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*REPORT TO THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES*

74-0356



Comparative Costs Of
Alternative Methods Of Providing
Military Housing In Europe B-166651

Department of Defense

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

[REDACTED]

JULY 21 1975



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-166651

The Honorable George H. Mahon
Chairman, Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

This report on the comparative costs of alternative methods of providing military housing in Europe is submitted pursuant to your request of September 28, 1972.

The Department of Defense comments are in the report.

The report will be released only if you agree or publicly announce its contents.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Stacks".

Comptroller General
of the United States

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ABBREVIATIONS

DOD	Department of Defense
GAO	General Accounting Office

D I G E S T

WHY THE SURVEY WAS MADE

At the request of the Chairman, House Committee on Appropriations, GAO surveyed alternative methods of providing housing overseas for U.S. military families. It was agreed with the Chairman's office that GAO would base its survey on cost data developed early in 1972 in conjunction with the office's previous request for information on acquiring military housing in Europe.

Data was updated where feasible, but, because of time limitations, much of it could not be verified independently. Most American service personnel assigned to duty in Western Europe live in Germany and England so GAO confined its survey to those two countries.

Basic information

The Department of Defense (DOD) policy is to rely principally on communities near a military installation as a source of housing for its personnel and their families.

In Europe, however, the short supply of reasonably priced housing with acceptable American-type standards of construction and features has required deviation from this policy. Although some American servicemen "live on the economy," most reside in Government-provided quarters.

In Germany, which has the largest concentration of U.S. military families, most of the housing is in apartments constructed some years ago by German authorities for use of the American forces. In recent years additional housing in Europe has generally been acquired by leasing and through a rental guarantee program.

Leasing includes "direct leasing" when existing units are involved and "lease construction" when units are specifically built for leasing to the military under a preconstruction agreement. Since the Government is the "tenant," it decides who will occupy the quarters. Occupants forfeit all quarters allowances.

Rental guarantee is housing built for the military under a specific agreement by private investors (sponsors). The sponsor provides the land, constructs the units in accordance with military designs and specifications, and agrees to operate the units in accordance with specified terms of services and charges. The occupant deals directly with the landlord and receives his quarters allowances to pay rents and charges.

A third potential way of acquiring housing overseas is through direct financing with appropriated funds but this is not considered a practical alternative at this time. (See pp. 3 to 6.)

FINDINGS AND CONCLUSIONS

An analysis by GAO of comparative costs for three methods of acquiring military housing--lease construction, rental guarantee, and military construction--indicates lease construction as the least expensive when the need is of uncertain duration but generally will not exceed 20 years.

GAO's conclusion is based on leasing units built to European room-size standards, which provide less living area and other amenities than are normally required in rental guarantee or military construction housing. Were additional amenities to be provided, the savings associated with lease construction would be reduced. (See p. 7.)

GAO's analysis did not consider the balance-of-payments aspects of dollar expenditures overseas. If the need for housing in England continues for 20 years or longer, military construction would involve spending fewer total dollars than lease construction.

However, military construction would generally require lump-sum payments as opposed to lease construction where payments would be spread over the actual period of housing need. Therefore military

construction is less desirable when comparing the present values of the costs under each method. (See p. 7.)

In addition, should the need for housing be substantially shorter than 20 years, lease construction would involve fewer total and fewer present-value dollar expenditures overseas. Bear in mind that GAO's cost comparisons only indicate the probable most economical course to pursue since it is impossible to forecast precisely future economic conditions, such as the rate of currency exchange at the time the decision is to be made and the rate or rates prevailing during the rental period. (See p. 7.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

DOD agreed that the lease construction method was the least expensive when the need is of uncertain duration but will generally not exceed 20 years. DOD said, however, that caution should be exercised in expanding the conclusion to cover all overseas areas.

DOD felt the decision to use a particular alternative should be made on a case-by-case basis after considering all the sundry variables in a particular geographic area. GAO agrees with this approach. (See p. 12.)

CHAPTER 1

INTRODUCTION

The Department of Defense (DOD) general policy is to rely principally on communities near a military installation as a source of housing for its personnel and their families. In Europe, however, the reported short supply of reasonably priced housing with acceptable American-type standards of construction and features has required DOD to provide much of the needed housing.

The Air Force and Army both reported significant housing shortages during 1971. Third Air Force Headquarters, England, required 7,082 units and had only 6,024. The Army in West Germany required 53,373 units and had only 38,531.

In December 1972 we received an updated tabulation prepared by the Army in West Germany in support of its housing requirements showing 54,684 units required and 41,769 including 2,487 private units available, or a deficit of almost 13,000 units. The Air Force was preparing more recent information than that for 1971, but it was not available in December 1972.

We have not verified the above figures.

METHODS OF MEETING HOUSING NEEDS

Generally, Government-controlled housing to meet needs overseas can be provided in three ways: (1) leasing, (2) rental guarantee, and (3) military construction, usually on base, financed with Government funds.

Leased housing

Foreign leasing is authorized under section 2675, title 10 of the United States Code, which provides that a lease may not be for more than 5 years. No statutory limitation exists on the number of leases which may be acquired, but DOD considers 4,525 units as its administrative ceiling, based on the expressed desire of the Senate Armed Services Committee that foreign leasing be limited to 4,525 units as stipulated in its reports.

Leasing includes direct leasing of existing units and lease construction which involves a preconstruction agreement to build units specifically for leasing to the military. Usually, leases run for 3 to 5 years, with options to renew in some cases. There is also an administrative limit of \$7,500 annually per unit without prior approval of departmental headquarters. Personnel assigned to leased housing forfeit quarters allowances.

Direct leasing is an effective alternative in meeting housing needs if it increases the number of community housing units beyond that already being made available to military personnel and their families. This requires a surplus of housing in the community and/or a desire on the part of landlords to replace local nationals with Americans. Where neither of these conditions exists, direct leasing will not supply added housing; it merely substitutes one tenant, the Government, for many individual ones. Landlords obviously prefer this arrangement since they can hold one person, instead of many, responsible for payment of rents and utility charges.

Because of the general shortage of available adequate units in the local communities in England and Germany, we did not consider direct leasing in comparing practical alternate methods of providing housing.

Rental guarantee housing

Besides leasing, DOD currently relies on the Rental Guarantee Program to provide additional family housing units in foreign countries, as authorized by the provisions of section 507 of Public Law 88-174, as amended. Under this program, housing units are built and operated by private investors (sponsors). The sponsor provides the land and constructs the required number of units in accordance with designs and specifications furnished by the military service. The sponsor agrees to operate and maintain the units in accordance with standards specified in the agreement.

To obtain sponsor participation in the program, the authorizing legislation permits DOD to guarantee a specified level of rental income. The guarantee cannot exceed 97 percent of the projected rental for 10 years following acceptance of the project. The Army in Germany anticipated

difficulty in finding sponsors for the rental guarantee projects at rental rates existing early in 1972. It requested that the maximum \$210 per unit per month be increased to \$275, and in October 1972 the Congress approved an increase to \$225. Personnel occupy rental guarantee housing on a voluntary basis and receive quarters allowances which they use to pay rentals directly to the sponsor.

In addition to the rental payments the tenants must pay such charges as utilities and "rates"--contributions in lieu of taxes. In England, the tenants must pay a tax (rates) for services provided by the local government, such as education, sewage disposal, fire protection, and road maintenance. To compensate the tenant for the rental payment and other charges, the military services authorize a special housing allowance. This allowance varies by rank and type of unit occupied, but it is designed to reimburse the tenant for the difference between his total cost and his allowance for quarters.

The military services will consider a rental guarantee agreement to acquire housing in Europe when the duration of the need is uncertain but is not short range. A private investor will find such an agreement feasible when the acquired housing would have a large enough residual value after the rental guarantee period has expired or when he will have recovered a large part of his investment within the 10-year rental guarantee.

Military construction housing

Military construction housing, for purposes of this report, is considered to be the conventional permanent-type housing built on a military installation, constructed to military design standards and specifications. It is financed from appropriated funds as part of the annual program presented to the Congress for authorization and funding. These quarters are operated and maintained by the military, and personnel assigned to the quarters forfeit their quarters allowances.

The only housing constructed with U.S. Government funds in England in recent years is located near Upper Heyford. The quarters were built for a special unit of the Department of the Air Force to American standards and specifications.

Their costs, however, may not be representative because of the relatively small size of the project, 40 units--16 with 4 bedrooms and 24 with 3 bedrooms.

No military construction housing has been built in West Germany. We were told that military construction housing is not considered a practical alternative because the uncertain tenure of the American stay in Germany fosters a reluctance on the part of the Congress and DOD to enter into a long-term investment.

CHAPTER 2

PRESENT-VALUE ANALYSIS OF ALTERNATE METHODS

OF MEETING HOUSING NEEDS

Present-value analysis is a method of considering the present purchasing worth of the future costs and benefits associated with available ways to achieve a desired objective. This method is generally used in Government and in the private sector, and GAO concurs in its use as an aid to decisionmaking.

Our present-value analysis of the estimated costs of three methods of providing military housing--lease construction, rental guarantee, and military construction--indicates that lease construction is the least expensive when the need is of uncertain duration but will generally not exceed 20 years, in both England and Germany. This conclusion is based on leasing units built to European room-size standards, which provide less living area and other amenities than are normally required in rental guarantee or military construction housing. (See app. I for a comparison of unit sizes.) Were additional amenities to be provided, the savings associated with lease construction would be reduced.

Further, our analysis did not consider the balance-of-payments aspects of dollar expenditures overseas. If the need for housing in England continues for 20 years or longer, military construction would involve spending fewer total dollars overseas than lease construction. However, military construction would generally require lump-sum payments as opposed to lease construction in which payments would be spread over the actual period of housing need. Therefore, military construction is less desirable when the present values of the costs under each method are compared. (See schedule below.) In addition, should the need for housing be substantially shorter than 20 years, lease construction would involve fewer total and fewer present-value dollar expenditures overseas. Bear in mind that our cost comparisons should be regarded only as indications of the probable most economical course to pursue since it is impossible to forecast precisely future economic conditions, such as the rate of currency exchange at the time the decision is to be made and the rate or rates prevailing during the rental period.

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ENGLAND

The results of our comparative cost analysis for a three-bedroom dwelling unit in upper Heyford are summarized in the table and discussion which follow.

Present-Value Analysis of a Three-Bedroom Lease Construction Unit Compared With Three-Bedroom Military Construction and Rental Guarantee Units in Upper Heyford, England

(20-year period)

	<u>Housing costs under</u>			<u>Least costly method</u>	
	<u>Lease construction method</u>	<u>Military construction method</u>	<u>Rental guarantee method</u>	<u>Method</u>	<u>Amount</u>
Total undiscounted cash flows	^a \$49,454	^b \$38,904	^a \$60,605		
Present value at discount rates of:					
6 percent	28,359	31,774	34,754	lease construction	\$3,415
7 percent	26,196	31,042	32,102	lease construction	4,846
10 percent	21,053	29,304	25,799	lease construction	4,746

^aIncludes monthly rental rates plus utility and administrative costs and contributions made in lieu of taxes.

^bIncludes initial undiscounted investment costs plus utility repair, maintenance, and administrative costs and contributions made in lieu of taxes. Although these units were constructed to American standards and specifications, the costs may not be representative because of the small number of units (24) involved.

Explanation of discount rates used

Although discounting is generally accepted, selecting an appropriate discount rate presents problems. For Federal Government program analyses and decisionmaking, arguments have been presented for using discount rates ranging from the interest rate for borrowing by the Treasury to rates of return that can be earned in the private sector. We have therefore used discount rates of 6, 7, and 10 percent. The 6-percent rate approximates the Government's average yield on its long-term debt. The 7-percent rate is contained in Office of Management and Budget instructions for use in lease versus purchase cost comparisons and it also approximates the

effective interest rate on recent Treasury long-term bonds. The most recent DOD instructions for applying economic analysis in program evaluation provide that a 10-percent discount rate be used because it reflects the private sector investment opportunities that are forgone when the money is spent in the public sector.

The present-value analysis in the preceding table shows that it would be more economical, at discount rates of 6, 7, and 10 percent, to provide family housing through the lease construction method in England up to a period of about 20 years.

Explanation of composition
of cost elements used

At Upper Heyford, the lease construction costs used in the comparisons represent the total rentals per unit, exclusive of appliance costs, for 80 three-bedroom units acquired under a lease agreement. Appliance costs were omitted because they are not reflected in the rental of the rental guarantee housing units used in the comparison. Contributions in lieu of taxes were based on an Air Force average for leased housing in the 3d Air Force Command. Administrative costs were based on the Air Force average monthly cost per unit of leased housing at Upper Heyford and utility costs on the average cost per square foot.

Military construction housing costs were based on the estimated initial investment cost of 24 three-bedroom houses constructed at Upper Heyford in 1968. The original costs were adjusted to provide for the increase in construction costs to December 1971. Annual repair and maintenance costs were based on the Air Force costs for maintaining "other public quarters" in Upper Heyford since the work orders did not identify repair and maintenance costs for military construction houses. We were told that repair and maintenance costs of other public quarters would be close to maintenance costs for military construction houses. Contributions in lieu of taxes were based on the actual negotiated amount paid by the Air Force for this type house. Administrative costs were the actual costs incurred for military construction housing allocated on a per unit basis, and utility costs were the average annual costs for this type of housing, developed by the base civil engineer.

Residual value of the military construction houses was not considered a factor in our computation because the present agreement between the Government and England is silent on whether the Air Force would receive any residual value.

We noted, however, that at the time of our survey the Air Force and England were negotiating a new agreement which would waive any Air Force claim for residual value in exchange for consideration, such as an exemption from restoring the property to the original configuration. The agreement had not been signed as of December 12, 1972.

The rental guarantee housing costs are the weighted average of the rents--16 for officers and 130 for enlisted men--for 3-bedroom units in Upper Heyford. Utilities and contributions in lieu of taxes were estimates provided by the Air Force. Administrative costs were that portion of the Housing Referral Office cost estimated to be applicable to rental guarantee housing. Repair and maintenance costs for this type housing are borne by the sponsor.

GERMANY

Our comparative present-value analysis covers lease construction and rental guarantee housing in Heidelberg. We did not include military construction housing because none exists in Germany.

We were informed that the 32 two-bedroom units we considered in our computation to be lease construction in Heidelberg were originally built in about 1968 for the indigenous population. But the builder determined it would be difficult to rent the units, approached the Army as a prospective tenant, and the Army became the first tenant. Since the units were built to local standards, the rents charged may be lower than they would have been had the units been built to improved local standards with such features as central heating and finished floor. (See app. I for fuller explanation.) The rental guarantee units we compared were the 44 two-bedroom units in Heidelberg.

The method and approach in this comparison were the same as previously described in our comparison for England. As shown in the following schedule lease construction housing would be more economical than rental guarantee at

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the rental rate in effect in early 1972 (\$183 a month) for discount rates of 6, 7, and 10 percent over 20 years.

As stated on pages 4 and 5, the Army anticipated difficulty in obtaining sponsors for rental guarantee housing and requested an increase from \$210 a month to \$275 but was granted congressional approval for only \$225. As the matter was still pending at the time, we also made a present-value analysis based on a projected increase from \$183 to \$228 which the sponsor was requesting. The increase was based on an additional 56 cents per square meter charge a month. This analysis showed also that it would be more economical, for discount rates of 6, 7, and 10 percent, to provide housing through the lease construction method in Germany over 20 years.

The results of our comparisons for a typical two-bedroom unit in Heidelberg are summarized in the following table.

Present-Value Analysis of a Two-Bedroom Lease Construction
Unit Compared With a Two-Bedroom Rental Guarantee
Unit in Heidelberg, Germany

20-year period based on a \$183 rental rate

	<u>Housing costs under</u>		<u>Least costly method</u>	
	<u>Lease construc- tion method</u>	<u>Rental guarantee method</u>	<u>Method</u>	<u>Amount</u>
Total undiscounted cash flows	a\$40,199	b\$52,714		
Present value at discount rates of:				
6 percent	23,053	30,229	lease construction	\$7,177
7 percent	21,294	27,922	lease construction	6,628
10 percent	17,113	22,440	lease construction	5,327

20-year period based on a \$228 rental rate

	<u>Housing costs under</u>		<u>Least costly method</u>	
	<u>Lease construc- tion method</u>	<u>Rental guarantee method</u>	<u>Method</u>	<u>Amount</u>
Total undiscounted cash flows	a\$40,199	b\$63,547		
Present value at discount rates of:				
6 percent	23,052	36,441	lease construction	\$13,389
7 percent	21,294	33,661	lease construction	12,367
10 percent	17,113	27,052	lease construction	9,939

^aIncludes monthly rental rate, utility and administrative costs, and certain repair and maintenance costs.

^bIncludes monthly rental rate and utility and administrative costs.

AGENCY COMMENTS AND GAO EVALUATION

We brought our findings to the attention of the Secretary of Defense in a draft report dated March 30, 1973. On May 30, 1973, DOD replied that it agreed with our conclusion that lease construction is the least expensive method of providing family housing in England and Germany when the need is of uncertain duration but will generally not exceed 20 years. DOD stated, however, that caution should be used in extending the conclusion to encompass all overseas areas. DOD said that any decision to use one of the alternate means of obtaining housing overseas should be made on a case-by-case basis with the final determination depending on the sundry variables existing in the geographic area in question.

We agree that caution should be exercised before making a final decision to use a particular alternative. The final evaluation should consider any unique but valid variables which could nullify the purely economical aspects involved.

CHAPTER 3

SUPPLEMENTARY INFORMATION ON

LEASED AND RENTAL GUARANTEE HOUSING

ADVANTAGES AND DISADVANTAGES OF LEASED AND RENTAL GUARANTEE HOUSING

Leased

Advantages

1. The Government has no initial capital investment.
2. U.S. contingent liability is limited to about 5 years.
3. Military personnel can be involuntarily assigned to leased housing to fill vacancies.

Disadvantages

1. In view of the 3 to 5 year leases, the rental rates cannot be controlled over an extended time, such as 10 years.
2. The housing normally provides the least living area as it is generally constructed to local standards.

Rental guarantee

Advantages

1. The Government has no initial capital investment.
2. Rental rates are fairly stable during the guaranteed occupancy, which is usually 10 years. The rates escalate, however, to compensate the lessor for increased operating costs.

3. The Government should have more control than under lease construction in determining:
 - a. Location of the housing in proximity to the military installations.
 - b. Composition of the project, i.e., the number of two-, three-, and four-bedroom units to be built.
 - c. Construction standards to be followed.

Disadvantages

1. The rental rate may be higher, because housing built to American standards is likely to be more costly, and the market for housing built to such standards and constructed near military installations may be limited after the military services no longer have a need for the housing.
2. The Government's contingent liability extends over 10 years.
3. It is considered community housing so military personnel cannot be directed to occupy vacant units unless the Government exercises its option to take over the operation of the housing.
4. The Government is liable as a guarantor. When military tenants do not make their rental payments, it incurs administrative expenses in recovering the amounts from the tenants.

CURRENT AND PROPOSED LEASED AND RENTAL GUARANTEE HOUSING

Below is a summary of the current and proposed leased and rental guarantee housing in Europe. Included are comments and observations of military officials in Europe on the merits of the methods used in providing needed housing, which should give some insight into the success achieved, or likely to be achieved, in attempting these alternate methods.

Leased housing

The Air Force in England had lease agreements for 1,068 family housing units in December 1972. These include 437 units presently considered to be lease construction. The Army in West Germany was able to lease about 600 of the 605 units authorized as of December 1972. Army has requested approval from the Office of the Secretary of Defense to lease 400 more units. As of December 1972, that Office had not approved the Army's request. Also the Army budget for fiscal year 1974 provides for an increase of 2,000 leased units in West Germany, but this is subject to further administrative review at higher echelons.

Army housing officials said they have had to turn down offers from German contractors to construct units to local standards because they had not been authorized by the Army to enter into preconstruction agreements. One official suggested that, should the Army grant authority, a pilot project for about 100 units would be tried.

Rental guarantee housing

DOD has approved the construction of 1,350 Air Force rental guarantee units in England and 174 Army units in Germany.

The status of the Air Force rental guarantee program in England in December 1972 is shown below. An Air Force official said getting sponsors for an expanded program should not be a major problem.

<u>Location</u>	<u>Authorized units</u>	<u>Percent completed</u>
Upper Heyford	300	100
Alconbury	250	100
Lakenheath	640	99
Bentwaters	160	99

The Army's program in Europe was started in 1969 and a pilot project of 174 family units in Heidelberg, West Germany, was built with final acceptance of the units in March 1971.

The Army has been granted approval to acquire 1,825 more rental guarantee units in West Germany.

Shown below are the tentative locations and number of units to be constructed at each site as of December 1972.

<u>Location</u>	<u>Units</u>	<u>Location</u>	<u>Units</u>
Aschaffenberg	60	Landstuhl	220
Bamberg	150	Mannheim	190
Erlangen	60	Nuernberg	220
Fulda	100	Pirmasens	30
Germersheim	125	Schweinfurt	140
Kaiserslautern	220	Wuerzburg	130
Kitzingen	120	Zweibrucken	60
			<u>1,825</u>

The Army has issued requests for proposals to construct the 1,825 units presently authorized, but Army officials told us it may be difficult to find sponsors for some of these projects.

The Army has requested the Office of the Secretary of Defense to increase the number of rental guarantee units authorized from 1,825 to 4,500 but action on the request is still pending.

Army family housing officials said early in 1972 that the statutory average per unit limit of \$210 a month for rental guarantee housing was unrealistic for some of the cities in West Germany because of increased construction costs and the dollar devaluation. They also stated that a sponsor may have to pay an exorbitant price for land. They felt that, to interest sponsors for future projects in these cities, the ceiling would have to be increased from \$210 to at least \$275. As already discussed, the most recent legislation in October 1972 increased the ceiling to \$225.

ROOM SIZES FOR LEASE CONSTRUCTION

RENTAL GUARANTEE

AND MILITARY CONSTRUCTION HOUSING

IN UPPER HEYFORD, ENGLAND
(notes a and c)

AIR FORCE

<u>Rooms</u>	Lease construc- tion (945 ft ²) (note b)	<u>Rental guarantee</u>		Military construc- tion (1149 ft ²) (note b)
		Officers (1100 ft ²) (note b)	Enlisted men (1020 ft ²) (note b)	
Living room	19 X 12	19 X 14	19 X 13	15 X 13
Dining room	15 X 10	11 X 10	11 X 9	14 X 10
Kitchen	(d)	14 X 11	14 X 11	14 X 8
1 bedroom	19 X 9	13 X 11	13 X 11	12 X 11
2 bedrooms	9 X 9	12 X 10	12 X 10	12 X 9
3 bedrooms	10 X 9	11 X 10	11 X 10	13 X 10
Bathrooms	(e)	(e)	(e)	(e)

^aAll room measurements rounded to nearest foot.

^bActual size of units included in GAO cost comparison.

^cLease construction units may be built to improved local standards, while rental guarantee and military construction housing units approximate American standards. Improved local standards may be described as including central heating and such amenities as finished floors throughout, light fixtures, medicine cabinets, curtain rails and gliders above all windows, and extra cabinet space. Such items are generally not included in housing built for the local population.

^dCombined with dining room.

^eUnits have 1-1/2 bathrooms.

APPENDIX II



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

IH
INSTALLATIONS AND LOGISTICS

30 MAY 1973

Mr. Robert G. Rothwell
Deputy Director, Logistics and
Communications Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Rothwell:

Reference is made to your letter of March 30, 1973, to the Secretary of Defense which forwarded your draft report on the "Comparative Costs of Alternative Methods of Providing Military Housing in Europe," B-166651 (OSD Case No. 3601).

The conclusion reached in comparing the costs of lease construction, rental guarantee, and military construction housing, is that "lease construction ... is the least expensive where the need is of uncertain duration but will generally not exceed 20 years."

This office agrees with the conclusion of the draft report. However, caution should be exercised in extending the conclusion to encompass all overseas areas. Any decision to use one of the alternative means of obtaining housing overseas should be made on a case-by-case basis with the final determination being dependent on the sundry variables existing in the geographic area in question.

Sincerely,

A handwritten signature in cursive script, likely belonging to the Assistant Secretary of Defense.

Assistant Secretary of Defense
(Installations and Logistics)

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Congress of the United States
House of Representatives
Committee on Appropriations
 Washington, D.C. 20515

September 28, 1972

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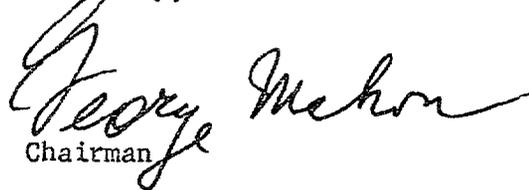
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Honorable Elmer B. Staats
 Comptroller General of the United States
 General Accounting Office
 441 G. Street, N.W.
 Washington, D.C. 20548

Dear Mr. Staats:

It will be greatly appreciated if the General Accounting Office will conduct a survey into the viability and economic trade-offs of alternate methods of providing family housing overseas. There may be substantially increased requests for leasing overseas in the fiscal year 1974 military construction request. Consequently, a draft report should be prepared for release to the Committee and the Department of Defense not later than February 15, 1973.

Sincerely,


 Chairman