

**DEPARTMENT OF THE AIR FORCE
PRESENTATION TO THE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION AND
VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES**

SUBJECT: AIR FORCE HOUSING PROGRAMS

**STATEMENT OF: MR. KEVIN W. BILLINGS
ACTING ASSISTANT SECRETARY OF THE AIR FORCE
FOR INSTALLATIONS, ENVIRONMENT AND LOGISTICS**

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BIOGRAPHY



UNITED STATES AIR FORCE

KEVIN W. BILLINGS

Kevin W. Billings, a member of the Senior Executive Service, is Acting Assistant Secretary of the Air Force for Installations, Environment and Logistics, Headquarters U.S. Air Force, Washington, D.C. He heads three division departments that deal at the policy level with Air Force facility and logistical issues. The department's responsibilities include installations, military construction, base closure and realignment; environment, energy, safety and occupational health issues; and all logistical matters.

Mr. Billings was born in London, England. He is a graduate of the University of Puget Sound, Tacoma, Wash., and the Executive Development Program at the Wharton School of the University of Pennsylvania. Mr. Billings has held multi-dimensional executive positions in public and private industry in strategic management, international and domestic business development, transformation and change management, corporate relations, and legislative policy development. His experience includes work on Capitol Hill, executive positions with Westinghouse Electric Corporation in the area of Federal Facilities, and an advisory role for the Secretary of the Army for matters relating to business process transformation and industrial safety.



EDUCATION

1977 Bachelor of Arts degree in political science, University of Puget Sound, Tacoma, Wash.
1987 Executive Development Program, University of Pennsylvania Wharton School of Business, Philadelphia

CAREER CHRONOLOGY

1. 1979 - 1981, special assistant, Congressman Jerry Lewis, Washington, D.C.
2. 1981 - 1983, legislative assistant, Congressman Sid Morrison, Washington, D.C.
3. 1983 - 1984, buyer, Westinghouse Hanford Company, Richland, Wash.
4. 1984 - 1989, Vice President, Legislative Affairs, American Nuclear Energy Council, Washington, D.C.
5. 1989 - 1990, Vice President, Washington Operations, the New England Council, Inc., Boston, Mass.
6. 1990 - 1992, Manager, Technology Communications, Westinghouse Hanford Company, Pittsburgh, Pa.
7. 1992 - 1995, Manager, Technology Communications, Government Operations Business Unit,

Westinghouse Electric Corporation, Pittsburgh, Pa.

8. 1995 - 1998, Director and General Manager, Government and Environmental Services Company, Westinghouse Electric Corporation, Pittsburgh, Pa.

9. 1998 - 1999, Vice President, ICF Kaiser International, Vienna, Va.

10. 1999 - 2004, private consultant, the Alliance Group, Washington, D.C.

11. 2004 - 2006, Senior Vice President, mCapitol management, Washington, D.C.

12. 2005 - 2006, adviser (unpaid), Secretary of the Army, Washington, D.C.

13. 2006 - 2007, Vice President, Business Development, Enterra Solutions, LLC, Yardley, Pa.

14. 2007 - 2008, Deputy Assistant Secretary of the Air Force for Energy, Environment, Safety and Occupational Health, Headquarters U.S. Air Force, Washington, D.C.

15. 2008 - present, Acting Assistant Secretary of the Air Force for Installations, Environment and Logistics, Headquarters U.S. Air Force, Washington, D.C.

AWARDS AND HONORS

2007 Department of the Army Outstanding Civilian Service Award

PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS

University of Puget Sound Alumni Association Board of Directors

Chairman, International Children's Alliance

Chairman, Public Affairs Advisory Board, U.S. Merchant Marine Academy, Kings Point, N.Y.

(Current as of August 2008)

Introduction

The Air Force is committed to providing and maintaining high quality living accommodations for our Airmen and families at a cost that reflects good stewardship of the taxpayer's dollars. We have almost 43,000 Airmen living in unaccompanied housing, or what we refer to as dormitories, and over 65,000 families living in Air Force family housing. We truly appreciate the continued efforts of this subcommittee and Congress because of the valuable support and leadership they have provided to the success of our unaccompanied and family housing programs.

Unaccompanied Housing (Dormitories)

The Air Force continues our long standing commitment to improving our dormitory conditions. We recognize that enlisted Airmen are the backbone of our Air Force and are acutely aware of the vital importance quality living conditions plays in morale and retention. Since Fiscal Year 2000, the Air Force has demonstrated its commitment to providing quality dormitories to our Airmen by funding 95 construction projects totaling almost \$1.3 billion.

First accomplished in 1997 and updated every two to four years, the Air Force Dormitory Master Plan (DMP) captures the condition of our unaccompanied housing and serves as our roadmap for investment decisions. The planning process begins with on-site assessments of each dormitory along with the supporting facilities and infrastructure. The DMP captures the existing condition of all dormitories and identifies functional deficiencies in accordance with Air Force standards. A three tier rating system is used to categorize the condition of all dormitories and define the priority and type of investment needed.

A Tier 1 facility has exceeded its useful life. The best use of resources would be to replace this dormitory. The Air Force currently has 106 Tier 1 dormitories at 19 bases (53 enlisted, 8 training, 4 officer, and 41 contractor¹).

It is important to understand although a Tier 1 facility has reached a point where the best investment strategy would be to replace the building rather than continue to invest in repairs, it still provides safe and adequate rooms. Where Airman are assigned to Tier 1 dormitories, the Air Force continues to fund sustainment work to keep the facilities safe, clean and comfortable.

A Tier 2 dormitory has reached a point in its life cycle where major systems are in need of repair; however, through focused investment the dormitories have serviceable life remaining. The Air Force currently has 268 Tier 2 dormitories at 64 bases (211 enlisted, 7 training, 31 officer, and 19 contractor²).

Finally, Tier 3 facilities are deemed adequate and no major system repairs are anticipated within a ten year period. The Air Force currently has 418 Tier 3 dormitories at 81 bases (313 enlisted, 53 training, 31 officer and 21 contractor³).

We have made great progress using our investment strategy outlined in our Dormitory Master Plan. The Air Force has eliminated all central latrine dormitories and will eliminate the permanent party and pipeline dormitory room shortage next fiscal year. We will continue to

^{1,2,3} The Air Force has contractor dormitories (81 total) located at Thule, Ascension, and Antigua – these Air Force Stations conduct missile warning and space surveillance.

request funding to replace several of our worst dormitories. We also have developed a 'bridging strategy' to ensure we are making the best use of our sustainment, restoration and modernization funds so we continue to provide adequate facilities until military construction projects can be funded.

The Air Force will continue to replace dormitories at the end of their useful life with a standard Air Force-designed private room configuration under the 'Dorms-4-Airmen' program. The 'Dorms-4-Airmen' concept capitalizes on a "wingman" strategy and keeps our dormitory residents socially and emotionally fit. This is accomplished by providing our Airmen privacy and respect with their own bedroom and bathroom, yet encouraging them to interact with their fellow Airmen with a shared kitchen, laundry, and entertainment space.

Family Housing

The Air Force recognizes how important families are to our Airmen and understand their living conditions play a huge role in quality of family life and retention of the service member. With our commitment to improve our family housing, we use a corporate housing investment strategy to integrate and prioritize traditional construction with private sector financing within a single "road map" to execute this program. Our strategy uses DoD's "off base first" policy to determine what the local community can support and the need for on-base housing. Where possible, we utilize the Congressional authorities for privatization to meet our housing requirements. If privatization is not feasible or possible, such as overseas bases, we then rely on traditional military construction funding. As a result, we now plan to privatize 100% of military family housing in the CONUS, Hawaii, Alaska and Guam by the end of Fiscal Year 2010.

The Air Force Family Housing Master Plan details our housing military construction, operations and maintenance, and privatization efforts. We anticipate having the funds needed to award

projects by Fiscal Year 2010 to eliminate all our inadequate homes, both here and abroad.

Therefore, we are now focusing our investments on “keeping our good houses good.”

We continue to make progress in the replacement or major improvement of housing for our Air Force families. Since this time last spring, the Air Force completed new construction or major improvements for 1,116 units in the United States and 911 units overseas. The Air Force has another 2,286 units under construction in the United States and 2,783 units under construction overseas. Other notable recent events include the award of two projects at Seymour-Johnson Air Force Base for a total of 415 replacement units. When completed, these construction projects will enable a three-base grouped privatization effort which includes Cannon Air Force Base, New Mexico; McConnell Air Force Base, Kansas; and Seymour-Johnson Air Force Base, North Carolina. Finally, the single largest military family housing project in Air Force history continues on track at Keesler Air Force Base, Mississippi. Since the devastation caused by Hurricane Katrina, 515 of the final 1,028 homes have been built and delivered to the Air Force ahead of schedule.

Family Housing Privatization

The Air Force uses the privatization authorities granted by Congress to accelerate our family housing improvement program. By the beginning of Fiscal Year 2010, we will have privatized close to 38,900 housing units at 44 bases. We’ve seen the delivery of over 10,000 new or renovated homes and are currently bringing on line over 200 quality homes a month. Current projections show by strategically leveraging more than \$402 million in government investment, we will have brought in almost \$6.3 billion in private sector total housing development, or sixteen dollars of private investment for each public tax dollar.

Every housing privatization project is unique, and is tailored to deal with a variety of housing assets in various states of age and repair, as well as their location in rural, suburban and urban communities. Our analysis indicates the following projects to be financially feasible and thus attractive to investors and developers: the Southern Group with Shaw Air Force Base, South Carolina; Keesler Air Force Base, Mississippi; Charleston Air Force Base, South Carolina; and Arnold Air Force Base, Tennessee; the Northern Group with Minot Air Force Base, Grand Forks Air Force Base, and Cavalier Air Force Station, all in North Dakota; Ellsworth Air Force Base, South Dakota; and Mountain Home Air Force Base, Idaho; the Eglin-Hurlburt-Edwards Group which consists of Eglin Air Force Base and Hurlburt Field, Florida, and Edwards Air Force Base, California; the Western Group with F. E. Warren Air Force Base, Wyoming; Whiteman Air Force Base, Missouri; and Malmstrom Air Force Base, Montana; and finally, the Cannon-McConnell-Seymour-Johnson Group with Cannon Air Force Base, New Mexico; McConnell Air Force Base, Kansas; and Seymour-Johnson Air Force Base, North Carolina.

American Eagle / Falcon Group Progress

The Air Force is proud of its housing privatization program; however, four of our 27 closed projects did not meet expectations. American Eagle had failed to meet their obligations under the terms of the transaction documents. The Air Force realized the problems in 2005 and informed the project owners and the bond holders; the Air Force also recommended corrective strategies which were not implemented. After lengthy discussions and negotiations with the bond holders and project owners, the four American Eagle projects at Hanscom Air Force Base, Massachusetts; Little Rock Air Force Base, Arkansas; Moody Air Force Base, Georgia; and Patrick Air Force Base, Florida consensually sold the project assets to HP Communities LLC. These four projects have been restructured into one grouped project now known as the Falcon Group. The sale and restructuring achieved several key objectives: transferring ownership to a company with a demonstrated record of success, resuming new construction and renovation

activities, aligning the inventory with the demand at the installations, and addressing the imbalances in sources and uses. The American Eagle restructuring confirmed that the rights and remedies granted to the Air Force in the Housing Privatization transaction documents work. Should a project company default on obligations owed to the Air Force, no action can be taken by the project company, its owner or senior lender to sell, restructure or refinance a housing privatization project without Air Force approval.

The Falcon Group project modified the scope of the four original projects; the current scope consists of construction of 308 new homes, renovation of 1,846 homes, and the completion of 148 homes that were partially constructed by the former American Eagle project owners. In addition, 317 existing homes will remain for an end-state of 2,619 with the construction period of 33 months at Hanscom Air Force Base; 40 months at Little Rock Air Force Base; 17 months at Moody Air Force Base; and 19 months at Patrick Air Force Base. Construction is scheduled to commence in April 2009 and the Falcon Group will be complete by March 2012.

The Air Force continues to evaluate and adjust its housing privatization oversight program to identify and mitigate risks as early as possible. While eight of 27 projects are construction complete, nineteen are in the initial development period (IDP). The Air Force Center for Engineering and the Environment (AFCEE) strengthened its construction oversight program to proactively assist the private sector in identifying and resolving project development issues and developed new responsibilities for on-site resident construction managers, who report directly to AFCEE. The AFCEE uses standardized procedures across the Air Force portfolio for quality assurance, financial reviews, construction schedule compliance reviews, and periodic development review visits to evaluate development practices. The Air Force has a vigorous program to share lessons learned and best practices from all its projects throughout the housing privatization portfolio and with the other Services.

Finally, the Air Force applied the lessons learned from previous housing privatization efforts to our nation's first joint base housing privatization project at McGuire Air Force Base and Fort Dix, New Jersey. We have since partnered with the Army to jointly privatize housing at McChord Air Force Base and Fort Lewis, Washington. We are now also working with the Navy to refine requirements for a housing privatization effort at Andersen Air Force Base, Guam and Navy Base Guam.

American Recovery and Reinvestment Act of 2009

This important appropriation significantly supports the Air Force priority for providing adequate housing for our Airmen and families. We thank you very much for your support to provide the Air Force \$80 million for military family housing construction, \$16 million for housing operations and maintenance, and \$100 million for unaccompanied housing (dormitories). This appropriation helped the Air Force reduce its backlog and stimulate the local job market surrounding various Air Force bases, but there are still other critical requirements which need funding.

The \$80 million for military family housing construction accelerates the replacement of housing at Eielson Air Force Base, Alaska and improvement of housing at Malmstrom Air Force Base, Montana. The Eielson Air Force Base project demolishes 72 old units and constructs 76 new units. The Malmstrom Air Force Base project repairs and restores the foundations of 179 military family housing units. Along with these projects, the ongoing family housing military construction projects at Eielson Air Force Base and Malmstrom Air Force Base will proceed in parallel, providing a dramatic improvement in our Airmen's quarters.

The \$16 million for housing operations and maintenance enables the Air Force to address key maintenance and repair requirements. This work includes repairing key infrastructure and heating/air conditioning systems, as well as upgrading housing finishes, and making essential life safety system improvements.

The \$100 million for dormitories provides the Air Force a significant amount of funding to construct or replace numerous dormitories. Our philosophy for determining our dormitory projects is to meet our greatest needs first, as identified in the Air Force Dormitory Master Plan, with dormitory condition being a significant criterion.

Conclusion

Once again, the Air Force would like to thank the Committee for its continuous strong support of the Air Force unaccompanied and family housing programs. Improving the quality of life for our young Airmen who live in the dormitories remains a high priority and our Dormitory Master Plan ensures we maintain visibility on these important facilities plus focuses our investments on the facilities with the greatest need. We are improving the quality of life for our families by bringing quality homes on line faster than ever before and at a significant savings to the American taxpayer through privatization. We believe these efforts are in line with providing our Airmen and families with the best possible housing and reflect the proper governmental stewardship.