

CHAPTER XIII

FAMILY HOUSING

During the infancy of the United States Navy, the naval ship, by its very nature, provided the sole means of shelter for its officers and men. It was not until the establishment of the first naval shore installations around 1800 that quarters ashore were constructed. At the relatively few Navy Yards, hospitals, and magazines, the presence of certain key personnel was deemed essential. So that these individuals would be available for immediate duty in the event of an emergency, quarters were provided as an important element of military readiness. Quarters were, and continued to be, assigned not as a matter of convenience or comfort, but according to the relative importance of the presence of their occupant on the installation at all hours.

While Navy family housing was limited during the 19th century, the quarters built were generally of a permanent nature. As a matter of fact, some were still in use over a hundred years later. The first such residence was believed to be the house built for Captain Thomas Tingey, the first Commandant of the Washington Navy Yard, in 1802. This policy of constructing only a few permanent houses for key personnel continued through the first decades of the 20th century.

With the partial mobilization just prior to the Second World War came the greatest demand for family housing that the Navy had ever encountered. While everything possible was done to transform older facilities into quarters it became apparent that the Navy's emergency housing requirements could only be met through the construction of large-scale rental housing projects. The Navy first obtained so-called defense housing in 1940 when Congress diverted funds originally appropriated for slum clearance projects to the construction of housing in critical defense areas.¹ Only three months later funds were, for the first time, directly appropriated to the Navy for the construction and operation of rental housing projects on a large-scale.²

The Lanham Act, also passed in 1940, established a major program under the Federal Works Administrator for the construction and operation of defense housing, by an agency other than the military departments, to meet emergency requirements for war industries and military installations.³ Under this legislation numerous projects, both temporary and permanent, were built on and off installations to meet Navy needs on an exclusive basis. Periodically these projects were transferred to the Navy for direct operation and permanent administration.

¹PL 671, 76th Cong. Act of 1940. 54 Stat. 676.

²PL 781, 76th Cong. Act of 1940. 54 Stat. 112S.

³PL 849, 76th Cong. 54 Stat. 112S.

Further legislation, referred to as "Temporary Shelter Acts," authorized the use of "Emergency Funds for the President" to provide additional temporary shelter.⁴ Other important housing acquisitions spurred by the national emergency were special, public works funded programs in Florida to meet air training requirements and Homoja Housing tracts, consisting of 20x48 quonset huts, at various coastal point.

Since World War II, additions to the family housing inventory were accomplished by numerous programs. While termination of war reparations, appropriated funds, foreign currencies generated by the sale of surplus agricultural commodities, and leasing of private housing were employed, the bulk of Navy housing was acquired through privately financed programs such as Wherry and Capehart. Other sources of Navy family housing have been emergency, rental guarantee, excess foreign currency, and Department of Housing and Urban Development housing.

The tremendous expansion experienced during World War II transformed the Navy's family housing program into the proportions of big business. Extended occupancy rights and an increased housing inventory were to outlive the cessation of hostilities. At the same time, the trend in Navy shelter ashore increasingly became predicated on a place to live rather than just a place to sleep,

⁴ PL 9, 77th Cong. 55 Stat. 14/PL 73, 77th Cong. 55 Stat. 197/PL 353, 77th Cong. 55 Stat. 810.

for, as the ships and weapons of the fleet grew in size, complexity, and variety, so did the shore establishment required to keep that fleet in operation.

During the Vietnam conflict, more men were entering the Navy than at any time since Korea. Unlike their predecessors, however, they were less willing to give up the comforts of life and demanded better living conditions than were thought possible during the Second World War. Naturally desirous of being with their families whenever possible, a great demand for Navy family housing on shore establishments throughout the world was created. In terms of recruiting and retaining competent and professional personnel, this demand had to be met. The wind-down and conclusion of the Vietnam War, along with the onset of the All Volunteer Force, served to underscore this need.

From 1965 to 1974 there was a growing awareness by the Command of the morale factor inherent in the Navy family housing program and its effect on personnel retention. At the very least, the training of each individual for service in the modern Navy was a large investment and it was certainly to the best advantage of the Navy to retain, if possible, their skills. Studies conducted by the Command in the late 1960s indicated that one of the primary reasons given by personnel for leaving the Navy was the lack of

5

satisfactory housing.

⁵ RADM Arthur H. Padula, CEC, USNR, Padula Report (1 Mar 1968).

With a clear view of the problem, the Command from 1965 to 1974 strove to overcome both the qualitative and quantitative deficiencies in Navy family housing. Unfortunately, family housing does not in any direct sense win battles and, therefore, has had a difficult time competing on an even basis with the vital armament that comprises a first-class fleet. The program was, in the past, sensitive to the first calls for economy and budget cuts.

Thus, the Naval Facilities Engineering Command's housing program faced an uphill battle. Working with somewhat constrained resources, it sought to provide the very best for the very least.

MANAGEMENT

Since the establishment of the Bureau system in 1842, the Bureau of Yards and Docks, in its capacity as monitor of the shore establishment, played a limited role in the Navy's family housing program. Total responsibility for the program, however, was bestowed upon them in July of 1960.⁶ Strong Congressional interest in the management, maintenance, and operation of family housing and the proposed creation of a combined Armed Services Housing Operation provided the impetus for this action.⁷ It was felt that without immediate improvements to the system, the former might bring

⁶ SECNAV Instruction 11101.2A.

⁷ Statement by Mr. Cecil P. Milne, Assistant Secretary of the Navy (Material), on "Proposed Organization for Management of Housing in the Navy."

unconsidered action and the latter unwarranted intrusion and an unnecessary degree of centralization.

Underlying these fears was the existence of a previously uncoordinated and often disorganized system under which each Bureau exercised management control over their own housing assets. In the words of the Assistant Secretary of the Navy (Material), the unfortunate result had been the creation of "fat cats" and "poor cousins" among family housing assets under the cognizance of different commands.⁸ Now operating a billion dollar real estate enterprise, the Navy could no longer afford the dubious luxury of having excellent vacant housing at one activity and poorly maintained, fully occupied housing at another.

Thus, the Bureau of Yards and Docks was designated the central authority for the technical and operational management of all Navy housing.⁹ In this capacity they were charged with providing the most effective and economical means of supplying and maintaining adequate family housing. This approach, in turn, necessitated the application of uniform standards of maintenance, as well as the proper utilization and disposition of all housing assets.

The Command, in order to execute their expanded housing responsibilities, established a housing group within their existing

⁸ Statement by Mr. Cecil P. Milne, Assistant Secretary of the Navy (Material), and "Proposed Organization for Management of Housing in the Navy."

⁹ SECNAV Instruction 11101.2A.

organizational structure. This action was coupled with the careful staffing of Headquarters and field organizations with competent, knowledgeable, and experienced professional personnel in the field of family housing. By the mid-1960s the Command's family housing responsibilities had been smoothly integrated into the operations of the Command as a whole.

In the latter part of the decade, it was recognized that staffing for the Engineering Field Divisions was insufficient to properly administer the increasingly complex and growing housing program. A study was initiated to determine whether or not realignment of existing functions among the Engineering Field Divisions might accomplish the desired result of accommodating an increased workload within currently available resources. The study concluded that consolidation of management responsibilities in four Engineering Field Divisions would not only improve operations and enable the Command to more effectively meet its housing responsibilities, but it would also strengthen ties with the unilinear Navy. Consequently, four of the Command's field activities housing management organizations became Housing Management Centers (HMCs). This Command action fulfilled the criteria for a successful reorganization - it increased both housing management efficiency and effectiveness.

¹⁰Ltr from CHBUDOCKS to Distribution List (ser H/100/ndr) of 9 May 1960.

¹¹NAVFAC Notice 5450 of 20 Nov 1969.

The program's overall mission of providing the Department of the Navy with adequate family housing at the lowest total cost remained unchanged.¹² The authority to provide centralized guidance and coordination for all management aspects of Navy family housing enabled the Command to accomplish this objective. The many tasks executed by the Command in pursuit of a quality program from 1965 to 1974 were continued with the management of Navy housing from formulation of requirements through disposal of housing no longer needed.¹³

Funding

Beginning in 1963 the expenses of the Navy family housing program were financed from a special account known as the Department of Defense Family Housing Management Account. By 1965 the Assistant Secretary of Defense (Comptroller) had divided the single management account into a no-year account, encompassing construction, and an annual account encompassing such functions as operations and maintenance and debt payment. Family housing programming, budgeting, funding, and accounting for the Navy was accomplished under established transfer accounts.

¹² Headquarters Organization Manual, BUDOCKS P-313, Change 2; NAVFAC Notices 5450 of 25 Apr 1973 and 14 Feb 1974.

¹³ Headquarters Organization Manual, NAVFAC P-313, and changes thereto; FY 1972 Command Management Plan, NAVFAC P-441 (Jun 1971); FY 1973 Command Management Plan, NAVFAC P-441 (Jun 1972); FY 1974 Command Management Plan, NAVFAC P-441 (Jun 1973).

Navy funds in the Congressional appropriations for the Family Housing Management Account, Defense increased from \$177.0 million in 1968 to \$307.3 million in 1974.

In the latter half of the 1960s a DOD-wide, concerted cost reduction campaign got underway. Part of the total program, "Improving Military Housing Management," identified eight major areas in which cost reductions were to be achieved. These areas included (1) administration of family housing including occupancy and utilization; (2) provision of authorized services in connection with occupancy; (3) provision of utility services; (4) provision, handling and repair of furniture; (5) maintenance and repair of dwellings; (6) maintenance and repair of other real property including mobile home park sites; (7) management and repayment of the housing debt; and (8) limited alterations and improvements to family housing units. The Command performed in an exemplary manner throughout the period of the Cost Reduction Program.

To provide guidance to Command activities and other appropriate offices, the Command published and continually updated NAVFAC P-352, Housing Administration. This manual provided instructions and information on the administration of family housing facilities and programs.

Housing Referral Services

Out of the housing discrimination complaint voiced by a black Air Force Sergeant in 1967 came the housing referral service. A subsequent investigation of the complaint revealed that, not only

minority servicemen, but all servicemen were experiencing difficulty in quickly locating nondiscriminatory, suitable, and economically priced housing in the vicinity of their duty station. The problem was made more complex by the fact that a majority of naval personnel, more than two-thirds, relied upon the private community for their housing needs.

To resolve this troublesome matter the Secretary of Defense ordered that Housing Referral Offices (HRO) be established at all of the larger military installations.¹⁴ The first HROs were set up in 1968 and were in full operation by June of 1969. In 1971 the program was expanded to encompass not only installations located within the United States but throughout the world.

The purpose of the HRO was to counsel all incoming personnel and assist them in locating adequate housing. If instances of discrimination were encountered, the guilty facility was placed on a restrictive sanction list and servicemen were not authorized to take up residence at those facilities.

The Navy's housing referral services have grown steadily since their inception.¹⁵ In 1969 60 percent of those who requested assistance in locating community housing were housed through HROs. In subsequent years, personnel on permanent change of station orders were required to process through the applicable HRO as

¹⁴DOD Instruction 4165.51 of 25 Nov 1968.

¹⁵OPNAV Instruction 11101.20 of 14 Mar 1969.

opposed to previous years when this was a voluntary procedure. By the end of 1974 72 percent of those requesting assistance were housed through HROs.

Studies

Several studies conducted early in the ten year period had an important effect on the future policy and administration of the Navy's housing program.

The first of these studies posed the question of whether the Command should retain its housing management responsibilities or voluntarily relinquish them to the Office of the Secretary of Defense (OSD).¹⁶ Previous actions taken by OSD in the realm of family housing extended beyond broad guidance and direction in coordinating the efforts of the three services. The study concluded that the Command should oppose the relinquishment of its authority. Realizing that the morale of the serviceman was the ultimate product of family housing, the Command found it essential to avoid the impersonal effects which resulted when management was far removed.

Thus, in order to avoid this assumption of control, the Command's overriding objective became the improvement of housing management. Initially, family housing personnel clearly defined each office's

¹⁶ CAPT F. A. F. Cooke, CEC, USN, Study Topic No. IV, Management of Navy Family Housing.

role in the program and began utilizing their authority to the fullest extent by taking the initiative in aggressively carrying out an effective housing management program. Subsequently, they sought to develop very close working relationships with other military housing management personnel. Other objectives included further recruitment and training of top management personnel, development of new methods, programs, and procedures, and initiation of a more active public information program on family housing.¹⁷

This pervading philosophy was reiterated that same year in another Command study on the retention of family housing responsibilities within the Navy.¹⁸ The study contended that even if the Command could rid itself of family housing responsibilities, this would not be in the best interests of the Navy. Naval construction was certainly the Command's responsibility and could best be performed by them than any other organization. Additionally, management by the Command was equally essential; the problems and desires of a Navy family with respect to government quarters could best be understood and handled by such an organization. The construction of housing without these considerations in mind would not accomplish one of the primary objectives of the housing program - improvement

¹⁷ Cooke, Management of Navy Family Housing.

¹⁸ CAPT R. B. Morris, CEC, USN, Study Topic No. 1X, Retention of Family Housing Responsibilities by the Navy.

of the morale of military personnel with an accompanying improvement in the enlistment rate and reduction in retirements and resignations.¹⁹

It was also suggested that the Navy strive to eliminate its cumbersome review process and, at the same time, decentralize management responsibilities to the greatest extent possible. In short, the advantages to the Navy of retaining and increasing the Command's responsibilities in the planning, construction, and management of family housing were many.

In the latter portion of the decade yet another study of the Navy family housing program was conducted. In it, concern was expressed about current eligibility requirements, basic allowance for quarters (BAQ), the military housing budget, and the sole dependence upon appropriated funds to finance the Family Housing Program.²⁰ Also discussed was the desperate need for a variable housing allowance and an expanded leasing program. Hardships suffered, particularly by junior officers and enlisted men stationed in very high cost areas such as New York City and Washington, D. C. had cost the Navy many talented, career officers.

Despite an increase in the Navy's construction program, it was evident that the Navy could no longer depend solely on appropriated funds to acquire housing. Instead the Command should seek

¹⁹ Morris, Study Topic No. IX.

²⁰ Padula Report.

alternative methods such as taking appropriate steps to see that military personnel were eligible for all existing and proposed housing legislation, including aid from the Urban Development Act of 1968.

With the aid of such studies as these the Command began the period 1965 through 1974 with long-range goals for the betterment of Navy family housing. In fact, President Johnson succinctly stated the basic philosophy behind the Command's endeavors when he said, "I very much want our uniformed citizens to be first class citizens in every respect and I want their wives and their children to know only first-class lives."

REQUIREMENTS

To determine what the family housing needs of the future would be, the Command conducted a yearly survey. In this survey the number of suitable housing assets was subtracted from the total housing requirement to yield the family housing deficiency for each installation. After the survey data was consolidated and tabulated, it became the basis for the formulation of the Navy and Department of Defense Five Year Defense Plans (FYDP). Subsequently it was, of course, presented to Congress in support of individually recommended new construction housing projects. Following Congressional review, authorization and appropriation, funds were distributed by the Command for the actual commencement of housing construction.

Although the above process may appear to be extremely simplistic, it was, in fact, quite complex. Within the survey itself, the many factors comprising each category were not so easily delineated.²¹ For instance, items such as cost, location, and condition of community housing, which had a direct bearing on whether these houses were counted as assets, was certainly most difficult to pinpoint.

From 1965 to 1974 broad changes occurred within the survey process. In February of 1966, the Command contracted with the Battelle Memorial Institute of Columbus, Ohio for a two-year study to investigate and possibly improve the current method of determining military family housing construction requirements. The study was completed in March of 1968 with significant results.²²

Battelle generally concluded that there were inherent inaccuracies in determining family housing requirements which no amount of effort or expertise could eliminate. Nevertheless, the study further concluded that simplifications could be made in the existing procedures without decreasing the accuracy and reliability of the final requirements determination.

One of Battelle's most significant recommendations involved the use of a sampling technique by questionnaire, rather than the existing total survey approach, to determine family housing needs.²³

²¹Carl D. Greene and Ernest T. Taylor, Examination of Alternatives and Decision Making Criteria for Managing Marginally Adequate Navy Housing Assets, NPS Thesis, pp. 66-81.

²²NAVFAC Notice 11101 of 24 Oct 1968.

²³Ibid.

This technique was pilot-tested at naval installations in Philadelphia, Pennsylvania, San Diego, California, Pensacola, Florida, and Newport, Rhode Island.²⁴ The thoroughness and accuracy of the pilot-test results strongly influenced the Command to adopt the sampling method in all future surveys. Not only was a high degree of accuracy maintained, but costs were appreciably reduced when 100 percent coverage was eliminated. The inauguration of the sampling technique saved²⁵ the Navy approximately \$300,000 per survey.

The Battelle Report also indicated that, because of the inherent difficulty in obtaining long-term data on the required size of new family housing units, it was wiser in the long run to program the more flexible, larger units.²⁶ In previous years much confusion and redesign had resulted from later surveys which had indicated the need for a different housing bedroom composition than had earlier surveys. As a direct result of this study, the Command began using a Navy-wide average bedroom distribution in lieu of an individual installation distribution.

Another less successful change was the attempt to utilize a monitoring system for the actual conduct of the yearly survey. Naval personnel at the activity level were assigned the task of assisting those selected to participate in the survey in filling

²⁴"Pilot Projects Sample Housing Requirements," The Navy Civil Engineer (Mar 1968), p. 26.

²⁵NAVFAC Notice 11101.

²⁶Ibid.

out their questionnaires. Unfortunately, what was gained in accuracy was lost in cost, so the Command reverted to the practice of merely mailing the form to the selected participants.

While recommendations of the Battelle Report were being tested, Automatic Data Processing (ADP) techniques were being experimentally applied to the survey process.²⁷ In earlier years of 100 percent coverage by the survey, each questionnaire had to be hand tabulated. Certainly a lengthy and laborious procedure, it was hoped that machine tabulation would substantially reduce the expenses generated by the more antiquated procedures.

Initial ADP support was provided by the Public Works Center in Newport, Rhode Island, the Southwest Engineering Field Division in San Diego, California and the Pacific Engineering Field Division in Pearl Harbor, Hawaii.²⁸ The initial changeover to the preparation of machine readable survey data, although a difficult process, was accomplished in a relatively smooth fashion.

After this transition period primary ADP support for the survey was transferred to the Naval Material Command Support Activity (NMCSA) in Washington, D. C. Later, however, in 1975 the Command transferred a portion of the ADP survey support to their own Facilities Systems Office (FACSO) in Port Hueneme, California. This new arrangement was necessitated by an increased requirement for ADP support as portions of the housing requirements system were automated.

²⁷ NAVFAC Instruction 11101.83 of 17 Jan 1968.

²⁸ Ibid.

Overall, from 1965 to 1974 the Navy family housing requirements determined by the survey process steadily decreased. This trend accompanied a program of greatly increased housing construction and a gradually increasing military pay schedule. As a result, by 1974, most of the large deficits had diminished. Construction of new family housing units consisted of many terminal projects, or the very last construction project planned at a particular location.

In all, the Command had traveled a long way since 1965 in the determination of the Navy's family housing requirements. Along this road it sought and achieved reduced costs to the government and greater responsiveness of the requirements determination instrument, the survey, for the achievement of the greater goal of providing suitable and adequate family housing for naval personnel.

PLANNING AND DESIGN

Besides the actual programming and approval of new family housing units, the Command also played an active role in the design of these units. Since Navy family housing must conform to specific criteria, design guidance was provided by the Command in the form of a Design Manual for Family Housing. Within the manual, the requirements of both the Command and higher authority were delineated. The requirements themselves were, in turn, based upon "functional standards, engineering judgement, knowledge of materials and equipment, and the experience gained by the Naval Facilities Engineering

Command and other commands and bureaus of the Navy in the design,
construction, operation, and maintenance of naval shore facilities".²⁹

As one facet of family housing design responsibilities, the manual was updated continuously in order to keep abreast of modern trends and revised regulations. Both in 1967 and 1971 the manual was published in its entirety incorporating all intervening changes.³⁰ This did not, of course, preclude the issuance of specific revisions between these publication dates. Such action ensured that all involved personnel were made aware of the most recent design criteria.

To plan intelligently and efficiently for future housing projects, preliminary planning letters were forwarded to the Command's Engineering Field Divisions. In response to this letter, planning and cost data for each proposed project were provided by the Engineering Field Divisions to support the Command's budget submission to Congress.

After funds were approved, authorized, and appropriated, the Command took all necessary action to prepare for a housing construction project at a chosen site. Some of the preliminary activities frequently carried out included acquisition of land, application of noise abatement techniques, construction of access roads, and acquisition of a land use intensity waiver. While the actual construction of a family housing project was under the management of the Command's construction organization, design guidance was provided to the construction group by the family housing organization.

²⁹ Design Manual for Family Housing, NAVFAC DM-35 (Aug 1971)
Design Manual for Family Housing, NAVFAC DM-35 (Aug 1967).

³⁰ Ibid.

Design revision was a fluid growth process from 1965 to 1974. While actual changes took place at one point in time, they were actually the result of a culmination of effort by the Command leading up to that point. This was most often the case with the significant policy changes discussed below.

In the mid-1960s a controversy raged over the construction of high density, row houses for junior officers and enlisted men.³¹ As the Command began to obtain less and less house for their construction dollar, particularly in extremely high cost locations, they had built just such units in selected areas. Coupled with price escalations were statutory cost limitations which had resulted in stripping out of new construction all highly desirable, but not absolutely essential, items.³²

By utilizing multi-family dwellings at selected locations, the Command was able to provide a higher quality home with more amenities than if it had been limited to the construction of single family dwellings. The Command, although opposed to increasing the density per acre of family housing from six or eight units to a minimum of twelve, was force to move in this direction in order to acquire the necessary number of units to house eligible Navy personnel.³³

³¹ Memo from CHBUDOCKS to VCNO of 28 May 1965.

³² Ibid.

³³ Ibid.

The controversy was resolved in later years by the growing national necessity to utilize more multi-family dwellings. No longer was the point debatable; prohibitive costs had made this trend an economic necessity. Land scarcity in urban areas had been a particular problem for the Navy and, as such, had almost immediately manifested itself in plans for family housing projects. Unlike the other Services, the Navy's shore installations were concentrated at critical coastal points in just such urban areas. For this reason, the Command had experienced the most difficulty in acquiring land at a reasonable cost on which to build family housing in the vicinity of major shore installations. This unfortunate circumstance was somewhat alleviated by revised density criteria.

Another event having a significant impact on the family housing program and particularly on the planning process was the enactment of the National Environmental Protection Act of 1969.³⁴ In compliance with this legislation the Command evaluated the impact of a proposed family housing construction project on its environment. The requirement for an assessment and, if necessary, a more comprehensive environmental impact statement, served to create a more detailed preliminary planning process. Nevertheless, it was undoubtedly effort well spent in assuring that newly constructed family housing did not have a detrimental effect on its surrounding environs.

³⁴PL 190, 91st Cong., 1st Sess. Act of 1969. 83 Stat. 852.

As times inevitably changed, so did those items, once considered amenities, become housing necessities. Thus, during the 1970s dishwashers, once considered a luxury, were designated as required equipment in all newly constructed housing units.

Another very important revision in design criteria occurred in 1973 when the statutory floor space levels for certain family housing units were increased. Those units which experienced the greatest impact were enlisted and junior officer housing. The floor area of these units was significantly increased and a totally new allowance for five bedroom units was added. Other floor area changes included a 150 square foot increase to field grade officer four bedroom units and a minor 30 square foot increase to senior officer quarters. These criteria changes were expected to substantially improve the livability of Navy family housing and, at the same time, provide space that was equitably balanced with a military man's civilian counterpart.

While all other bedroom compositions were being retained and, in many instances, their floor areas were being expanded, the construction of two bedroom houses was becoming a thing of the past. Even though there existed a limited need for two bedroom units, their inflexibility made them less desirable. It was decided that the most effective and uniform policy for the construction of two bedrooms would be to restrict them to two-story apartment buildings. At the same time, the net square footage of all two bedroom units, regardless of rank, was limited to 950 square feet.

In conclusion, from 1965 to 1974, the Command strove to keep pace with the most current design trends and to plan and prepare for family housing projects as effectively and efficiently as possible. The best way to judge their success might be to examine the product of their work. A look at family housing areas in Bremerton, Washington, Murphy Canyon, San Diego, California or Little Creek, Virginia would go a long way toward convincing a viewer that their work was indeed excellent.

To uphold this level of competence the Command continued to plan additional projects in a far-sighted manner. For instance, in the initial stages were plans for new family housing units which would utilize solar energy. In times fraught with energy shortages, the Command was certainly working with an eye toward the future. Through action such as this, it would not only uphold, but undoubtedly surpass, its previous accomplishments in the future.

NAVY FAMILY HOUSING CONSTRUCTION PROGRAM

The central theme and primary emphasis underlying the Command's family housing efforts from 1965 to 1974 was undoubtedly the military family housing construction program. Never before had such exclusive use been made of this medium for the provision of new Navy quarters.

Prior to 1960, appropriated fund housing construction had been extremely limited. In fact, it was utilized only when high costs

³⁵
Greene and Taylor, p. 32.

or unusual circumstances precluded the use of privately financed or other programs. Two factors which heavily influenced the limited use of a military construction program were the existing bureau housing management system, which was dependent on an activity commanding officer to initiate military family housing construction, and the extreme sensitivity of the program to the budgetary requirements of complex weapon systems and new facilities. These factors, coupled with the belief that privately financed programs, such as Wherry and Capehart, were the answer to military housing needs, made appropriated fund housing construction the method of last resort.

Beginning in 1960, however, the Navy family housing program³⁶ experienced a significant change in its management system.

Henceforth, the Command was to act as the central family housing management authority for the Department of the Navy. Soon after this significant reorganization, it became apparent that the heavily relied upon privately financed programs had not, in fact, met the Navy's family housing requirements.

Thus, by 1965, a complete reversal had occurred. Beginning in 1963, the Command placed sole reliance on the construction of new housing units with appropriated funds. During these early years, however, Congress remained less than enthusiastic about appropriating large sums for the conduct of the program. Nevertheless, despite this lukewarm support, the Navy fared quite well in³⁷ comparison to previous years of privately financed programs.

³⁶SECNAV Instruction 11101.2A of 6 Jun 1960.

³⁷Green and Taylor, pp. 32-40.

The annual Department of Defense appropriation for fiscal year 1965 included 8,250 family housing units.³⁸ The Navy was allotted a sizable portion of the appropriation and the Command succeeded in executing all 3,464 units during that year.³⁹ Fiscal year 1966 was almost as active. Department of Defense appropriations rose slightly to 8,500 units, while the Command readied itself to construct 3,430 new units, the entire Navy appropriation, to add to the family housing inventory.⁴⁰ This accomplishment was quite exemplary in light of an early defense freeze on family housing construction which terminated progress on several of the Command's projects.

The fiscal year 1966 freeze was the forerunner of a complete halt to the family housing construction program in fiscal year 1967. The interruption was the result of the exigencies of the Vietnam conflict. Mindful of the need to counter the costs of wartime operations and to slow inflationary trends, no construction authorizations were requested for this year. Unfortunately, this came at a time when the need for family housing was swelling as rapidly as the ranks of the Navy. Thus, it was of great importance that successive years, corresponding to the wind-down and conclusion of the conflict, signaled a tremendous, steady growth in the family housing construction program. The movement back began in 1968

³⁸ Department of Defense, A Study of the Military Family Housing Program (Apr 1974), pp. A-8, A-9.

³⁹ NAVFAC Family Housing Program Summary, Fiscal Year 1965; PL 390, 88th Cong.

⁴⁰ A Study of the Military Family Housing Program; NAVFAC Family Housing Program Summary, Fiscal Year 1966: PL 188, 89th Cong.

when out of 6,750 units appropriated by Congress for the Department
of Defense, the Command executed 2,840 units for Navy families. ⁴¹

Perhaps the greatest impact from the use of appropriated fund housing came during the years 1969 to 1974. Throughout this period three key factors played a crucial role in revitalizing the family housing construction program. Firstly, a national housing shortage which spanned the years 1969 through 1971 provided a conducive climate and underscored the necessity for a comprehensive military program. Secondly, the post-Vietnam period saw the birth of the All Volunteer Force and, with it, the realization that satisfactory housing was a key to retaining qualified personnel. ⁴² Lastly, the program was given top level backing and significantly increased attention at all levels.

Fiscal year 1969 began at a promising but low ebb. Although relatively small in size, this was the first year in which the entire Department of Defense request for 2,000 units was both approved and appropriated by Congress. The Navy's portion was 750 units and the Command executed all 750. ⁴³

⁴¹ A Study of the Military Family Housing Program; NAVFAC Family Housing Program Summary, Fiscal Year 1968; PL 110, 90th Cong.

⁴² CAPT G. A. Goetzke, CEC, USN, "Homes for Navy Families", The Navy Civil Engineer (Spring 1972), pp. 30-31.

⁴³ A Study of the Military Family Housing Program; NAVFAC Family Housing Program Summary, Fiscal Year 1969.

In fiscal year 1970, the Department of Defense request for 4,800 units was once again totally approved and appropriated. The Navy's allotment of 1,950 units was more than double that of the previous year. While the Command executed only 1,540 units from this authorization, the remaining funds were reprogrammed to construct a sorely needed 180 family housing units authorized, but not appropriated, in the fiscal year 1968 program.⁴⁴

As a testament to the ever increasing tempo of the family housing construction program, the number of units authorized and appropriated in fiscal year 1971 once again nearly doubled. From a total of 8,000 Department of Defense units requested, approved, and appropriated, the Navy's share of the program included 3,700 units.⁴⁵ The Command's execution of this authorization totaled 3,614 units including the 280 units reprogrammed with fiscal year 1970 funds from the saved fiscal year 1968 authorization. Due to reduced requirements, 366 units authorized for this year's program were cancelled.⁴⁶

⁴⁴ A Study of the Military Family Housing Program; NAVFAC Family Housing Program Summary, Fiscal Year 1970; PL 142, 91st Cong.

⁴⁵ A Study of the Military Family Housing Program; NAVFAC Family Housing Program Summary, Fiscal Year 1971.

⁴⁶ Ibid.; PL 511, 91st Cong.

In fiscal year 1972 Department of Defense annual appropriations climbed again to 9,684 units; the Navy's portion was a substantial 4,254 units.⁴⁷ While reduced requirements completely eliminated one project and limited another to approximately half of the allotted units, the Command constructed an additional 120 units from the saved fiscal year 1968 authorizations. In any event, fiscal year 1972 is particularly noteworthy as the peak year for the utilization of appropriated fund housing; the Command had successfully executed 4,228 new family housing units.⁴⁸

While fiscal year 1973 brought the largest number of units authorized and appropriated, the Command's still substantial execution of the program was reduced in response to the Shore Establishment Realignment. The Department of Defense program consisted of 11,720 units appropriated by Congress.⁴⁹ The Navy's approved, record program was to have included 4,600 units. In reality, however, Shore Establishment Realignment actions eliminated 750 units and, therefore, the Command's construction execution program covered only 3,195 family housing units for the programming year.⁵⁰

⁴⁷ A Study of the Military Family Housing Program; NAVFAC Family Housing Program Summary, Fiscal Year 1972.

⁴⁸ Ibid.; PL 145, 92nd Cong.

⁴⁹ A Study of the Military Family Housing Program.

⁵⁰ NAVFAC Family Housing Program Summary, Fiscal Year 1973; PL 545, 92nd Cong.

This receding trend continued the following year, 1974, when congressional appropriations for the Department of Defense slipped to 9,816 units.⁵¹ Out of the Navy's share of 3,610 units, 2,950 units were executed by the Command. The 660 unit deficit reflects execution problems in two projects at foreign and overseas possession locations.⁵²

Looking to the future, the Command anticipated that the last significant year for new construction would be 1975. Tapering off in successive years, the Command expected the program to be essentially complete by the end of fiscal year 1978. At this time, the Navy's housing inventory would be sufficient to assure, with community support, the availability of adequate housing for all eligible Navy personnel.⁵³

To conclude, the use of appropriated funds from 1965 to 1974 for the construction of family housing was extremely successful, resulting in the execution of a total of 26,011 Navy units. Favorably comparable to the more prevalent use of privately financed projects prior to this period, the program succeeded in providing a sufficient quantity of higher quality family housing units without many of the characteristic problems. A portion of the Command's success in eliminating the huge deficiency of adequate housing that existed

⁵¹ A Study of the Military Family Housing Program.

⁵² NAVFAC Family Housing Program Summary, Fiscal Year 1974.

⁵³ NAVFAC News Release 5-75, "Housing Construction Assists Retention" (18 Feb 1975).

prior to 1965 can be attributed to the increased military pay structure. This increase placed many community housing assets within the reach of military families. Nevertheless, the extremely significant construction program actually dovetailed with this factor to hasten that day when no Navy housing shortage would exist. In this manner, the Navy family housing construction program made highly commendable progress.

54

TURN KEY

Through the use of appropriated fund housing construction, the Command made great strides in eliminating the quantitative housing shortage that existed from 1965 to 1974. Prior to 1969, however, the Command had primarily utilized the services of large military construction contractors for the building of Navy family housing as well as other types of major construction projects. A partial reason for this concentration of large firms was the great expense of preparing and submitting for consideration, under the conventional contracting method, design and engineering plans for the Navy's large-scale housing projects. Utilization of turn key in subsequent years allowed smaller firms to compete on a more even basis for Navy family housing construction contracts.

54

Within Chapter 10 of this history the turn key concept is dealt with in greater detail. It is discussed again here briefly because of its tremendous impact on the Navy Family Housing Program.

Armed with Navy specifications, interested contractors were asked to submit an "off the shelf" design, a variation of one of their existing designs, and estimated costs for the project. A Command review board evaluated each proposal and awarded points based upon cost and quality factors. The firm with the most points following the evaluation was awarded the contract. This contractual method became known as turn-key.

55

The benefits of the Command's turn key contractual procedure were many. Although highly interrelated, these advantages included increased quality, greater cost control, swifter contract award and project completion, greater competition for contracts, and the increased utilization of firms experienced in family housing construction.

From 1969 to 1974 the turn key method was so successful that 60 percent of all new construction was contracted for in this manner. It was anticipated that in 1975 this figure will have risen to 80 percent. The remaining projects, contracted for in the conventional manner, were usually smaller in scope, located in isolated areas, or located in foreign nations which required special contracting arrangements.

SPECIAL PROGRAMS AND FUNCTIONS

While the Command executed strenuous efforts to increase the supply of housing available to servicemen primarily through

⁵⁵NAVFAC Instruction 11101.85B of 10 Oct 1974.

appropriated fund construction, it did not totally limit its efforts to this method of acquisition. In fact, as a part of the Secretary of the Navy's five-point program promulgated in 1969, the Command utilized as many diverse approaches and means as were feasible. These differing methods, given various degrees of emphasis, fell under the broad heading of Special Programs.

Additionally, the Command accomplished special tasks vital to the successful conduct of the family housing program. Although not impacting directly on the acquisition of new housing, these functions had an effect on either the overall quality of the program or the family housing inventory.

Acquisition

To operate most efficiently and with a minimum of governmental waste, the Command screened all those family housing units declared excess to the needs of the other services. If excessed units were located in an area in which the Navy was experiencing a need for family housing, the Command took steps to acquire those units. The greatest number of suitable units was available and, consequently, acquired in the late 1960s and the mid-1970s. While the houses were usually of an older but adequate vintage, they nonetheless economically furthered the goal of reducing the family housing quantitative deficiency. A total of 3,148 units were acquired by such transfers from 1965-1975.

⁵⁶ Summary of Housing Acquisitions, 1965-1974, NAVFAC Family Housing.

Disposal

Disposal of Navy housing units for which there is no longer a need was also an important Command function. Excess housing can serve as a drain on already limited family housing monies. Therefore, the Command sought to eliminate as rapidly as possible unneeded housing, either by transfer to another interested government agency or military department, by converting to other use, or by a declaration of excess to the General Services Administration.

The greatest number of disposals occurred between 1972 and 1974, with additional, numerically large disposals anticipated in 1975. This action was in response to the Navy's Shore Establishment Realignment which, through base closures or reductions, precipitated the disposal of subsequently unneeded family housing units. In all, 10,832 family housing units were eliminated during the ten year period.⁵⁷

Inadequate Public Quarters

During the period 1965 to 1974 there were many naval personnel occupying family housing units that were considered deficient in terms of size, condition, and amenities. At the same time, these Navy families were forfeiting their full Basic Allowance for Quarters (BAQ), just as would a family occupying far nicer, or what was termed adequate quarters. The less amenable quarters, however,

⁵⁷ Summary of Housing Disposals, 1965-1974, NAVFAC Family Housing.

required statutory authority before they could be officially declared inadequate with the subsequent requirement for forfeiture of less than total BAQ.

Obviously this inequitable situation had a potentially harmful impact on morale. Nevertheless, despite strenuous Command efforts, the necessary additional statutory authority was not forthcoming until 1972.⁵⁸ The impetus for this congressional action stemmed from a survey directed by the Office of the Secretary of Defense in 1971. Following criteria provided by the Office of the Secretary of Defense, the Command determined that, out of a total of 68,000 units in the family housing inventory, 18,500 units were considered inadequate.

Consequently, the 92nd Congress allowed the Department of Defense to designate a total of 20,000 units inadequate.⁵⁹ The Navy's portion of this total consisted of 6,659 units; 4,163 were allotted to the Navy and 2,496 were allotted to the Marine Corps. While this authorization was substantially below the number of units deemed inadequate by the survey, it was certainly a step in the proper direction.

By early 1973 the Command had selected the units to be designated inadequate. Subsequently those units were occupied only on a voluntary basis and, initially, with forfeiture of only 75 percent of BAQ. After appraisals of the property were completed and rents and charges

⁵⁸ PL 545, 92nd Cong,

⁵⁹ Ibid.

established on a comparability basis at each location, the occupant forfeited the lower of either the appraised rent charges or 75 percent of BAQ, but in no case less than the cost of operations and maintenance for the unit.

It was not believed, of course, that inadequate quarters should be kept in the Navy family housing inventory indefinitely. The ultimate aim was to eliminate such housing as soon as practicable. In certain locations, however, the housing shortage was so critical that the only alternative to inadequate housing was no housing at all. Another definition of critical included an area in which a large number of Navy personnel ineligible for family housing (E 1/2/3) were present. To assist them with their housing problems, ineligibles were allowed to voluntarily occupy existing inadequate units. Thus, under the above circumstances, inadequate quarters were disposed of only when they were not safe, decent, or sanitary.

Prior to 1974, if operation and maintenance costs exceeded BAQ, the Department of Defense policy was to dispose of the inadequate unit. In recognition of the fact that utility increases, and thus operation and maintenance costs, had far outpaced BAQ increases, this policy was bypassed at the critical locations discussed above.

Wherever there is a family housing program of the proportions managed by the Command, there will be units, usually older, that are less amenable than other units, usually newer. Confronted with such a situation, the Command strove to create an occupancy system which was as equitable as possible, keeping in mind the realities of housing conditions in particular geographic locations.

Rents and Charges

The Command also determined a fair rental value for family housing units that were inadequate and all units occupied by civilians. From 1965 through 1974 these two types of quarters were appraised and their rental rates reevaluated every three years. The result of this procedure was that, when rents were raised, the increase was inevitably substantial and the affected occupants became extremely disgruntled.

In recognition of this problem, the Office of Management and Budget, the Department of Defense, and the Command began working together in 1971 to devise a new system that would maintain rental charges at a truly fair market value. It was decided that the very best solution would be to lengthen the cyclical three year appraisal to every five years and, in the interim, tie rent increases to the Consumer Price Index. To maintain flexibility, the commanding officer of an installation was allowed to request an unscheduled appraisal should he feel the Consumer Price Index related rent increases were too excessive.

While the system was yet young in 1974, the response had been favorable. It was expected that, in the future, rents and charges would be a more constant measure of the fair market value and, as a result, the number of satisfied tenants would increase.

Special Programs Prior to 1965

Since a large portion of the family housing inventory consisted of units acquired prior to 1965, it would be informative to mention

briefly the primary methods of their acquisition. Not only did many of these programs continue to have some measurable impact during the period 1965 to 1974, but the Command's development of new programs was certainly weighted in light of past experience.

The first, large scale privately financed housing program was authorized by Congress in August of 1949.⁶⁰ Known as the Wherry Act, it produced approximately 15,000 units of family housing at twenty-three naval installations between 1949 and 1955. The housing was usually located on government land leased to private sponsors who financed (under FHA insured mortgages), constructed and operated the housing project. Unfortunately, Wherry Housing did not meet the expectations originally engendered for it. In short, inadequate construction, poor maintenance and management were its key pitfalls.⁶¹ During the latter half of the 1960s, the Command was forced to spend large sums on the rehabilitation of many of these acquired units.

The Capehart Program, enacted in 1955, was but a variation on the privately financed Wherry Program. In contrast to the Wherry Program, under the Capehart Program the government took title and assumed the mortgage on the housing immediately following the completion of construction. While this eliminated the problem of poor maintenance, since the applicable military department operated the project as opposed to the private sponsor, it did not eliminate

⁶⁰ PL 211, 91st Cong., Title VIII of the National Housing Act, as amended. Act of 1949.

⁶¹ Greene and Taylor.

reputedly high costs, primarily mortgage interest payments. In comparison, it was felt that the cost of an appropriated fund housing construction program would be considerably lower. ⁶² By 1962, however, when the program was allowed to expire, the Navy had obtained a total of 19,943 Capehart units.

At foreign locations housing was at one time acquired as a part of war reparations and also generated by the sale of surplus commodities. Termination of War (TOW) Housing, originally provided by occupied countries for American troops following World War II, remained available under later status of forces agreements. Most TOW housing was naturally located in Japan and Germany. Foreign currency credits, gained by the Commodity Credit Corporation from the sale of surplus agricultural products, were also used to acquire housing at foreign locations. This program was essentially ended in 1960 with a new requirement for lump sum cash payments, as opposed to a reimbursement based on forfeited BAQ less operations and maintenance costs, to the Commodity Credit Corporation.

Rental Guarantee Housing

The Command had experienced particular difficulty in providing family housing for Navy personnel stationed in foreign countries. One method it utilized to alleviate this housing shortage was a rental guarantee agreement. Such an agreement guaranteed builders or other sponsors of overseas family housing 97 percent of their

⁶² Greene and Taylor.

gross rental income for a period of up to ten years. The gross rental income was determined by a stipulated guaranteed income per unit which included the cost of operations and maintenance.

Under the terms of a rental guarantee agreement for new construction, the sponsor agreed to provide the land and construct the housing according to the Navy's specifications. Additionally, the sponsor agreed to manage, maintain, and operate the units as well as make them available to tenants stipulated by the Navy throughout the rental guarantee period. A rental guarantee agreement for existing housing was identical except for those terms pertaining to the construction of the units.⁶³

Three rental guarantee agreements were actually entered into during the period under study. The first was executed in Rota, Spain in 1967 with construction completion and acceptance of the 250 units taking place in 1969. In 1968 an agreement for an existing 20 units of family housing was executed in Todendorf, Germany. Lastly, the Air Force, acting as the government's agent in the United Kingdom, executed agreements on behalf of the Navy for the construction of 250 units of rental guarantee housing in Holy Loch, Scotland.

Rental guarantee housing, as one of the few alternatives to military construction housing overseas, had initially appealed to the Command because it required no capital investment and involved

⁶³"Rental Guarantee Housing", Family Housing, Defense - FY 1975 Budget (15 Feb 1974).

only a contingent liability. As a matter of fact, the only liability payment ever made was to the sponsor of the Rota project in 1971. Unfortunately, other problems, which later manifested themselves and hampered the success of this method, were high costs, the unavailability of land, clearance of the project by foreign government agencies, difficulty of the sponsors to obtain financing, and the time consumed, usually five to six years, from the inception of a project to beneficial occupancy. In fact, problems such as these and the lack of a residual market for the housing after the agreement expired, caused thirteen proposed rental guarantee agreements to be scrapped.

64

In foreign nations it was decided that the other alternative to military construction and rental guarantee agreements, leasing, was preferable. Not only was leasing more expeditious but it was more certain to produce housing by generating a broader "shopping base" and, consequently, a more competitive market. In addition, leased housing was operated by the military service as public quarters while rental guarantee housing was operated by the owner. Consequently, assignments were made to the former on a mandatory basis and to the latter on a voluntary basis.

65

All of the foregoing encouraged the Command to plan no future rental guarantee projects. Authority for this type of housing was

⁶⁴ "Rental Guarantee Housing".

⁶⁵ Ibid.

to expire on 1 July 1975 and the Command made no effort to request its extension.

Since its inception in 1955, the Navy made dramatic use of the domestic housing leasing program. As originally conceived, the program was to serve the needs of personnel stationed at remote, tactical installations. Later, however, this function was expanded to meet the requirements of any situations which, given there was a lack of adequate housing at or near naval installations, fulfilled one or several of the following criteria:

66

1. There had been a recent and substantial increase in military strength and such an increase was temporary, or
2. The permanent military strength was to be substantially reduced in the near future, or
3. The number of military personnel assigned was so small as to make the construction of family housing uneconomical, or
4. Family housing was required for personnel attending service school academic courses on permanent change of duty orders, or
5. Family housing had been authorized but was not yet completed or a family housing authorization request was in a pending military construction authorization bill.

The domestic leasing program grew gradually and steadily from 1965 to 1974. The total Department of Defense authorization for leased housing increased from 5,000 units in 1965 to 10,000 units

⁶⁶NAVFAC Notice 11101 of 4 Apr 1969; Greene and Taylor, PL 166, 93rd Cong. Act of 1973.

in 1972. The Navy's allotment from this total increased from approximately 50 units in 1965 to 3,944 units in 1974. A large increase in 1972 was attributed to the support of recruiting efforts for Project Volunteer.

The leasing program was also used as a successful alternative to military construction in foreign countries. At foreign locales a leased unit was considered if government quarters commensurate with a serviceman's assignment were not available, if a serviceman was assigned to a top command billet or on a specialized assignment,⁶⁷ or to situations involving undue hardship.

While there was no permanent or annual statutory limitation until 1974 on the number of units which could be leased under the foreign program, it was held at a Department of Defense ceiling of 1,412 units. In 1968 this ceiling was raised to 4,525 units. Finally, on 29 November 1973, a statutory ceiling for the Department of Defense was set at 7,500 leased foreign units.⁶⁸ From 1965 through 1974 the Navy utilized its proportional share of these totals.

Excess Foreign Currencies

When the United States Treasury held excesses of a foreign nation's currency, the government permitted the use of these sums

⁶⁷ DOD Instruction 4165.45 of 19 Jan 1972.

⁶⁸ PL 166, 93rd Cong.

for the construction of, among other facilities, military family housing in that nation. The Command utilized this program once in 1971 to construct family housing in Morocco. While the congressional authorization was for the construction of 200 units at a maximum cost of \$5,523,000, excess Moroccan currency subsequently ran short of the needed amount and the project had to be limited to 84 units. ⁶⁹

Department of Housing and Urban Development Housing

During this period, the Command participated in legislative efforts and other initiatives that would extend the use of many Department of Housing and Urban Development (HUD) programs to naval personnel. As a result, several HUD housing programs designed especially to meet the needs of military personnel were enacted, while others were made available to the extent that military families could compete with their civilian counterparts.

Among these many housing programs only those of greatest significance to the serviceman will be specifically described. It should be noted, however, that, because of the transient nature of a serviceman's life, those programs in which he was forced to compete with civilian families were inevitably the least effective.

Section 222 of the National Housing Act provided for home mortgages insured by the Federal Housing Administration (FHA) for qualified military personnel. The active duty serviceman's mortgage insurance premiums were then paid by the Department of Defense. ⁷⁰

⁶⁹ PL 166, 93rd Cong.

⁷⁰ DOD Instruction 7150.4 of 20 Oct 1969.

Section 809 housing was successfully used by the Command at remote naval installations in China Lake, California and Dahlgren, Virginia. This program allowed the insurance of mortgages by FHA to finance the purchase or construction of family housing for essential civilian employees at research or development activities. 71

Section 810 housing was provided for personnel in Norfolk, Virginia and Charleston, South Carolina. Both of these locations were considered impacted housing areas and, as such, mortgages were insured by FHA for the construction of multi-family housing for rental to servicemen and essential civilians. 72

Section 235 provided for an interest rate subsidy payment program intended to encourage home ownership. Other HUD subsidized programs besides Section 235, such as Section 221 (d) (3), Section 236, and Low Rent Public Housing, were among those which were made available to military personnel under the same eligibility requirements as civilians.

Section 236 housing had perhaps a greater impact on military personnel than any other HUD program. Its purpose was to lower rental costs so that low-income families could afford to reside in suitable housing. HUD accomplished this objective by making monthly payments to the mortgagees on behalf of mortgagors of a part of the interest payment on market-rate mortgages which financed housing

⁷¹DOD Instruction 4165.27 of 8 Aug 1968.

⁷²DOD Instruction 4165.52 of 11 Feb 1969.

projects for low-income families. HUD legislation enacted in 1970 stated that military personnel would be given priority for the occupancy of designated Section 236 housing projects near military installations. While plans were originally for a more extensive program, the greatest impact from Section 236 came during 1971 and 1972. At the end of this period, approximately 2,500 housing units were completed or under construction. Unfortunately, a HUD moratorium on subsidized housing went into effect in 1973 which caused plans for the construction of an additional 1,200 units to grind to a halt.

It was anticipated that, in the future, Section 8, a new, lower income housing assistance program, would be of great assistance to military personnel. Under this program HUD would enter into Annual Contribution Contracts with property owners on behalf of eligible families occupying rental units. Participating occupants would be expected to pay between 15 and 25 percent of their family income to cover a portion of the cost of rent and utilities. At the same time, HUD would stand ready to pay the difference between this amount and the total cost. This program had the potential of becoming particularly effective in high cost areas such as Washington, D. C., Honolulu, and San Francisco.

The servicemen deriving the greatest benefit from HUD programs were either those ineligible for assignment to public quarters or those who were eligible but unable to find housing at a reasonable

cost. Certainly there were many instances of great housing hardships alleviated for naval personnel through the use of a HUD program.

The response from property owners renting to servicemen was quite good. Not only did landlords experience a minimum of management problems, but they indicated a preference for military tenants. In any event, as yet another method of ensuring that Navy personnel have safe, decent and sanitary housing, HUD housing programs served an extremely useful purpose.

Mobile Homes Parks

During the period under study, factors such as the large deficiency of Navy family housing assets, the increased cost of housing construction, and escalating rents caused many naval personnel to look elsewhere for suitable housing. This trend was evidenced by the increasing number of servicemen who chose to purchase mobile homes. Unfortunately, mobile home parks in many areas either charged exorbitant fees or had degenerated into little more than community eyesores. In the case of the latter, restrictive community zoning often led to an insufficiency of mobile home parks.⁷³

In recognition of this lack of community support for mobile home owners, a program was begun in 1971 to develop mobile home parks on Navy property for use by naval personnel.⁷⁴ By 1974 a

⁷³ OPNAV Instruction 11101.31 of 8 Jan 1971.

⁷⁴ Ibid.

growing number of naval installations were able to offer residence in their own mobile home parks to military mobile home owners.

Legislation

Experience gained while conducting the family housing program and the ever changing environment within which the program exists, brought to light many desirable legislative changes which would improve the overall quality of the family housing program. For this reason, the Command made yearly recommendations for just such legislative changes.

Many of the Command's proposals were discussed within the context of that functional area on which the legislation had an impact. Nevertheless, another area of endeavor pertaining to compensation should also be mentioned.

From 1969 to 1974 the Command sought legislation which would provide for what has been termed a "variable housing allowance." Based upon the actual existence of discrepancies in the cost of adequate housing at different geographic locations, the Command felt that a more equitable compensation policy would be a varied rather than a fixed housing allowance. In other words, a serviceman stationed in a more costly housing area would be paid a different housing allowance than a serviceman stationed in a less costly housing area. While this proposal often took a backseat to other

proposals of more immediate priority, it remained an initiative
75
with great potential.

Congressional Correspondence

The Command answered numerous congressional inquiries yearly pertaining to Navy family housing. Major areas of concern were the impact of Navy families on community schools, the concern of the local citizenry over land use, assignment to older versus newer quarters, and the environmental impact of various Navy family housing projects. In the mid-1970s an area of increasing interest was the lengthened time span between arrival at a new duty station and assignment to Navy family housing. Behind this backlog of potential occupants was the rising cost of utilities in community housing which had caused larger than normal numbers of servicemen to apply for on-base housing.

These particular problem areas encouraged the Command to work more closely than ever with the Department of Health, Education, and Welfare to solve school related problems and with local naval commanders, performing community liaison functions, to solve more general, community related problems.

OPERATIONS AND MAINTENANCE

Prior to 1965 the present management system for family housing was formalized in the wake of keen congressional interest. Criticism

⁷⁵ CAPT G. A. Goetzke, CEC, USN, "Homes for Navy Families," The Navy Civil Engineer (Spring 1972), p. 31.

of the previous program had been aimed at the inefficient manner in which military family housing assets were managed, and particularly at the excessive costs incurred in maintaining those assets. While the existing situation was perhaps not as serious as was contended, a viable defense was not feasible under a system which treated the family housing operations and maintenance budget as an integral part of an activity's entire operations and maintenance budget. This situation, unfortunately, precluded the separate identification of housing operations and maintenance costs. The need to identify these resources as an entity unto themselves brought about the establishment⁷⁶ of the Department of Defense Family Housing Management Account.

By 1965 the Command had become deeply involved in devising a workable and separate cost reporting and accounting system for the Navy's family housing operations and maintenance expenditures. Department of Defense initiated meetings in 1971, directed at devising improvements to the management system, resulted in a recommendation by an ad hoc committee that any revisions should be accompanied by automation of each service's cost reporting systems. The Command, with support from its Facilities Systems Office (FACSO) in Port Hueneme, California, undertook this challenging task for implementation in fiscal year 1973. Each naval activity submitted punch cards with the necessary input to FACSO and to the appropriate Housing Management Center and, within a month of the closing of the books,⁷⁷ the cost report was ready.

⁷⁶DOD Instruction 7150.4 of 8 Nov 1962.

⁷⁷NAVCOMP Manual, Vol. III.

The system was a byproduct of the Resources Management System of the Department of the Navy and was the forerunner of the more specialized Family Housing Management Information System (FHMIS). The latter system consisted of two parts, a cost report and an annual activity budget. From these two inputs the Command was able to derive seven outputs.

In 1974 this useful system was still expanding its capabilities. The punched card input provided by the various activities had substantially lessened their previous workload. The Command's success was greatly admired and, when the Office of the Secretary of Defense investigated the cost reporting systems of each military department, the Navy was asked to head a task force to conceive improvements.⁷⁸

Thus, during the ten year period, the Command had traveled from a manual system which provided limited information to one of such excellence that it had become a tri-service model. Certainly the problems that had existed in previous years had been substantially eliminated by this tremendous achievement.

Besides identifying costs, the Command also sought to control them. This was not an easy goal in a period of rampant inflation and soaring utility costs. Among other measures, the Command increased emphasis on a voluntary program of occupant participation in the maintenance of Navy family housing.⁷⁹

⁷⁸ Memo from ASD (I&L) to COMNAVFAC of 24 Jan 1974.

⁷⁹ BUDOCKS Notice 11101 of 10 Feb 1966; Occupants are normally responsible for the performance of routine, recurring housekeeping tasks which are normally performed by tenants in private housing of similar type and value. (See OPNAV Instruction 11101.27 of 12 Jan 1970). The occupant participation program, by contract, would have the tenant voluntarily perform chores which far exceed the normal expectations.

At the same time, exception reports, generated by the newly automated cost reporting system, allowed the Command to center their attention on overall types of housing or specific activities displaying excessive costs. Only when a problem was identified could the Command ferret out its cause and seek a solution. For instance, criticism had been leveled at the costs associated with the maintenance of commanding officer and flag quarters. In response to this the Command, at the behest of the Chief of Naval Operations, developed specific guidelines for work conducted on these houses and provided exception reports to ensure that economical and prudent practices were being followed.

While the family housing program had experienced utility cost increases in the last half of the 1960s which, in turn, increased operations and maintenance expenses significantly, the increases were minor when compared to the uncontrollable situation which was confronted in the 1970s. A nation-wide energy shortage compelled the Command to take immediate action. The crisis had caused severe shortages in operations and maintenance funds because budget requests, made prior to the crisis, were not sufficient to cover the unforeseen energy cost increases experienced during the budget year. Emergency

⁸⁰ OPNAV Instruction 11101.19 of 26 Sep 1968.

⁸¹ Ltr from COMNAVFAC to Distribution List (08211/RTA:ds) of 17 Sep 1968.

⁸² "Shortfalls in Housing Operation Funds," CEC Biweekly Report (15 Oct 1974), p. 2; An offshoot of the problem of rising utilities costs was the necessary deferment, because of funding shortages, of important maintenance and repairs. The result was, of course, an ever increasing backlog.

measures undertaken by the Command included publicity concerning the problem to housing occupants and the solicitation of individual conservation efforts, a survey of housing areas to eliminate nonessential energy consumption, deferment of all but essential maintenance, a review of engineering estimates of utility costs to ensure that they were accurate, and the installation of automatic devices which⁸³ extinguished exterior lights.

Since the national goal was to reduce energy consumption 15 per cent using 1973 as base year, this same goal was applied to military family housing utility consumption. The Command expected to achieve this goal during fiscal year 1976.

One action which aided the Command tremendously in their utilities conservation efforts was the publication of their Energy Conservation Handbook.⁸⁴ The thrust of the handbook was to provide methods of conservation to individuals directly concerned with energy conservation at the activity level and to family housing occupants in order that these effected personnel would be able to "constructively reduce energy consumption without dramatically altering life styles."⁸⁵ Most noteworthy was the fact that this handbook was written even before there was a Federal Energy Administration. Since its publication, the handbook has served as the basis for later publications by other services and government agencies.

⁸³OPNAV Instruction 4100.5 of 13 Jun 1974.

⁸⁴Family Housing Energy Conservation Handbook, NAVFAC (Mar 1974).

⁸⁵Energy Conservation Handbook, p. I-1.

Management improvements were also derived from a study involving the development of a model for the equitable distribution of operations and maintenance funds to naval activities. Prime consideration was given to establishing a meaningful measure of accomplishment, judging the relative merit of different projects, and developing a more effective management tool for budgeting and allocating funds. ⁸⁶

From 1965 through 1974 the Command sought to both accurately identify costs as well as control them. Advances were also made in the improvement of overall management practices which assisted the Command in attaining quantifiable operations and maintenance goals.

FURNISHINGS

In July of 1960, when the Command assumed responsibility for the Navy Family Housing Program, it also assumed responsibility for the furniture and equipment provided by the Navy for that housing. ⁸⁷ Previous years had seen the administrative sanction of a 100 percent furnishing level for all Navy quarters at both domestic and foreign locations. ⁸⁸ However, as the Navy Family Housing Program grew to the proportions of a major enterprise, it rapidly became apparent that this uneconomical furnishing policy would have to be revised.

⁸⁶ Proposed Development Plan, Work Unit YF 38.534.007.01.004, Allocation of Maintenance Funds Navy Family Housing, Phase II (L74/JAS/kef).

⁸⁷ SECNAV Instruction 11101.2A of 6 Jun 1960.

⁸⁸ David White, Lecture before a BUDOCKS Household Furniture and Equipment Conference (10 Jan 1966). Record Group 2, NAVFAC Archives, CBC, Port Hueneme.

In an attempt to limit the program domestically, the furnishing level was decreased first to 75 percent, then to 50 percent, and finally stabilized at 25 percent in 1961. On the other hand, the overseas furnishing program remained at the 100 percent level.

A further landmark for the furnishing program was promulgated by the Bureau of the Budget in 1962. Among its many points was the limitation of domestic furnishing authority to the supplementation of personally owned household goods shipped at government expense. It also addressed the foreign furnishing policy by upholding the 100 percent furnishing level but with a subsequent weight limitation on the shipment of personally owned household goods.

In the early years of the ten year period under consideration, the Command deemed it essential to completely reevaluate Navy furnishing policy as a whole. To this end a conference was held in 1966 and during its course, the Command studied the major furnishing alternatives available to the Navy along with their associated costs and principal benefits. It was decided that a gradual phasing out of the program would be in the best financial interests of the Navy and would also have the least detrimental effect on the morale of Navy personnel. By eliminating 10 percent of the furniture and

⁸⁹ David White, Lecture before a BUDOCKS Household Furniture and Equipment Conference (10 Jan 1966). Record Group 2, NAVFAC Archives, CBC, Port Hueneme.

⁹⁰ Bureau of the Budget Circular A-15 of 11 May 1962.

⁹¹ Report of BUDOCKS/BFD Family Housing Conference (10-13 Jan 1966). Record Group 2, NAVFAC Archives, CBC, Port Hueneme.

and equipment at United States installations each year, it was expected that by 1970 there would be no more furnishings, except for certain flag and command billet quarters, within the continental limits.

While the program of furnishing domestic housing units was being eliminated by a policy of attrition, the Command was continuing its 100 percent furnishing program at overseas installations. During the latter half of the 1960s, furnishing programs were completed at such diverse locations as Alaska, Guam, Scotland, the Philippines, Iceland, Australia, Okinawa, Bermuda, Nova Scotia, and the Bonin Islands.

In 1969 the Office of the Deputy Assistant Secretary of Defense (Installations and Housing) conducted a study to "review past studies, recommendations, and current regulations and to propose a sound management and operational program encompassing all government-⁹² owned furniture, furnishings, and equipment." The outcome of this study was to have a tremendous impact on the future course of events. One of the studies most crucial recommendations called for the discontinuance of the domestic military family housing furniture program, with only a few exceptions, by 1 January 1974. At the same time, the study provided the impetus for the truly effective limitation of the Navy's domestic furniture program.

⁹² ODASD (I&H) Staff Study, "Review, Appraisal and Proposals Regarding the Furniture, Furnishings and Equipment Program" (15 Aug 1969).

Several of the less encompassing, yet still important, recommendations posed by the study had already been implemented by the Command, while others served as a stepping-off point for future improvement. Areas of particular concern were an accurate inventory system, uniform methods and procedures for determining requirements, uniformity of furniture and equipment, consolidated procurement, and the precise determination of the excepted circumstances under which furniture and equipment would be provided domestically.

93

That same year yet another study, in this instance on the overseas furnishing program, was conducted by the Comptroller General and subsequently submitted to Congress. The Comptroller General criticized the waste generated by the independent management and operation of overseas furnishing programs by each military department. Besides this emphasis on uniformity of policy and practice, it was suggested that through improved management in the areas of determining requirements, redistributing unneeded assets, and repairing or disposing of unserviceable furnishings, significant savings could be derived.

94

To evaluate the entire overseas furnishing question, the Command performed an economic analysis in the years 1971 and 1972. The outcome of the analysis was a recommendation by the Command that

⁹³ ODASD (I&H) Staff Study.

⁹⁴ Comptroller General, Report to the Congress, "Management of Military-Owned Household Furnishings Overseas; Opportunities for Improvement" (25 Nov 1969).

the Navy do away with its overseas furnishing program. The exception to this policy would be "loaner sets" temporarily provided to personnel awaiting the arrival of their own household goods shipment.

Concurrent studies completed by the other services recommended differing policies. Consequently, the Office of the Secretary of Defense requested that each service conduct a new analysis following specific guidelines supplied by OSD. Based upon a review of each service's analysis, the Office of the Secretary of Defense proceeded to establish service-wide uniform policies for the furnishing of specific overseas areas.

Thus, from 1965 to 1974, the Navy's furniture program had undergone dramatic changes. Within the continental United States the allowance of furnishings had first been severely limited in 1969 and finally eliminated, with only a few minor exceptions, in 1974.⁹⁵ Where Navy men and women served abroad, there was a gradually increasing reluctance to provide complete furnishings at each and every installation. As a part of the total Department of Defense furnishing program, only selected overseas locations were to be totally supported or supplemented with government furniture. Instead, Navy personnel would be allowed to ship their personal furnishings for usage during their tour abroad. In keeping with the temper of the times and the best interests of the Navy, the Command both supported and initiated many of these broad policy changes.

⁹⁵DOD Instruction 4165.43 of 7 Aug 1970; DOD Instruction 4165.43 of 27 Mar 1975.

IMPROVEMENTS AND MINOR CONSTRUCTION

From 1965 to 1974 the family housing improvement and minor construction program experienced a period of steady growth. Encompassing all alterations, conversions, modernizations, additions, expansions and extensions, the program sought to upgrade existing units to a standard comparable, or as nearly so as possible, with newly constructed family housing.

The importance of this program to married naval personnel occupying military family housing cannot be understated. Decent and livable accommodations are a factor of prime importance to most individuals and, no less so, servicemen and women. A viable improvement program aims not only to protect Navy family housing from deterioration, but provide accommodations which will encourage the retention of qualified personnel in the naval service.

Emphasis was placed on projects which resulted in a direct and immediate benefit to the safety and comfort of the occupants or the preservation of property and the reduction of operating costs. Types of improvements given preference included modernization of bathroom and kitchens, additional bedrooms, increased electrical power, provision for occupant owned clothes washers and dryers, and installation of garbage disposals and dishwashers. It should be noted, however, that lower priority projects were also programmed where the need existed.

It was Department of Defense policy that projects requiring Secretary of Defense or Congressional approval include all of the

work necessary to bring a unit up to proper standards. In the event such projects were completed or in the case of newly constructed housing, additional improvement projects were not normally allowed within a succeeding three year period.

96

From 1965 to 1969 funding for improvements and minor construction was flexible. The see-saw funding pattern during this period was influenced by, first, resource restrictions spawned by the war in Vietnam and, second, the gradually growing family housing construction program. To illustrate, while the program increased from \$1.3 million in 1965 to \$5.5 million in 1966, no funds were provided for this purpose in fiscal year 1967. In fiscal year 1968, the program leapt once more to the \$5.5 million level, only to be again eliminated in 1969.

The minor construction facet of the program, while faring better in terms of continuous funding, remained relatively limited. An explanation of this uninterrupted funds flow centers around the most prevalent uses of minor construction, the restoration of damaged or destroyed property, and the correction of health and safety hazards. These types of projects usually required immediate attention and, for this reason, the necessary funds were provided. A special program involving the repair and rehabilitation of old Wherry housing units brought substantial funding in 1965 and 1966 estimated at \$7.0 million and \$4.0 million respectively.

97

⁹⁶DOD Instruction 4270.21 of 2 Oct 1973.

⁹⁷Family Housing Improvement Program Funding, Fiscal Years 1966 through 1968. Record Group 2, NAVFAC Archives, CBC, Port Hueneme.

Subsequent years, however, saw only the minimum required, from \$.10 million in 1967 to \$.39 million in 1968 to \$.38 million in 1969, to accomplish essential projects.

The first systematic procedure for determining requirements, developing projects, and budgeting an orderly program to provide needed improvements was developed and published in 1965 as the Navy Family Housing Five-Year Improvement Plan.⁹⁸ The initial plan covered fiscal years 1967 through 1971, but the concept was for a continuing program to be updated each successive year.

The first half of the 1970s, in contrast to preceding years, was a period of tremendous growth in the improvement and minor construction program. Improvement funds more than doubled from 1970 to 1974 when they grew from \$4.5 million to \$10.6 million. The minor construction program experienced a slight increase from fiscal year 1970 to fiscal year 1971, \$.39 million to \$.50 million, and then took a huge leap to \$5.5 million for fiscal years 1972 and 1973. Of these amounts, \$4.5 million in 1972 and \$5.0 million in 1973 were added by Congress for high visibility improvements⁹⁹ to enlisted and junior officer units.

During the 1970s stress was placed on the "whole house" concept or the concurrent accomplishment of all desired improvements

⁹⁸ BUDOCKS Annual Report to the Secretary of the Navy, Fiscal Year 1965; BUDOCKS Instruction 11101.76 of 6 Jan 1965.

⁹⁹ HASC Reports.

and repairs for a single unit or a group of units. Requirements were determined, validated, and developed as a single project. Factors weighted in the decision of whether a project should be accomplished as a single undertaking or in increments were the availability of funds, minimum occupant disruption, and minimum unit down time.

Hand in hand with the "whole house" concept came the increased utilization of economic analysis to determine whether it was more cost effective to replace housing units or to improve or repair them. This technique did much to improve the long-range effectiveness of the family housing improvement and minor construction program.

The ever increasing backlog of improvements since 1965 attested to the need for improved methods of handling the program. As field activities observed the growing approval and accomplishment of meritorious projects, they were encouraged to develop and submit even more projects for consideration. Significant major improvement projects included the complete air conditioning of family housing units in the Philippines and Guam and the complete rehabilitation of Wherry housing at the Construction Battalion Center, Port Hueneme, California; the Marine Corps Supply Center, Barstow, California; the Marine Corps Development and Education Command, Quantico, Virginia; and the Public Works Center, Pearl Harbor, Hawaii.

¹⁰⁰NAVFAC Annual Budget Guidance for Improvements to Adequate Public Quarters.

¹⁰¹DON Family Housing Improvement Programs. NAVFAC activities.

Despite the growth of the program from 1965 to 1974, it had not reached the proportions originally anticipated; the prevalence of new construction had substantially limited the funds available for improvements and repairs. It was expected, however, that as new construction tapered off in future years funds for the improvement and minor construction program would be increased. Within the program itself, further stress would undoubtedly be placed on energy saving improvements, the "whole house" concept, and the use of modern decision making techniques for improvement project selection.

In any event, the years 1965 through 1974 saw the development of important new trends in the improvement and minor construction program which would foreshadow further policy and accomplishments. In the words of Mr. Perry Fliakas, Deputy Assistant Secretary of Defense (Installations and Housing), concerning the improvement program:

I know of no program that will pay quicker dividends and provide such substantial benefits in terms of increased morale to the military families who occupy on-base housing as well as provide increased life and livability to the structures themselves.¹⁰²

UTILIZATION

One problem faced by the Command, as well as by any civilian landlord, was that of keeping family housing units occupied to the

¹⁰²U. S. Congress, House, Committee on Appropriations, Military Construction Appropriations for 1973, 92nd Cong., 2nd Sess., 1972 Hearings, Subcommittee on Military Construction Appropriations, Part 4, p. 150.

greatest extent possible. Unoccupied family housing was certainly uneconomical since it precluded the forfeiture of an occupant's BAQ. In addition, the Command was required by higher authority to maintain the specified occupancy levels of 98 percent for adequate housing and 93 percent for inadequate housing.

Throughout most of the period under study, the Command encountered relatively few difficulties in upholding the required occupancy levels. In the later years, however, the utilization rate had begun to gradually drop off. While some of this was attributable to the Navy's Shore Establishment Realignment and the prevalence of new construction, which involved a waiting period before complete occupancy was achieved, the Command decided to make inquiries at installations which had fallen short of their utilization goals. Reasons given for under-utilization were often quite good. For instance, activities which had naval schools on their premises usually never met the required utilization levels because of the frequent transfer of assigned personnel. The Command's solution was to ask those trouble-free activities to achieve an even higher occupancy rate than was officially required, about 99 percent. It was hoped that the overall Navy occupancy level would be lifted through the act of one installation compensating for another.

INVENTORY

The Command also kept detailed records by type of structure of all family housing units in the Navy's Real Property Inventory.

In the latter half of the 1960s particular emphasis was given to the accuracy and continuous updating of this inventory. It was believed that such emphasis would transform the system into "a timely and useful tool for housing and other facilities managers."¹⁰³

the Command constantly strove to accomplish this important management objective.

As for the contents of the inventory itself, the number of adequate family housing units steadily grew from 61,985 in 1965 to 77,468 in 1974. This increase constituted a substantial ten year gain of 15,483 adequate units.¹⁰⁴ On the other hand, the number of substandard units in the Navy's inventory decreased from 23,240 in 1965 to 14,129 in 1974.¹⁰⁵ The 1974 figure would have been significantly lower had not Congress in 1972, for the first time during the period under study, granted the Command authority to declare additional units substandard.¹⁰⁶ In fact, the ten year loss would have amounted to 15,794 units rather than the actual 9,111 units.¹⁰⁷

From 1965 to 1974, the Navy's family housing program, managed by the Naval Facilities Engineering Command, underwent dynamic change.

¹⁰³ SOWESTDOCKS Notice 11011 of 4 Apr 1966.

¹⁰⁴ Historical Changes to the Navy Family Housing Inventory. Record Group 2, NAVFAC Archives, CBC, Port Hueneme.

¹⁰⁵ Ibid.

¹⁰⁶ PL 545, 92nd Cong.

¹⁰⁷ Historical Changes to the Navy Family Housing Inventory.

With few exceptions, the Command responded to each of these challenges in an exemplary manner. Nothing, however, can illustrate this truism as well as a comparison of the quality and quantity of pre-1965 family housing with post-1965 family housing. Such an examination reveals advances made by the Command while executing its family housing responsibilities.