utilities serving family housing. Occupants purchase their own telephone and cable TV service.

c. Maintenance. Provides upkeep of family housing real property, as follows:

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(1) Maintenance/Repair of Dwellings. Service calls, routine maintenance, repairs, and replacement of deteriorated facility components.

(2) Exterior Utilities. Maintenance and repair of water, sewer, electric, steam and gas lines supporting family housing areas.

(3) Other Real Property. Upkeep of grounds, common areas, roads, parking areas, and other property for the exclusive use of family housing occupants not discussed above.

(4) Alterations and Additions. Minor alterations to housing units or housing support facilities. Large scope and high dollar-value projects are included in the construction program.

The Air Force family housing budget requests essential resources to provide military families with housing either in the private market through assistance from a housing referral office, or in privatized or government housing. Increased emphasis has been placed on the proper funding of the family housing operations and maintenance program. The Air Force's FY03 Operation and Maintenance programs emphasize the following goals:

* Identify affordable housing for military members. Where shortages exist, identify project proposals to privatize or request new construction or leasing of housing for military families.

* Reduce utility consumption through increased management emphasis on energy conservation, maintenance and repair projects to reduce energy consumption, and whole-house improvements to improve energy efficiency.

* Reduce furnishings inventories in accordance with transfers and realignments. Redistribute excess furnishings from realigned bases.

* Fund government appliances and furniture consistent with cost/benefit studies and the delivery of new housing units which need government-supplied appliances.

* Continue the Quarters Cleaning Initiative (QCI) which helps limit expensive overseas temporary lodging allowances (TLAs) to approximately three days in lieu of the 1 O-day maximum. QCI program costs are offset by known savings in TLA accounts.

* Invest wisely in maintenance and repairs to preserve and restore the existing housing inventory worldwide. The top priorities are preservation of the good inventory that we have--keeping "good houses good"--and resolving problems that are a threat to life, safety, or health. We continue to buy down the backlog of deferred maintenance, including neglected

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infrastructure, and sustain our inadequate units until they are privatized, receive a whole house improvement, or are replaced. We will also execute emerging anti-terrorism and force protection requirements as they are defined.

* Schedule maintenance and repair activities along with whole-house improvements to obtain the greatest enhancement in livability while increasing the useful life of housing units with the minimum capital investment and minimum impact on occupants.

* Continue Senior Air Force leadership focus on comprehensive GOQ program improvements to include a GOQ Master Plan that details facility condition in addition to maintenance and repair and investment needs of every GOQ. Perform maintenance and repair projects to keep “good houses good,” resolve problems that are a threat to life, safety, or health, or sustain inadequate units until they are privatized, receive a whole house improvement, or are replaced.

* Continue installation, operation, maintenance, and improvements of the Automated Civil Engineer System-Housing Module, an Air Force-wide computer system designed to assist in all phases of housing management. On-going initiatives include fielding of software needed to fulfill daily assignment, scheduling, maintenance, and inspection of units. Improved customer service, reduced operations costs, and better management control are anticipated through the fielding of this system.

Operation and Maintenance FY 2003 Program Summary - Highlights

Authorization/Appropriation is requested in FY 2003 for \$720,211. This amount, together with estimated reimbursements of \$11,190, will fund the FY 2003 Operation and Maintenance program of \$ 731,401.

A summary of the funding program for FY 2003 is as follows (\$ in thousands):

<u>Operations</u> <u>Request</u>	<u>Utility</u> <u>Request</u>	<u>Maintenance</u> <u>Request</u>	<u>Total Direct</u> <u>R e q u e s t</u>	<u>Reimburse-</u> <u>ment</u>	<u>Total</u> <u>Program</u>
\$110,781	\$132,945	\$476,485	\$720,211	\$11,190	\$731,401

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Fiscal Year:		2001		2002		2003	
USAF FY2003 PB							
Family Housing Operation and Maintenance, Summary							
Excludes Leased Units and Costs							
Worldwide Summary							
Fiscal Year: 2003							
Command: USAF							
Exhibit: FH-2							
Inventory Data (Units)							
Units in Being Beginning of Year		106,162		103,824		83,493	
Units in Being at End of Year		103,824		83,493		78,468	
Average Inventory for Year		104,993		93,659		80,981	
Funding Requirements (\$000)		Total Cost (\$000) Unit cost (\$)		Total Cost (\$000) Unit Cost (\$)		Total Cost (\$000) Unit Cost (\$)	
OPERATIONS (DIRECT)							
Management		64,371 613		57,568 615		48,473 599	
Services		30,784 293		28,036 299		25,178 311	
Furnishings		37,797 360		36,206 387		35,619 440	
Miscellaneous		2,467 24		2,357 25		1,511 19	
Sub-Total Direct Operations		135,419 1,290		124,167 1,326		110,781 1,369	
Anticipated Reimbursements		1,735 17		1,762 19		1,791 22	
Gross Obligations, Operations		137,153 1,307		125,929 1,345		112,572 1,391	
UTILITIES (DIRECT)							
Direct Utilities		156,112 1,488		155,875 1,664		132,945 1,642	
Anticipated Reimbursements		8,238 79		8,370 89		8,504 91	
Gross Obligations, Utilities		164,350 1,566		164,245 1,753		141,449 1,733	
MAINTENANCE (DIRECT)							
M&R Dwelling		336,714 3,209		348,269 3,718		384,483 4,748	
M&R Ext. Utilities		19,939 190		20,525 219		22,659 280	
M&R Other Real Property		25,374 242		26,186 280		28,908 357	
Alter & Add.		35,594 339		36,626 391		40,435 499	
Sub-Total Direct Maintenance		417,620 3,979		431,606 4,608		476,485 5,884	
Anticipated Reimbursements		867 8		881 9		894 11	
Gross Obligations, Maintenance		416,480 3,988		432,487 4,617		477,379 5,895	
PRIVATIZATION							
Privatization Costs		4,820 N/A		N/A N/A		N/A N/A	
Gross Obligations, Privatization		4,820 N/A		N/A N/A		N/A N/A	
GRAND TOTAL, O&M - NOA		713,971 6,757		711,648 7,598		720,211 8,895	
Anticipated Reimbursements		10,840 103		11,013 118		11,190 138	
GRAND TOTAL, O&M - TOA		724,812 6,861		722,661 7,716		731,401 9,033	

1 - FY01 Inventory does not include privatization with the exception of Lackland AFB (272 units), Robins AFB (666 units) and Elmendorf AFB (584 units).
2 - Beginning in FY02, privatization costs are not included in the "Grand Total, O&M" due to the creation of a new Program Element to track all privatization costs (PE 727).

SOME AMOUNTS DO NOT ADD DUE TO ROUNDING

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Fiscal Year:		2001	2002	2003
USAF FY2003 PB				
Family Housing Operation and Maintenance, Summary				
Excludes Leased Units and Costs				
Conterminous US				
Fiscal Year: 2003				
Command: USAF				
Exhibit: FH-2				
Inventory Data (Units)				
Units in Being Beginning of Year		75,453	73,732	55,377 ¹
Units in Being at End of Year		73,732	55,377	50,747 ²
Average Inventory for Year		74,593	64,555	53,064
	Total Cost (\$000)	Uni Cost (\$)	Total Cost (\$000)	Uni Cost (\$)
Funding Requirements (\$000)				
OPERATIONS (DIRECT)				
Management	44,957	603	38,929	603
Services	17,750	238	15,369	238
Furnishings	7,984	107	6,913	107
Miscellaneous	542	7	469	7
Sub-Total Direct Operations	71,233	955	61,680	955
Anticipated Reimbursements	1,270	17	1,290	20
Gross Obligations, Operations	72,502	972	62,970	975
UTILITIES (DIRECT)				
Direct Utilities	103,423	1,387	100,002	1,549
Anticipated Reimbursements	6,031	81	6,127	95
Gross Obligations, Utilities	109,453	1,467	106,129	1,644
MAINTENANCE (DIRECT)				
M&R Dwelling	228,323	3,061	236,284	3,660
M&R Ext. Utilities	11,859	159	12,448	193
M&R Other Real Property	13,911	186	14,538	225
Alter & Add.	13,931	187	14,869	230
Sub-Total Direct Maintenance	268,024	3,593	278,139	4,309
Anticipated Reimbursements	635	9	645	10
Gross Obligations, Maintenance	268,659	3,602	278,784	4,319
PRIVATIZATION				
Privatization Costs	4,620	N/A	N/A	N/A
Gross Obligations, Privatization	4,620	N/A	N/A	N/A
GRAND TOTAL, O&M - NOA	447,300	5,935	439,821	6,813
Anticipated Reimbursements	7,935	106	8,062	125
GRAND TOTAL, O&M - TOA	455,235	6,045	447,883	6,938

1 - FY01 Inventory does not include privatization with the exception of Lackland AFB (272 units), Robins AFB (666 units) and Elmendorf AFB (664 units).

2 - Beginning in FY02, privatization costs are not included in the "Grand Total, O&M" due to the creation of a new Program Element to track all privatization costs (PE 727).

SOME AMOUNTS DO NOT ADD DUE TO ROUNDING

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Fiscal Year:		2001	2002	2003	
USAF FY2003 PB					
Family Housing Operation and Maintenance, Summary					
Excludes Leased Units and Costs					
US Overseas					
Fiscal Year:		2001	2002	2003	
Inventory Data (Units)					
Units in Being Beginning of Year		6,833	6,184	4,492	
Units in Being at End of Year		6,184	4,492	3,838	
Average Inventory for Year		6,509	5,338	4,165	
Funding Requirements (\$000)		Total Cost (\$000)	Unit Cost (\$)	Total Cost (\$000)	Unit Cost (\$)
OPERATIONS (DIRECT)					
Management		4,365	671	3,602	675
Services		2,017	310	1,661	311
Furnishings		2,810	432	2,315	434
Miscellaneous		169	26	138	26
Sub-Total Direct Operations		9,362	1,438	7,716	1,446
Anticipated Reimbursements		75	11	76	14
Gross Obligations, Operations		9,436	1,450	7,792	1,460
UTILITIES (DIRECT)					
Direct Utilities		24,094	3,702	22,118	4,143
Anticipated Reimbursements		354	54	360	67
Gross Obligations, Utilities		24,449	3,756	22,478	4,210
MAINTENANCE (DIRECT)					
M&R Dwelling		33,745	5,185	34,651	6,491
M&R Ext. Utilities		4,193	644	4,160	779
M&R Other Real Property		6,864	1,055	6,886	1,290
Alter & Add.		67	10	76	14
Sub-Total Direct Maintenance		44,869	6,894	45,773	8,574
Anticipated Reimbursements		37	6	38	7
Gross Obligations, Maintenance		44,906	6,900	45,811	8,581
PRIVATIZATION					
Privatization Costs		200	N/A	N/A	N/A
Gross Obligations, Privatization		200	N/A	N/A	N/A
GRAND TOTAL, O&M - NOA		78,525	12,034	75,607	14,163
Anticipated Reimbursements		466	72	474	118
GRAND TOTAL, O&M - TOA		78,991	12,106	76,081	14,281

NOTES:

- 1 - FY01 Inventory does not include privatization with the exception of Lackland AFB (272 units), Robins AFB (666 units) and Elmendorf AFB (564 units).
- 2 - Beginning in FY02, privatization costs are not included in the "Grand Total, O&M" due to the creation of a new Program Element to track all privatization costs (PE 727).

SOME AMOUNTS DO NOT ADD DUE TO ROUNDING

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Fiscal Year:		2001		2002		2003	
USAF FY2003 PB							
Family Housing Operation and Maintenance, Summary							
Excludes Leased Units and Costs							
Foreign							
Fiscal Year: 2003							
Command: USAF							
Exhibit: FH-							
Inventory Data (Units)							
Units in Being Beginning of Year		23,876		23,908		23,624	
Units in Being at End of Year		23,908		23,624		23,883	
Average Inventory for Year		23,892		23,766		23,754	
Funding Requirements (\$000)		Total Cost (\$000) Unit cost (\$)		Total Cost (\$000) Unit Cost (\$)		Total Cost (\$000) Unit Cost (\$)	
OPERATIONS (DIRECT)							
Management		15,049 630		15,037 633		14,449 608	
Services		11,017 461		11,006 463		11,001 463	
Furnishings		27,003 1,130		26,978 1,135		27,696 1,166	
Miscellaneous		1,756 73		1,750 74		1,172 49	
Sub-Total Direct Operations		54,825 2,295		54,771 2,305		54,318 2,286	
Anticipated Reimbursements		390 16		396 17		403 17	
Gross Obligations, Operations		55,215 2,311		55,167 2,322		54,721 2,303	
UTILITIES (DIRECT)							
Direct Utilities		28,595 1,197		33,755 1,420		31,677 1,334	
Anticipated Reimbursements		1,854 78		1,883 79		1,913 81	
Gross Obligations, Utilities		30,449 1,274		35,638 1,499		33,590 1,415	
MAINTENANCE (DIRECT)							
M&R Dwelling		74,646 3,124		77,334 3,254		109,441 4,607	
M&R Ext. Utilities		3,886 163		3,917 164		5,701 240	
M&R Other Real Property		4,599 192		4,762 200		6,936 292	
Alter & Add.		21,596 904		21,681 912		27,273 1,148	
Sub-Total Direct Maintenance		104,727 4,383		107,694 4,530		149,351 6,287	
Anticipated Reimbursements		195		198		201	
Gross Obligations, Maintenance		104,922 4,383		107,892 4,538		149,552 6,295	
PRIVATIZATION							
Privatization Costs		N/A N/A		0 N/A		0 N/A	
Gross Obligations, Privatization		N/A N/A		N/A N/A		N/A N/A	
GRAND TOTAL, O&M - NOA		188,146 7,875		196,220 8,255		235,346 9,907	
Anticipated Reimbursements		2,439 94		2,477 118		2,518 106	
GRAND TOTAL, O&M - TOA		190,685 7,969		198,697 8,373		237,864 10,013	

SOME AMOUNTS DO NOT ADD DUE TO ROUNDING

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USAF FY2003 PB		Fiscal Year:		2003
Summary of Historic Housing Unit Detail		Command:		USAF
		Exhibit:		FH-6
	Fiscal Year:	2001	2002	2003
1. Historic Housing Costs, Non-GOQ Data				
a. Number of Non-GOQ units on NHRP (Inventory)		1,042	1,042	1,042
b. Improvement Costs (\$000)		0	0	0
c. Maintenance and Repair Costs (\$000)		8,615	5,463	5,399
d. Total Historic Maintenance, Repair, Improvements (\$000)		8,615	5,463	5,399
e. Average Cost Per Unit (\$000)		8	5	5
2. Historic Housing Costs, GOQ Data				
a. Number of GOQ units on NHRP (Inventory)		52	55	55
b. Improvement Costs (\$000)		10	160	0
c. Maintenance and Repair Costs (\$000)		1,423	703	1,037
d. Total Historic Maintenance, Repair, Improvements (\$000)		1,433	863	1,037
e. Average Cost Per Unit (\$000)		28	16	19
3. Total Historic Inventory & Costs (Non-GOQ & GOQ)				
a. Number of Non-GOQ & GOQ units on NHRP (Inventory)		1,094	1,097	1,097
b. Improvement Costs (\$000)		10	160	0
c. Maintenance and Repair Costs (\$000)		10,038	6,166	6,436
d. Total Historic Maintenance, Repair, Improvements (\$000)		10,048	6,326	6,436
e. Average Cost Per Unit (\$000)		9	6	6

OPERATIONS

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RECONCILIATION OF INCREASES AND DECREASES

EXHIBIT OP-5

OPERATIONS

(Program In Thousands)
FY 2003 Program \$110,781
FY 2002 Program \$124,167

The FY 2003 program represents Air Force family housing requirements and was developed using OSD/OMB approved inflation and foreign currency fluctuation rates. Adjustments have been made for force structure changes and mission realignments. All program sub-accounts are described in detail in the following analyses:

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Management. The Management account includes installation-level housing office operations, quality assurance, administrative support, community liaison, and annual service fees paid to the Corporate-Trust Company to provide the required corporate presence in Delaware. The housing referral program assists members to find homes in the private sector and implements the Fair Housing Act of 1968.

		(\$ in Thousands)
1.	FY 2002 President's Budget	\$58,224
2.	Congressional Adjustments :	
	a. Across-the-Board Reduction	-656
3.	FY 2002 Appropriated Amount:	\$57,568
4.	Supplementals:	None
5.	Price Growth:	None
6.	Functional Program Transfers:	None
7.	Program Increases:	None
8.	Program Decreases:	None
9.	FY 2002 Current Estimate	\$57,568
10.	Price Growth:	
	a. Inflation	864
	b. Foreign Currency Fluctuation Rate Adjustment	None
11.	Functional Program Transfer:	None
12.	Program Increases:	
	a. PBD 322C - Family Housing Program	\$656
13.	Program Decreases	
	a. Inventory decrease (-12,678 units x \$599/unit = -\$7,594K).	-7,594
	b. Savings due to completion of developmental phase of Family Housing Master Plan and General Officer Quarter Master Plan	-2,031

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c. PBD 322 - Family Housing Program	-656
d. PBD 604 - Nonpay Purchases Inflation	-57
d. PBD 660 - Foreign Currency Fluctuation	-277
14. FY 2003 Budget Request:	\$48,473

Analysis of Change in Management

The Management sub-account contains predominately fixed costs such as salaries and required administrative support supplies and equipment. However, as part of our management activity, we are completing development of new computer-based work tools to improve customer service and management of resources. This effort includes implementation of the Automated Civil Engineer System-Housing Module (ACES-HM), which improves customer services and data sharing for overall program management and also provides interactive training.

The Management sub-account is not per-unit specific since there is a basic level of support and manning for the base housing office regardless of the number of units. The management sub-account also provides funds for Housing Market Analyses at each base to determine the proper amount of housing needed to support the assigned population; supports the Family Housing Master Plan, which is the source document for future housing decisions; and funds General Officer Quarter Master Plan efforts.

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Services. Provides basic support services such as refuse collection and disposal; fire and police protection; entomology and pest control; snow removal; and street cleaning.

	(\$ in Thousands)
1. FY 2002 President's Budget	\$28,356
2. Congressional Adjustments:	
a. Across-the-Board Reduction	-320
3. FY 2002 Projected Appropriated Amount:	\$28,036
4. Supplementals:	None
5. Price Growth:	None
6. Functional Program Transfers:	None
7. Program Increases:	
8. Program Decreases:	None
9. FY 2002 Current Estimate	\$28,036
10. Price Growth:	
a. Inflation	421
b. Foreign Currency Fluctuation Rate Adjustment	None
11. Functional Program Transfer:	None
12. Program Increases:	None
a. PBD 322C - Family Housing Program	\$1,720
13. Program Decreases:	
a. Inventory decrease (-12,678 units x \$3 1 l/unit = - \$3,943)	-\$3,943
b. Savings due to completion of asbestos and and lead-based paint surveys and spill/overfill protection installation	-522
c. PBD 322 - Family Housing Program	-320
d. PBD 604 - Nonpay Purchases Inflation	-30

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e. PBD 660 - Foreign Currency Fluctuation	-184
14. FY 2003 Budget Request:	\$25,178

Analysis of Changes in Services

The Services budget request has been decreased as a result of scheduled privatization of housing units. However, funds are still required to provide services until privatization contracts are actually awarded.

It should be noted that regardless of privatization of units or competitive sourcing of housing flight operations, the Air Force will provide a small core of government housing expertise at all locations to advise local commanders. This is called a housing functional advisory staff (FAS), and funding for FAS level of housing management support is included.

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Furnishings. Includes the procurement for initial issue and replacement of household equipment (primarily stoves and refrigerators) and in limited circumstances overseas, furniture; the control, moving, and handling of furnishings inventories; and the maintenance and repair of such items.

Loaner sets of furniture are issued to military families overseas so they may occupy permanent quarters prior to the arrival of personally owned furniture. Loaner sets are very cost effective because they reduce the cost of temporary quarters. Other items of household furnishings, normally built into CONUS houses, which are limited or not included in foreign country local construction standards, such as wardrobes (clothes closets), kitchen cabinets or sideboards and appliances, are also issued to military families.

Leases in Europe also require closets and kitchen cabinets to be issued along with appliances since leased units overseas do not have the same accommodations available as in the United States.

The furnishings account funds essential furnishings at levels consistent with cost/benefit studies and the needs of the Air Force. Much of the funding requested in the furnishings account results from an analysis of the most economical or cost effective way to fulfill Air Force requirements. Issuing furnishings by the government avoids higher costs in other accounts such as military allowances and other support appropriations.

	(\$ in Thousands)
1. FY 2002 President's Budget	\$36,619
2. Congressional Adjustments:	
a. Across-the-Board Reduction	-413
3. FY 2002 Appropriated Amount:	\$36,206
4. Supplementals:	None
5. Price Growth:	None
6. Functional Program Transfers:	None

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7.	Program Increases:	None
8.	Program Decreases:	None
9.	FY 2002 Current Estimate	\$36,206
10.	Price Growth:	
	a. Inflation	\$543
	b. Foreign Currency Fluctuation Rate Adjustment	None
11.	Functional Program Transfer:	None
12.	Program Increase:	
	a. Programmed increase in furnishings requirements for new build- lease housing units	\$1190
	b. PBD 322C - Family Housing Program	413
13.	Program Decreases:	
	a. Inventory decrease (CONUS and US overseas only):	-\$1,824
	CONUS: -11,325 units x \$11 l/unit = - \$1,257K	
	US Overseas: -1173 units x \$483/unit = - \$567K	
	b. PBD 322 - Family Housing Program	-413
	c. PBD 604 - Nonpay Purchases Inflation	-42
	d. PBD 660 - Foreign Currency Fluctuation	-454
14.	FY 2003 Budget Request:	\$35,619

Analysis of Changes in Furnishings

Furnishings costs are trending downward over the long term from over \$50 million per year in the late 1980's to \$35.6M in FY03. Base closures and realignments from overseas have been the primary cause of these reductions. Also most overseas Air Force bases have transitioned from limited Joint Federal Travel Regulation (JFTR) to full JFTR entitlements, which means less government furniture is required. Inventory decreases also drive decreases in the funds requested, however all of the inventory decreases are in the CONUS or US overseas, so the effect on the account is minimal.

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This request addresses the needs of newly constructed and leased housing units being added to the Air Force inventory to compensate for housing deficits. Funding is required to support initial issue requirements for RAF Lakenheath, England and Aviano AB, Italy build-to-lease units coming on line in FY03. The bulk of the units come on line in FY02, however, so the initial issue “surge” has been somewhat reduced from the FY02 budget.

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USAF FY2003 PB Family Housing Summary of Furnishings Detail (\$000)											Fiscal Year	2003			
											Command:	USAF			
											Exhibit:	FH-3			
category	Furnishings Less Household Equipment					Household Equipment					Total Furnishings				
	Moving/ Handling	Maint/ Repair	Replace ment	Initial Issue	Total	Moving/ Handling	Maint/ Repair	Replace ment	Initial Issue	Total	Moving/ Handling	Maint/ Repair	Replace ment	Initial Issue	Total
FY01														0	0
CONUS	18	253	445	30	746	414	3,033	3,791	0	7,236	432	3,286	4,236	30	7,964
US Overseas	526	333	510	0	1,369	0	0	1,441	0	1,441	526	333	1,951	0	2,610
Foreign*	4,407	4,089	7,689	0	16,266	3,242	4,392	3,104	0	10,738	7,729	8,481	10,793	0	27,003
Public	2,640	2,502	4,946	0	10,090	1,885	2,573	1,971	0	6,429	4,525	5,075	6,919	0	16,619
Private	1,847	1,587	2,743	0	6,176	1,357	1,819	1,133	0	4,309	3,204	3,406	3,874	0	10,464
Total	6,031	4,676	6,644	30	18,360	3,666	7,426	8,336	0	19,417	6,687	12,100	16,980	30	37,797
FY02															
CONUS	17	219	380	30	646	356	2,569	3,342	0	6,267	373	2,788	3,722	30	6,913
US Overseas	435	296	428	0	1,169	0	0	1,156	0	1,166	435	296	1,584	0	2,316
Foreign*	4,516	4,159	7,661	0	16,336	3,184	4,400	3,058	0	10,642	7,700	8,559	10,719	0	26,976
Public	2,657	2,515	4,936	0	10,106	1,853	2,575	1,950	0	6,376	4,510	5,090	6,886	0	16,486
Private	1,859	1,644	2,725	0	6,230	1,331	1,825	1,108	0	4,264	3,190	3,469	3,833	0	10,492
Total	4,966	4,674	8,469	30	18,141	3,640	6,969	7,666	0	16,066	6,608	11,643	16,026	30	36,206
FY03															
CONUS	14	174	264	30	462	316	2,187	2,925	0	6,426	330	2,361	3,189	30	6,910
US Overseas	387	265	396	0	1,060	0	0	963	0	963	387	265	1,361	0	2,013
Foreign*	4,630	4,317	7,790	0	16,737	3,291	4,573	3,095	0	10,969	7,921	8,890	10,885	0	27,696
Public	2,740	2,629	5,037	0	10,406	1,928	2,705	1,976	0	6,609	4,668	5,334	7,013	0	17,016
Private	1,890	1,688	2,753	0	6,331	1,363	1,868	1,119	0	4,360	3,253	3,556	3,872	0	10,661
Total	6,031	4,766	8,462	30	18,269	3,607	6,760	6,983	0	17,360	8,638	11,616	16,436	30	36,619

NOTE: Foreign Furnishings are reported in two categories, private and public. The private category includes the cost of furnishing provided to members who rent off base at foreign installations. The public category includes the cost of furnishings provided to members in Government leased or owned housing at foreign installations.

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Miscellaneous. Includes mobile home hookups, leased office and warehouse space supporting family housing, payments to other Federal agencies or foreign governments (i.e. United Kingdom and Australia) to operate Permit Housing units occupied by Air Force personnel, and similar costs.

	(\$ in Thousands)
1. FY 2002 President's Budget	\$2,384
2. Congressional Adjustments:	
a. Across-the-Board Reduction	-27
3. FY 2002 Projected Appropriated Amount:	\$2,357
4. Supplementals:	None
5. Price Growth:	None
6. Functional Program Transfers:	None
7. Program Increases:	None
8. Program Decreases:	None
9. FY 2002 Current Estimate	\$2,357
10. Price Growth:	
a. Inflation	\$35
11. Functional Program Transfer:	None
12. Program Increases:	
a. PBD 322C - Family Housing Program	27
13. Program Decreases:	
a. Inventory decrease (-12,678 units x \$19/unit = -\$241)	-\$241

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b. Reduction in warehousing requirements to support temporary storage of furnishings overseas	-\$621
c. PBD 322 - Family Housing Program	-27
d. PBD 604 - Nonpay Purchases Inflation	-2
e. PBD 660 - Foreign Currency Fluctuation	-17
14. FY 2003 Budget Request:	\$1,511

Analysis of Changes in Miscellaneous

This program covers incidental costs in support of family housing such as furniture storage overseas. Temporary storage is often required while housing units are transitioned either into or out of the Air Force inventory. Temporary storage requirements are decreasing as the Aviano and Lakenheath build-lease programs complete their initial issue. Miscellaneous costs also include implementation of the International Cooperative Administrative Support Services (ICASS) Program. ICASS is a system for managing and sharing the administrative support costs of overseas operations with US Foreign Affairs agencies and other US Government agencies that operate as part of the country team at US Embassies.

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UTILITIES

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RECONCILIATION OF INCREASES AND DECREASES

EXHIBIT OP-5

Utilities. This program provides for all utilities consumed in government-owned family housing. Electricity, purchased heating, water, sewage and waste systems are included. MFH facilities consume approximately one-sixth of Air Force facility energy usage; therefore, MFH residents and management share a significant role in the achievement of Air Force energy reduction goals. Since MFH occupants are not billed for their energy consumption, conservation motivation comes primarily from command emphasis. Energy projects to install water heater jacket insulation, insulation in crawl and attic spaces, and thermal doors and windows are also achieving good results toward the attainment of Air Force energy conservation goals.

	(\$ in Thousands)
1. FY 2002 President's Budget	\$168,652
2. Congressional Adjustments:	
a. Targeted Reductions	-11,000
b. Across-the-Board Reductions	-1,777
3. FY 2002 Appropriated Amount:	\$155,875
4. Supplementals:	None
5. Price Growth:	None
6. Functional Program Transfers:	None
7. Program Increases:	None
8. Program Decreases:	None
9. FY 2002 Current Estimate	\$155,875
10. Price Growth:	

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a. Inflation	2,338
b. Foreign Currency Fluctuation Rate Adjustment	None
11. Functional Program Transfer:	None
12. Program Increases:	
a. Adjustment to maintain stable per unit funding	20,419
13. Program Decreases:	
a. Inventory decrease (-12,678 units x \$1642/unit = -\$20,817)	-20,817
b. PBD 322 - Family Housing Program	-23,613
c. PBD 602 - Fuel Inflation	-300
d. PBD 604 - Nonpay Purchases Inflation	-158
e. PBD 660 - Foreign Currency Fluctuation	-799
14. FY 2003 Budget Request:	\$132,945

Analysis of Changes in Utilities

The requirement for FY 2003 is based on historical obligation trends, current execution, and inventory reductions. The requirement is influenced by stable energy rates (relative to FY02) and energy conservation savings resulting from whole-house improvements and energy conservation projects. Privatization of utility service lines and activity will cause some localized increases in per-unit costs. In general, the continuing utilities cost per unit trend is stable other than inflation. Air Force goals continue to emphasize a reduction in energy consumption and costs through conversion to more efficient energy systems and installation of energy saving materials in housing units.

The consumption stream shown in the table below is consistent with Air Force goals of reducing consumption and costs through conversion to more efficient energy systems and installation of energy-saving materials and devices in housing units.

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USAF FY2003 PB		Fiscal Year:		200:
Family Housing Summary of Utility Detail		Command:		USA
		Exhibit:		FH-IC
	Fiscal Year:	2001	2002	2003
TOTAL COST OF UTILITIES (\$000)		156,112	155,875	132,945
UTILITY QUANTITIES				
Electricity (KwH)		920,441,544	928,757,089	893,660,744
Heating				
Gas (CF)		3,721,025,503	4,052,132,080	3,743,198,440
Fuel Oil		3,000	4,000	4500
Residuals (BBLs)		4,887	4,887	4,711
Distillates (BBLs)		251,828	274,484	271,216
Purchased Steam (MBTU)		587,710	548,084	506,720
Heat Plants Coal Fired (MBTU)		603,735	548,084	538,016
Heat Plants Other Than Gas, Oil, Coal (MBTU)		0	0	0
Propane (BBLs)		1,192	1,170	1,164
Water (Kgal)		18,666,482	18,499,052	17,904,657
Sewerage (Kgal)		12,747,362	12,758,692	12,575,384

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MAINTENANCE

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RECONCILIATION OF INCREASES AND DECREASES

EXHIBIT OP-5

Maintenance. Provides upkeep of family housing real property through service calls, change of occupancy rehabilitation, routine maintenance, preventive maintenance, interior and exterior painting, and major repairs.

(\$ in Thousands)

1.	FY 2002 President's Budget	\$436,526
2.	Congressional Adjustments:	
	a. Across-the-Board Reduction	-4,920
3.	FY 2002 Appropriated Amount:	\$43 1,606
4.	Supplementals:	None
5.	Price Growth:	None
6.	Functional Program Transfers:	None
7.	Program Increases:	None
8.	Program Decreases:	None
9.	FY 2002 Current Estimate	\$43 1,606
10.	Price Growth:	
	a. Inflation	6,474
11.	Functional Program Transfers	None

DEPARTMENT OF THE AIR FORCE
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12.	Program Increases:	
	a. Privatization savings: The Maintenance account includes funds transferred from the Operations and Utilities account in expectation of privatization contracts being awarded on schedule. These funds will be required for the Operations and Utilities of proposed privatized units if scheduled contract award dates are delayed. Additionally, increased emphasis on maintenance and repair is required to minimize escalating growth in the backlog of Deferred Maintenance and Repair.	\$112,798
	b. Plus-up from supported disconnect--Family Housing Master Plan RPMC requirement funded	\$30,819
13.	Program Decreases	
	a. Inventory Decrease (-12,678 x \$5,884/unit = \$74,597)	-\$74,597
	b. PBD 322 - Family Housing Program	-19,750
	c. PBD 322C - Family Housing Program	-8,103
	d. PBD 604 - Nonpay Purchases Inflation	-564
	e. PBD 660 - Foreign Currency Fluctuation	-2,198
14.	FY 2003 Budget Request	\$476,485

Analysis of Changes in Maintenance Program

The maintenance account reflects Air Force Family Housing Master Plan (AF FHMP) priorities and begins to arrest growth of our deferred housing maintenance and repair requirements within fiscal constraints. Although we have not eliminated our deferred maintenance and repair backlog, continued Congressional emphasis has allowed us to advance in this area. As a result of MILCON and housing privatization, the AF FHMP projects in FY03 the need to revitalize approximately 46,000 inadequate houses, which is improved from the FY01 projection of 65,000 inadequate houses. A substantial backlog of deferred maintenance still exists. Continued stable funding is required to keep our "good units good" and ensure sustainment of our inadequate units until they are privatized, receive a whole house improvement, or are replaced. In the maintenance account we will also execute emerging anti-terrorism and force protection requirements as they are defined.

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The AF FHMP draws a distinct line between military construction and maintenance funding. Architect and engineering firms gathered housing condition assessment data on every housing type in the Air Force. This data documents the existing condition of major housing system components (ex: roofs, furnaces, carpet, window, cabinets) and then, using industry standard life cycles, projects the replacement requirement for these components (ex: roof: 15-20 years; gas furnace: 20 years). The overall condition of housing components and replacement cost determined whether each requirement was projected for replacement or improvement through the military construction program or to be maintained using Real Property Maintenance by Contract (RPMC) funds. This database was then used to project future facility funding requirements and substantiate the existence of a maintenance and repair backlog.

Housing assets are valued at over \$16 billion in replacement costs. Past limited maintenance funding and a high occupant turnover have accelerated deterioration of the Air Force housing inventory. Many of the homes were built in the 1950s and 1960s and have never received major system upgrades and lack standard amenities of community houses. Constrained MILCON and O&M funding has resulted in a greater reliance on more costly, temporary fixes which only exacerbate the deterioration of our housing units. Notably, the infrastructure systems such as streets and sewers that support the units are now beyond their projected economic lives at most installations, with several systems near failure.

Housing condition assessments conducted for the Air Force Family Housing Master Plan substantiate that a failure to adequately fund maintenance and repair eventually leads to increased military construction costs. The maintenance and repair funding profile represents a balanced, fiscally constrained program that is consistent with the DOD goal to revitalize all our inadequate housing by or before 2010, while ensuring sufficient RPMC funds are available to maintain the existing adequate inventory.

The Maintenance account includes funds transferred from the Operations and Utilities account in expectation of privatization contracts being awarded on schedule. These funds will be required for the Operations and Utilities of proposed privatized units if scheduled contract award dates are delayed. If the contract awards occur as scheduled, then the funds will be used to reduce the backlog of infrastructure system repairs.

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**MAINTENANCE &
REPAIR OVER \$20K**

**DEPARTMENT OF THE AIR FORCE
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NON-GOQ UNITS

This information complies with the House of Representatives, Military Construction Appropriations Bill (Conference Report 106-22 1) requiring the Services to report major maintenance and repair expenditures projected to exceed \$20,000 per unit. While these projects are shown as line items here, the maintenance budget estimate includes them among overall requirements for the entire inventory. AF Policy is to program projects that exceed \$20K threshold when work cannot await MILCON funding. Work includes actions that keep "good units good", protect life, safety, and health, and ensure facility preservation.

Location	Base	No of Units	Year Built	High Unit Cost (\$000)	Unit (NSM)	Proj (NSM)	Total Cost (\$000)	Improvements Non- Routine FY1997- 2002 (\$000)
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CONUS

AL	Maxwell	16	1932-35	52	265-324	4,700	789	0
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Replace electrical and HVAC systems. Abate lead base paint and asbestos. Patch and paint as required.

c o	USAF Academy	10	1959	83	184	1,840	833	0
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Upgrade kitchens and bathrooms; repair flooring, renovate entryways; replace siding; add personnel doors to garages; landscape; replace roofs where required.

DC	Bolling	72	1969	28	121	8712	1,500	0
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Upgrades current deficient mechanical system with new geothermal heating system. Work includes underground installation as well as interior mechanical upgrades.

FL	Tyndall	10	1969	56	107	1,070	558	0
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Renovate kitchens and baths in 10 JNCO units. Replace interior doors and stove. Relocate mechanical room for exterior access. Relocate washer/dryer, interior non-load bearing walls. Install ground-fault circuit-interrupters (GFCI), carpeting, tile flooring, doorbell, and dishwasher.

FL	Patrick	69	1995	40	130	8,970	1,817	0
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Replace windows and doors, seal cracks in stucco. Replace flooring on some units.

IL	Scott	4	1948	115	138	276	460	0
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Repairs kitchens to include cabinets, counter tops, plumbing, light fixtures, and flooring. Replaces doors (interior and exterior), wall coverings, windows, and carpeting. Upgrades HVAC and water heaters. Replaces roof, siding, and fascia.

**DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
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NON-GOQ UNITS

Location	Base	No of Units	Year Built	High Unit Cost (\$000)	Unit (NSM)	Proj (NSM)	Total Cost (\$000)	Improvements Non- Routine FY1997- 2002 (\$000)	
IL	Scott	24	1973	110	132	1,584	2,640	0	
Repairs kitchens to include cabinets, counter tops, plumbing, light fixtures, and flooring. Replaces doors (interior and exterior), wall coverings, windows and carpeting. Upgrades HVAC and water heaters. Replaces roof, siding, and fascia.									
KS	McConnell	4	1	1959	80	113-158	5,034	2,522	0
Repairs fire/life safety deficiencies. Replaces deteriorated wood floors. Repairs basement areas by replacing the furnace and providing proper spacing & definition of laundry/mechanical/storage areas. Repairs driveways, sidewalks, and exterior fascia. Repairs the entry stoop and provides a covered area at the front door. Renovates bathrooms.									
NC	Pope	40	1975	79	107-123	4,600	2,100	0	
Renovates bathrooms to include vanities, tubs, sinks, and toilets. Renovates kitchens. Replaces all doors and frames, shelving, floor coverings and light fixtures. Replaces the wood carport ceiling with metal soffit and encases existing supports. Replaces the privacy fencing and screening around the HVAC equipment. Paints the interior.									
NE	Offutt	10	1896	52	527	5,270	485	0	
Work involves repairs to keep buildings up to standards for facilities on the National Historic Register. Renovate bathrooms to include enlarging shower/bath area. Replace windows with energy efficient windows meeting historic criteria. Add fire partitions in the attics as only one set of brick tire party walls exist in one building.									
TX	Brooks	2	1962	36	154	308	72	0	
Repair leaking sewer lines under two housing units. Project requires digging under slab to gain access to the sewer piping, and the replacement of broken pipes.									
TX	Laughlin	3	1959	79	150-199	526	237	0	
Upgrade kitchens to include: cabinets, counter tops, plumbing, light fixtures, and flooring. Replace doors (interior and exterior), windows, and carpet. Upgrade HVAC and water heaters and upgrade exterior by replacing siding and fascia.									

**DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2003 BUDGET REQUEST**

NON-GOQ UNITS

Location	Base	No of Units	Year Built	High Unit Cost (\$000)	Unit (NSM)	Proj (NSM)	Total Cost (\$000)	Improvements Non- Routine FY1997- 2002 (\$000)
WA	Fairchild	22	1960	92	95-126	2,450	1,760	0
<p>Renovates kitchens and bathrooms to include: cabinets, countertops, plumbing, light fixtures, and flooring. Replace floors (interior and exterior), windows, carpeting, wall/ceiling board and wiring. Improves floor plan. Upgrades HVAC and water heaters. Repairs exterior by replacing sheeting, siding and roofing. Adds patios and converts airports to garages.</p>								
WA	McChord	34	1959	87	101-116	3,794	2,808	0
<p>Repairs mechanical and electrical systems, insulation, floors, windows, doors, sidings, roof. Repairs driveways, sidewalks, and attached/detached carports. Renovates bathrooms and interior to modern contemporary standards.</p>								
WY	F E Warren	31	1910	200	253	7,843	3,000	0
<p>This project is the third of five phases to accomplish comprehensive repairs to 156 historic MFH units. Each phase will address requirements specific to units contained in that phase, but may include roofing, windows, paint, brick masonry, porches, exterior woodwork, plumbing, heating, electrical and structural work.</p>								
OVERSEAS								
Azores	Lajes Field	50	1989	30	88	4,400	1,125	0
<p>Upgrades kitchens to include: cabinets, counter tops, plumbing, light fixtures, and flooring. Upgrades bathrooms to include: cabinets, counter tops, plumbing, light fixtures, and flooring.</p>								
Japan	Kadena	136	1987	30	122	16,592	4,000	33
<p>Replace interior domestic hot and cold pipes to include ceiling and wall work. chilled water piping system and related interior electrical work. Paint and patch wall to match existing surfaces. Repair roofs.</p>								

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G&FOQ OVER \$35K

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2003 BUDGET REQUEST

GENERAL OFFICERS QUARTERS

This information complies with the 2002 MILCON Appropriation Act language requiring the Services to report any expenditures from the maintenance account for General or Flag Officer housing projected to exceed \$35,000 per unit.										
AF Policy is that all work performed on GOQs will be consistent with the Individual Facility Profile (prepared as part of the GOQ Master Plan) for the affected quarters. Policy calls for programming projects that exceed \$35K threshold when work cannot await MILCON funding. Work includes actions that keep "good units good", protect life, safety, and health, and ensure facility preservation.										
Location	Base	Qtrs ID	Size N S M	Year B u i l t	Oper Total (\$000)	Util Total (\$000)	Maint Total (\$000)	Total O&M (\$000)	Improvements Routine FY1997-2002 (\$000)	Non-
CONUS										
DC	Bolling	67	226	1933	17	4	78	99	10.2	
Replace existing carport type garages with modern two car garages with storage areas to include electrical power for lighting and outlets.										
DC	Bolling	68	226	1933	9	4	78	91	6.9	
Replace existing carport type garages with modern two car garages with storage areas to include electrical power for lighting and outlets.										
DC	Bolling	69	226	1933	17	4	78	99	8.8	
Replace existing carport type garages with modern two car garages with storage areas to include electrical power for lighting and outlets.										
DC	Bolling	70	226	1933	19	4	78	101	5	
Replace existing carport type garages with modern two car garages with storage areas to include electrical power for lighting and outlets.										
DC	Bolling	71	226	1933	16	4	78	98	3.7	
Replace existing carport type garages with modern two car garages with storage areas to include electrical power for lighting and outlets.										
DC	Bolling	72	226	1933	19	4	78	101	8.2	
Replace existing carport type garages with modern two car garages with storage areas to include electrical power for lighting and outlets.										
DC	Bolling	73	226	1933	14	4	78	96	24.4	
Replace existing carport type garages with modern two car garages with storage areas to include electrical power for lighting and outlets.										

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2003 BUDGET REQUEST

GENERAL OFFICERS QUARTERS

Location	Base	Qtrs ID	Size N S M	Year Built	Oper Total (\$000)	Util Total (\$000)	Maint Total (\$000)	Total O&M (\$000)	Improvements Non-Routine FY 1997-2002 (\$000)
DC	Bolling	74	226	1933	18	4	78	100	16.5
Replace existing carport type garages with modern two car garages with storage areas to include electrical power for lighting and outlets.									
NE	Offutt	7	527	1894	3	2.5	80	85.5	0
Renovate bathrooms to include enlarging shower/bath area. Replace windows with energy efficient windows meeting historic criteria. Add tire partitions in the attics as only one set of brick fire party walls exist in one building.									
NE	Offutt	8	527	1894	3	2.5	80	85.5	0
Renovate bathrooms to include enlarging shower/bath area. Replace windows with energy efficient windows meeting historic criteria and install heating in back entry stairwell. Add fire partitions in the attics as only one set of brick tire party walls exist in one building.									
NE	Offutt	9	527	1894	3	2.5	87	92.5	0
Renovate bathrooms to include enlarging shower/bath area. Replace windows with energy efficient windows meeting historic criteria and install heating in back entry stairwell. Add fire partitions in the attics as only one set of brick fire party walls exist in one building.									
NE	Offutt	10	527	1894	3	2.5	87	92.5	0
Renovate bathrooms to include enlarging shower/bath area. Replace windows with energy efficient windows meeting historic criteria and install heating in back entry stairwell. Add fire partitions in the attics as only one set of brick fire party walls exist in one building.									
NE	Offutt	11	527	1894	3	2.5	80	85.5	0
Renovate bathrooms to include enlarging shower/bath area. Replace windows with energy efficient windows meeting historic criteria and install heating in back entry stairwell. Add fire partitions in the attics as only one set of brick tire party walls exist in one building.									
NE	Offutt	12	527	1894	3	2.5	80	85.5	0
Renovate bathrooms to include enlarging shower/bath area. Replace windows with energy efficient windows meeting historic criteria and install heating in back entry stairwell. Add fire partitions in the attics as only one set of brick tire party walls exist in one building.									
NE	Offutt	14	527	1894	3	2.5	87	92.5	0
Renovate bathrooms to include enlarging shower/bath area. Replace windows with energy efficient windows meeting historic criteria and install heating in back entry stairwell. Add fire partitions in the attics as only one set of brick fire party walls exist in one building.									
NE	Offutt	15	527	1894	3	2.5	87	92.5	0
Renovate bathrooms to include enlarging shower/bath area. Replace windows with energy efficient windows meeting historic criteria and install heating in back entry stairwell. Add fire partitions in the attics as only one set of brick fire party walls exist in one building.									

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
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GENERAL OFFICERS QUARTERS

Location	Base	Qtrs ID	Size N S M	Year Built	Oper Total (\$000)	Util Total (\$000)	Maint Total (\$000)	Total O&M (\$000)	Improvements Routine FY 1997- 2002 (\$000)	Non-
NE	Offutt	16	782	1896	3	2.5	79	84.5	0	
Replace windows with energy efficient windows meeting historic criteria.										
OVERSEAS										
HI	Hickam	546	192	1939	8	7	95	110	285.8	
Replace roof on quarters.										

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REIMBURSABLE PROGRAM

DEPARTMENT OF THE AIR FORCE
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RECONCILIATION OF INCREASES AND DECREASES
Exhibit OP-5

Reimbursement. Includes collections received from rental of Air Force family housing to foreign nationals, civilians and others. Included in the estimate are the anticipated reimbursements due to members who voluntarily separate that are authorized to live in government quarters for up to 6 months after separation.

		(\$ in Thousands)
1.	FY 2002 President's Budget:	\$11,013
2.	Congressional Adjustments:	None
3.	FY 2002 Appropriated Amount:	\$11,013
4.	Proposed Supplementals:	None
5.	Price Growth:	None
6.	Functional Program Transfers:	None
7.	Program Increases:	None
8.	Program Decreases	None
9.	FY02 Current Estimate:	\$11,013
10.	Price Growth:	
	a. Inflation	\$165
11.	Functional Program Transfers:	None
12.	Program Increases:	
	a. Increase above inflation	\$12
13.	Program Decreases:	
14.	FY 2003 Budget Request:	\$11,190

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LEASING

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2003 BUDGET REQUEST

LEASING

Program (\$ in Thousands)
FY 2003 Program \$103,690
FY 2002 Program \$101,759

Purpose and Scope

Provides leasing of privately owned housing for assignment as government quarters at both domestic and foreign locations when the local economy and on-base housing cannot satisfy requirements. The leasing program is authorized by 10 U.S.C. 2828 and provides for payment of rental, operations, and maintenance costs of privately-owned quarters for assignment as government quarters to military families. This program also includes funds needed to pay for services such as utilities and refuse collection when these services are not part of the contract agreement.

The Air Force continues to rely on the private sector to meet the majority of housing needs. Where the private sector rental markets and on-base housing cannot meet requirements and cost-effective alternatives do not exist, short and long-term leases are used. The Air Force must use the leasing program in high cost areas and overseas to obtain adequate housing to meet critical needs and to avoid unacceptably high member out-of-pocket costs.

Program Summary - Highlights

Authorization is requested for appropriation of \$103,690 to fund leases and related expenses in FY 2003. FY 2003 request for family housing leasing points is summarized as follows:

- (1) 9,201 Foreign lease points
- (2) 5,800 Section 801 lease points
- (3) 3,333 Domestic lease points

Foreign Leasing

Congress controls leasing in foreign countries: first by the number of lease points authorized, then by the review and approval of contract proposals, and finally by the funds appropriated. As overseas bases close, foreign leases are terminated as soon as economically possible. Air Force strategy during the remaining drawdown in overseas areas is to continue to maximize the use of government-controlled assets, thereby providing more affordable housing for our personnel and avoiding expensive off-base housing entitlements. The Air Force has been able to retain some housing areas from closing bases for use by families at remaining nearby bases. In fact, the percentage of Air Force members assigned to foreign locations who are able to reside in

DEPARTMENT OF THE AIR FORCE
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FISCAL YEAR 2003 BUDGET REQUEST

government-controlled quarters has increased. As the Air Force has drawn down in Europe, the order of the release of housing assets has been, where possible, (1) private rentals (which are usually the most expensive), (2) Government Rental Housing Program (GRHP) and build-to-lease units, and (3) government owned. The exact mix of types of housing has depended upon available assets in each locality. Where possible the Air Force has made renewals of leases on a year-to-year basis to reduce costs by limiting termination liability. Full authorization is required to allow for sufficient flexibility during mission realignments to maximize cost effective solutions.

Section 801 Leasing

This program is helping to reduce our CONUS family housing deficit at bases where Air Force families are seriously affected by housing shortages and high housing costs.

In FY 1984, Congress authorized the testing of a new leasing program for U.S. installations in P.L. 98- 115, Section 80 1. Subsequently, nine housing communities were constructed:

- Eielson AFB, AK, 300 units and 366 units
- Hanscom AFB, MA, 163 units
- Goodfellow AFB, TX, 200 units
- March AFB, CA, 200 units (base closed in FY96)
- Summerfield Housing, MD 1242 units (828 Air Force funded, 414 Navy funded)
- Travis AFB, CA 300 units
- Ellsworth AFB, SD, 200 units and 828 units
- Hurlburt AFB, FL, 300 units
- Cannon AFB, NM, 350 units

The Air Force contracted to have Centennial Estates Housing (828 units) constructed by Hunt Building Corporation (HBC) in 1990 and 1991 at Ellsworth AFB. Poor construction caused many units to become uninhabitable. A settlement agreement was signed by HBC on 1 Mar 99 and by the Air Force and Department of Justice on 2 Mar 99. HBC will pay the United States \$8M over a 5 year period. The settlement includes an allocation of funds to Ellsworth AFB for real property and facility maintenance which will be funded through the regular O&M appropriation verses the Military Family Housing O&M appropriation.

Domestic Leasing

The Air Force supports independent duty personnel residing in high cost rental areas such as Los Angeles, Boston, and Denver. This support is provided since housing within BAH plus normal out of pocket expense is not available in these areas.

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2003 BUDGET REQUEST

RECONCILIATION OF INCREASES AND DECREASES

EXHIBIT OP-5

<u>Leasing</u>	(\$ in Thousands)
1. FY 2002 President's Budget	\$102,919
2. Congressional Adjustments:	
a. Across-the-Board Reduction	-1,160
3. FY 2002 Appropriated Amount:	\$101,759
4. Supplementals:	None
5. Price Growth:	None
6. Functional Program Transfers:	None
7. Program Increases:	None
8. Program Decreases:	None
9. FY 2002 Current Estimate	\$101,759
10. Price Growth:	
a. Inflation	\$1,526
11. Functional Program Transfer:	None
12. Program Increases:	None
a. PBD 322C - Family Housing Program	1,160
b. Rate increase above inflation	\$1,310

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13.	Program Decreases:	
	b. PBD 322 - Family Housing Program	-\$1,160
	c. PBD 604 - Nonpay Purchases Inflation	-\$123
	d. PBD 660 - Foreign Currency Fluctuations	-\$782
14.	FY 2003 Budget Request:	\$103,690

Analysis of Changes in Leasing

The attached leasing charts reflect changes to the program by locations and type of lease. These requirements are a direct result of changes to mission beddowns and other housing needs.

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2003 BUDGET REQUEST

ANALYSIS OF LEASED UNITS (Other than Section 801)

LOCATION	FY 01			FY 02			FY 03		
	# UNITS	LEASE MONTHS	COST (\$000)	# UNITS	LEASE MONTHS	COST (\$000)	# UNITS	LEASE MONTHS	COST (\$000)
DOMESTIC LEASES									
Los Angeles, CA	50	600	\$620	4	600	\$624	50	600	\$624
Ontario, CA (Det 4)	4	48	\$50	20	48	\$50	4	48	\$50
Los Angeles, CA (AFRTS)	20	240	\$248		240	\$249	20	240	\$249
Los Angeles, CA (DFAS)	40	480	\$496	40	480	\$499	40	480	\$499
Alameda, CA	2	36	\$30	3	36	\$30	3	36	\$30
Pinedale, WY	6	72	\$89	6	72	\$90	6	72	\$90
Recruiter/R.O.T.C.	147	2,160	\$2,228	185	2,220	\$2,394	185	2,220	\$2,483
Unassigned	3,064	0	\$0	3,025	0	\$0	3,025	0	\$0
TOTAL DOMESTIC LEASES	3,333	3,636	3,761	3,333	3,696	3,936	3,333	3,696	4,025
FOREIGN LEASES									
Aman, Jordan	4	48	\$57	4	48	\$57	4	48	\$57
Cairo, Egypt	4	48	\$68	4	48	\$68	4	48	\$66
Manama, Bahrain	1	12	\$25	1	12	\$25	1	12	\$25
Nairobi, Kenya	1	12	\$17	1	12	\$17	1	12	\$17
Asmara, Eritea	1	12	\$10	1	12	\$11	1	12	\$11
Islamabad, Pakistan	1	12	\$20	1	12	\$20	1	12	\$20
Doha, Qatar	1	12	\$35	1	12	\$35	1	12	\$35
Abu Dhabi, UAE	1	12	\$41	1	12	\$41	1	12	\$41
Bangkok, Thailand	6	72	\$132	6	72	\$133	6	72	\$133
Classified Location	5	60	\$106	5	60	\$108	5	60	\$108
Osan, Korea	276	3,312	\$4,187	276	3,312	\$4,267	276	3,312	\$4,296
Sembawang, Singapore	117	1,404	\$3,398	117	1,404	\$3,463	117	1,404	\$3,487
Ankara, Turkey	18	216	\$336	18	216	\$343	18	216	\$343
Aviano, Italy	700	8,400	\$9,470	680	8,160	\$7,702	680	8,160	\$7,842
Bonn Embassy, Germany	1	12	\$30	1	12	\$30	1	12	\$30
Izmir, Turkey	3	36	\$114	3	36	\$117	3	36	\$117
Kalkar, Germany	0	0	\$0	0	0	\$0	0	0	\$0
Lakenheath, UK	1,365	16,380	\$19,454	1,313	15,756	\$14,633	1,313	15,756	\$15,922
Stavanger, Norway	1	12	\$50	1	12	\$51	1	12	\$51
Paris, France	7	84	\$302	7	84	\$304	7	84	\$304
Ramstein, Germany	0	0	\$0	0	0	\$0	0	0	\$0
San Vito, Italy	0	0	\$0	0	0	\$0	0	0	\$0
Spangdahlem, Germany	500	6,000	\$5,914	500	6,000	\$5,953	500	6,000	\$5,953
Vienna, Austria	1	12	\$36	1	12	\$37	1	12	\$37
Copenhagen, Denmark	4	48	\$155	4	48	\$156	4	48	\$156
Unassigned	6,183	N/A		6,255	N/A		6,255		
TOTAL FOREIGN LEASES	9,201	36,216	43,957	9,201	35,352	37,571	9,201	35,352	39,054
GRAND TOTAL FH-4	12,534	39,852	47,718	12,534	39,048	41,507	12,534	39,048	43,079

Exhibit FH-4
DD Form 2458-2. JUN 86

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2003 BUDGET REQUEST

**ANALYSIS OF HIGH COST LEASED UNITS
(Other than Section 801)**

LOCATION	FY 03 TOTAL LEASES Per Country	FY01			FY02			FY03		
		HIGH COST UNITS	HIGH COST Defined	EST COST	HIGH COST UNITS	HIGH COST Defined	EST COST	HIGH COST UNITS	HIGH COST Defined	EST COST
DOMESTIC LEASES										
Los Angeles, Ca	50	43	\$12,000	\$597,000	43	\$12,000	\$600,589	43	\$12,000	\$600,589
Los Angeles, CA/DFAS	40	a	to	\$104,000	8	to	\$104,625	a	to	\$104,625
Pinedale, WY	6	4	\$14,000	\$52,000	4	\$14,000	\$52,313	4	\$14,000	\$52,313
Recruiter/ROTC	185	38		8477,888	38		\$512,414	38		\$513,912
Sub-Total Domestic	281	93		1,230,888	93		1,269,941	93		1,271,439
FOREIGN LEASES										
Izmir, Turkey	3	3	\$86	\$114,000	3	\$86	\$116,697	3	\$86	\$117,000
Stavanger, Norway	1	1	\$18,632	\$50,000	1	\$18,632	\$51,307	1	\$18,632	\$51,307
Aviano, Italy	680	1	\$14,729	\$28,435	1	\$14,729	828,948	1	\$14,729	\$29,120
Sembawang, Singapore	117	117	\$2,906,599	\$3,398,000	117	\$2,906,599	\$3,462,692	117	\$2,906,599	\$3,487,000
*Paris, France	7	N/A	N/A	\$302,000	N/A	N/A	\$303,815	N/A	N/A	\$303,815
*Copenhagen, Denmark	4	N/A	N/A	\$83,700	N/A	N/A	\$84,203	N/A	N/A	\$84,203
**Aman, Jordan	4	N/A	N/A	\$57,000	N/A	N/A	\$57,343	N/A	N/A	\$57,343
**Asmara, Eritrea	1	N/A	N/A	\$10,000	N/A	N/A	\$11,066	N/A	N/A	\$11,066
**Bonn Embassy, Germany	1	N/A	N/A	\$30,000	N/A	N/A	\$30,180	N/A	N/A	\$30,180
**Manama, Bahrain	1	N/A	N/A	\$25,000	N/A	N/A	\$25,150	N/A	N/A	\$25,150
*Islamabad, Pakistan	1	N/A	N/A	\$20,000	N/A	N/A	\$20,120	N/A	N/A	\$20,120
**Doha, Qatar	1	N/A	N/A	\$35,000	N/A	N/A	\$35,210	N/A	N/A	\$35,210
*Abu Dhabi, UAE	1	N/A	N/A	\$41,000	N/A	N/A	\$41,246	N/A	N/A	\$41,246
*Cairo, Egypt	4	N/A	N/A	\$68,000	N/A	N/A	\$68,409	N/A	N/A	\$68,409
*Nairobi, Kenya	1	N/A	N/A	\$17,000	N/A	N/A	\$17,102	N/A	N/A	\$17,102
*Bangkok, Thailand	6	N/A	N/A	\$132,000	N/A	N/A	\$132,794	N/A	N/A	\$132,794
*Vienna, Austria	1	N/A	N/A	\$36,000	N/A	N/A	\$37,222	N/A	N/A	\$37,222
**Classified Location	5	N/A	N/A	\$106,000	N/A	N/A	\$107,000	N/A	N/A	\$108,000
Sub-Total Foreign	839	122		4,553,135	122		4,630,506	122		4,656,289
GRAND TOTAL FH-4A	1,120	215	N/A	5,784,023	215	N/A	5,900,446	215	N/A	5,927,727

Exhibit FH-4A

HIGH COST DOMESTIC LEASE approvals range between \$12k and \$14k per unit per year with OSD approved inflation added per year. Thirty eight of the Recruiter and ROTC leases exceed \$12K per year and details of each new or renewed lease is approved by Congress.

* HIGH COST FOREIGN LEASE criteria differs from domestic. Adjusted cost cap for overseas leases is determined by multiplying \$20k times the FY 88 exchange rate divided by the FY 03 exchange rate. Leases exceeding this cap are defined as HIGH COST and are part of the number of high cost leases allowed.

** STATE DEPARTMENT pool leases do not count against the total number of high cost leases allowed

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
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SECTION 801 FAMILY HOUSING SUMMARY (Dollars In Thousands)									
LOCATION	NO. OF UNITS	DATE OF AWARD	DATE OF FULL OCCUP	FY01 UNITS	FY01 COSTS	FY02 UNITS	FY02 COSTS	FY03 UNITS	FY03 COSTS
Hanscom AFB, MA	163	SEP 85	OCT 87	163	\$2,767	163	\$2,797	163	\$2,797
Goodfellow AFB, TX	200	SEP 86	JAN 88	200	\$1,934	200	\$1,968	200	\$1,968
Andrews AFB, MD	828	AUG 91	OCT 95	828	\$12,141	828	\$12,278	828	\$12,278
Hurlburt AFB, FL	300	JAN 91	SEP 92	300	\$3,651	300	\$3,731	300	\$3,776
Travis AFB, CA	300	SEP 89	AUG 91	300	\$4,357	300	\$4,405	300	\$4,405
Eielson AFB, AK	666	SEP 91	JAN 96	666	\$15,874	666	\$16,320	666	\$16,505
Ellsworth AFB, SD	1,028	AUG 89	JUN 91	1,028	\$14,247	1,028	\$14,488	1,028	\$14,583
Cannon AFB, NM	350	JUN 91	AUG 93	350	\$4,185	350	\$4,265	350	\$4,299
ANNUAL REQUIREMENT	3,835	N/A	N/A	3,835	59,156	3,835	60,252	3,835	60,611
Unused Lease Points	1,965			1,965	\$0	1,965	\$0	1,965	\$0
GRAND TOTAL FH-4B	5,800	N/A	N/A	5,800	59,156	5,800	60,252	5,800	60,611

Exhibit FH 4B

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PRIVATIZATION

DEBT PAYMENTS

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2003 BUDGET REQUEST

DEBT PAYMENT

Program (in Thousands)
FY 2003 Program \$36
FY 2002 Program \$35

Purpose and Scope

The Debt Payment program continues in name only, as the last of the Capehart and Wherry mortgages were liquidated in FY 1989. This program covers payment of Servicemen's Mortgage Insurance Premiums to the FHA for mortgages assumed by active military personnel prior to FY 1980.

Program Summary - Highlights

Request authorization for the appropriation of \$36,000 for FY 2003. No additional budget authority is required for mortgages as noted above.

Servicemen's Mortgage Insurance Premiums

Servicemen's Mortgage Insurance Premiums, Section 124, Public Law 560, 83rd Congress, The Housing Act of 1954, aids in providing homes for members of the Armed Forces of the United States and their families with FHA mortgage insurance, especially designed to assist members in financing the construction or purchase of homes.

This program was discontinued through Public Law 93- 130 (Military Construction Appropriation Act, 1980) which allowed coverage only on existing mortgages covered prior to FY 1980. The amount needed to continue funding premiums on mortgages existing prior to FY 1980 continues to slowly decrease, adjusted for inflation. The program for FY 2003 is as follows:

<u>Fiscal Year</u>	<u>Number</u>	<u>Average Payment/Yr</u>	<u>Amount (\$000)</u>
2003	181	\$199	\$36
2002	181	\$193	\$35
2001	181	\$189	\$34

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FOREIGN CURRENCY EXCHANGE DATA

DEPARTMENT OF THE AIR FORCE
MILITARY FAMILY HOUSING
FISCAL YEAR 2003 BUDGET REQUEST

FOREIGN CURRENCY EXCHANGE DATA
(\$ in Thousands)

Country	Local Currency	FY 2001		FY 2002		FY 2003	
		Approved Exchange Rates	\$ U.S. Requiring Conversion	Approved Exchange Rates	\$ U.S. Requiring Conversion	Approved Exchange Rates	\$ U.S. Requiring Conversion
Denmark	Krone	7.393	\$149	8.975	\$151	8.4732	\$161
European Comm	Euro	N/A		1.1967	\$72,234	1.1386	\$77,075
Germany	D Mark	1.952	\$53,691	N/A	N/A	N/A	N/A
Italy	Lira	1,932.190	\$14,104	N/A	N/A	N/A	N/A
Japan	Yen	102.670	\$45,014	126.68	\$50,572	124.33	\$46,594
Norway	Krone	8.072	\$51	9.5603	\$52	9.0313	\$56
Portugal	Escudo	198.830	\$1,538	N/A	N/A	N/A	N/A
Singapore	Dollar	1.685	\$3,355	1.8265	\$3,375	1.8384	\$3,275
South Korea	Won	1,149.800	\$4,911	1349.5	\$5,023	1265	\$4,813
Spain	Peseta	165.300	\$327	N/A	N/A	N/A	N/A
Turkey	Lira	N/A	\$4,487	1,255,000	\$4,568	1,493,000	\$2,158
United Kingdom	Pound	0.625	\$35,670	0.7144	\$36,312	0.7091	\$37,241
Total			\$163,297		\$172,2871		\$171,3741

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