



# Air Force Civil Engineer Center

## FACT SHEET

### Air Force Housing Privatization (HP) Program Renter's Insurance Requirement Waiver 4 March 2015

#### Renter's Insurance Waiver

In December 2014, the Department of Defense announced a policy change that removed the renter's insurance portion of 2015 BAH, a loss of approximately \$20 each month to our Airmen. **As a result, the Air Force eliminated any rental insurance requirement from its privatized housing agreements for new leases.** While this change doesn't relieve POs from binding obligations to provide renter's insurance at no cost under existing tenant leases, POs retain business-making decisions on how to proceed with new or renewed tenant leases. **If POs do not provide renter's insurance, the member will have to pay out of pocket to buy the insurance.**

#### Air Force HP Program Background

The enactment of the Military Housing Privatization Initiative (MHPI) of 1996 provided the Air Force and other military branches with the authority to enter into public/private housing agreements. HP was developed to allow the AF to focus on its core mission by relying on private sector financing and expertise to provide necessary housing faster and more efficiently than traditional military construction processes allowed.

Today, nearly \$8.3 billion has been invested in the program between the private sector and government contributions to accelerate the service's ability to provide high-quality, homes where Airmen and their families can choose to live. The Air Force's housing program closed its final housing privatization project in 2013 and initiated a restructure to privatize the few homes that remain outside the inventory.

#### Project Owner's (PO) Responsibilities

The PO is the private sector business that develops, owns, maintains and operates privatized housing for the 50-year lease term, often entering into agreements with a general contractor to execute construction and a property management company to maintain and operate homes through lease agreements with tenants. POs work directly with each base's Housing Management Office to ensure development remains on track and the privatized housing communities remain viable for the life of the projects.

#### HP Funding

BAH reductions directly impact the program's long-term viability. The \$20 average BAH reduction due to the elimination of renter's insurance directly reduces the income to each of the Air Force's 32 projects. HP projects are designed to be financially self-sustaining for the duration of the 50-year agreement. Therefore, the Air Force eliminated any rental insurance requirement from its privatized housing agreements.

#### Renter's Insurance Background

Historically, BAH has included a funding component for Airmen to purchase renter's insurance. Many POs agreed to provide it as a service to renters as part of the development agreement with the AF. The Air Force has always encouraged its Airmen to have renter's insurance in government-owned, privatized or local market housing. If the POs no longer provide renter's insurance, Airmen in privatized housing will have to pay out of pocket for the insurance, as Airmen living in government-owned or local market housing do now.