

**FOR RELEASE TO ONSLOW COUNTY HOUSING SUMMIT**

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Remarks delivered to Onslow County Housing Summit  
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- In order to address the chronic problems of poor and aging inventory and shortfalls in operations and maintenance accounts, the Department of Defense developed a plan to privatize nearly all family housing in the Continental United States.
- MCB CAMLEJ started family housing privatization in 2005 as a means to recapitalize its family housing inventory and improve the quality of housing services for service members and their families living aboard base, especially for E5 and below.
- At that time, the condition of the family housing inventory on base was poor, and although the Marine Corps invested some Military Construction funding to improve the inventory, it could not afford to address the problem on a large scale without outside assistance.
- The business agreements entered by the Naval Facilities Engineering Command for MCB Camp Lejeune and MCAS New River followed a format mandated by DoD. A private partner would take possession of the family housing inventory for 50 years, entering leases with individual service members and receiving the service member's basic allowance for housing, or BAH, for rent. The initial partner was Atlantic Marine Corps Communities, or AMCC. NAVFAC subsequently entered a second partnership with Lincoln Military Housing, which manages about 10% of the inventory.
- Under the business agreement, AMCC borrowed private capital to augment Military Construction funding in order to tear down and build new all E5 and below family quarters at Camp Lejeune that had not previously been replaced with military construction funding, as well as all officers' quarters at New River, and to construct new SNCO quarters at Watkins Village and Watkins Grove (adjacent to Berkeley Manor) and Knox Cove and Knox Landing (near the Wilson Gate). The debt for this construction effort was spread across the entire AMCC inventory, which had an endstate of 5,207 units at Camp Lejeune and New River, in addition to units at Cherry Point; Beaufort, SC; and other smaller locations elsewhere. The last of the 5,207 units are currently under construction at Knox Landing. The endstate number was agreed to in 2010, in the midst of grow-the-force construction on base.
- The business agreement also assumes that AMCC will maintain 95% occupancy in order to fund operating and maintenance expenses and to pay back the debt.

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- The active duty population at Camp Lejeune and New River peaked in 2012. Since then, the Marine Corps has been cutting force structure to pre-grow-the-force levels. Camp Lejeune will actually have a higher active duty population after force structure cuts than it did prior to grow-the-force due to the establishment of Marine Special Operations Command at Stone Bay.
- Under privatization, base housing is influenced by the same factors that affect the housing market in Onslow County. One of those factors - changes in force structure - affects the demand side, as does growth in the County overall. The supply side - marked by the growth in the off-basing housing market during the grow-the-force era - has also had a strong impact on the local market. The relationship between the on-base and off-base housing markets is further defined by the Defense Department's traditionally reliance on local communities to provide three quarters of its family housing requirement, a ratio that holds true in Onslow County.
- Another factor at work during grow-the-force was Congressional efforts to fully fund Basic Allowance for Housing, which led to the point that many service members could find newer, larger homes in Onslow County and still keep a portion of their housing allowance in their pocket. The service member's choice between on-base and off-base housing is a key component of the privatized housing program, and Congress has specifically repealed the authority of Service Secretaries to require service members to live aboard privatized family housing in the Continental United States. A result of this choice and the market forces involved has resulted in lower than planned occupancy levels in some base housing neighborhoods.
- AMCC responded by offering promotions and reduced rent to attract military families back on base. Those promotions did not bring occupancy levels back to 95%. Under the DoD-mandated business agreements, the partners have the unilateral right to fill houses vacant for more than 30 days with what are called "waterfall" residents. The partners must first try to attract from a list of "preferred" categories that includes unaccompanied, reserve component, retired, and civilian personnel. If the "preferred" categories are insufficient, the partners can offer leases to non-preferred personnel who can qualify for base access. Because these waterfall residents do not receive BAH, the partner sets rents based on market surveys conducted every 6 months and validated by NAVFAC.
- As of 31 July, occupancy of family housing at Camp Lejeune and MCAS New River was just under 90%. There are currently 108 civilian waterfall residents living aboard the two installations - representing about 2% of the base population.