

**ACTUS
SUB-
CONTRACT.
PROGRAM**

EXHIBIT L

**ACTUS LEND LEASE LLC
DESIGN BUILD CONTRACTOR**

SUBCONTRACTING PROGRAM

North Haven Communities LLC

Solicitation No. W912DR-06-R-0069

Fort Wainwright and Fort Greely Alaska

SUBCONTRACTING PROGRAM

FOR

FORT WAINWRIGHT AND FORT GREELY ALASKA

CONTRACTOR NAME: ACTUS LEND LEASE LLC

ADMINISTRATOR: THOM ANTONOVICH, SENIOR CONSTRUCTION MANAGER

TELEPHONE NUMBER: TBD

- Actus Lend Lease LLC's Subcontracting Program establishes the procedures for award of subcontracts on this project. Subcontracting of all aspects of the Guaranteed Scope of Work, except those specific materials purchased through a strategic supply agreement(s), shall follow the procedures set forth herein. To the greatest extent possible as it is economically feasible to the overall success of the project, Actus Lend Lease LLC will endeavor to award, expressed in percentages of total dollars available for award set forth below, subcontracts to qualified best value large business, small business, veteran-owned small business, HUBZone small business, small disadvantaged business, woman-owned small business and local business concerns throughout Alaska.

	Percentage
Total Subcontracts to be awarded	100%
Total Large Business Award	25%
Total Small & Local Business Awards (SB)	75%
Sub-Categories of Small Local Business Awards	
Small Business (SB) and Local Business	79%
Veteran-Owned Small Business Totals of all Small Business Awards (VOSB)	5%
HUBZone Small Business Totals of all Small Business Awards (HUBZSB)	3%
Small Disadvantaged Business Totals of all Small Business Awards (SDB)	5%
Woman-Owned Small Business Totals of all Small Business Awards (WOSB)	8 %

Note: Actus Lend Lease, LLC anticipates entering into binding strategic agreement(s) with major material supplier(s) and as such, the value of these purchased materials will be deducted from the total dollars available for award.

1. A description of the principal types of supplies and services to be subcontracted/purchased for award to large business, small business, veteran-owned small business, HUBZone small business, small disadvantaged business woman-owned small business and/or local business concerns throughout Alaska are as follows:

Hazardous Material Abatement	Metal Doors
Demolition	Wood Doors
Grading	Finish Hardware
Engineered Staking	Garage Overhead Doors
Paving	Gypsum Drywall System
Site Concrete	Covered Soffit and Fascia
Play Equipment	Gutters and Downspouts
Fences	Floor Covering
Soils Testing	Tub Surrounds
Site Furnishings	Painting
Landscaping	Louvers, Vents and Shutters
Building Concrete	Signs
Rough Carpentry Material	Toilet and Bath Accessories
Rough Carpentry Labor	Residential Appliances
Finish Carpentry Material	Kitchen and Bath Cabinets
Finish Carpentry Labor	Laminated Countertops
Building Trusses	Window Treatments
Siding	Plumbing
Roofing	Heating
Insulation	House Electrical
Windows and Sliding Glass Doors	Final Cleaning

Note: All areas noted above, except materials which may be included in a strategic supply agreement, will be available for subcontract/purchase award. Actus Lend Lease LLC will not disqualify or preclude in any way the participation of a qualified, best value Small Business, Veteran-Owned Small Business, HUBZone Small Business, Small Disadvantaged Business, Woman-Owned Small Business and/or Local Business Concern throughout Alaska in the award process for any product and/or service available under this plan.

2. The following are procedures we will utilize and/or have utilized for award of subcontracts or purchase orders in our endeavor to obtain percentages for small business concerns, veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, woman-owned small business concerns and local business concern's throughout Alaska participation in the project.

Actus Lend Lease maintains a database of small businesses, veteran-owned small businesses, small disadvantaged businesses, woman-owned small businesses, HUBZone small businesses and local businesses throughout Alaska which includes those who have participated on previous solicitations and projects. This database was utilized to develop the initial master bidders list during the CDMP verification stage and has been constantly updated with information obtained through a variety of sources, including summits, conferences, symposiums and forums.

Throughout the duration of the Initial Development Period, we will conduct additional summits, conferences, symposiums or forums to meet directly with local small businesses throughout Alaska to discuss and answer questions about the project. The names we obtain through these efforts will be added to our database, and those firms will be contacted for participation in the bidding/award process.

Each bidder will be requested to verify their business status as a large business concern, small business concern, small disadvantaged business concern, woman-owned small business concern, veteran-owned small business concern, HUBZone small business or local business concerns within Alaska when submitting their bid. This information will be evaluated along with qualifications and best value in our endeavor to achieve the subcontracting percentages for the total project.

Business concerns that express interest and do not submit a bid on the relevant components will be contacted to determine why no bid was submitted. This contact and information received will be documented and a file retained at the project office. Those business concerns, through the contact, who advised us they no longer have an interest in submitting bids will be deleted from the master bid list for the remaining components of the project. Business concerns, through the contact, who advise they were only interested in bidding a particular component, will be added only to such component's master bid list.

3. A description of the method we utilized to identify potential sources for solicitation purposes to assure small, veteran-owned small, HUBZone small, small disadvantaged, woman-owned small business and local business throughout Alaska participation (e.g., existing company source lists, the Procurement Marketing and Access Network (PRO-Net) of the Small Business Administration (SBA), the list of certified small disadvantaged business concerns of the SBA, the National Minority Purchasing Council Vendor Information Service, the Research and Information Division of the Minority Business Development Agency in the Department of Commerce, or small, veteran-owned small, HUBZone small, small disadvantaged, and woman-owned small business trade associations).

Small Business, Small Disadvantaged Business, Woman-Owned Small Business, Veteran-Owned Small Business, HUBZone Small Business and Local Business Concerns throughout Alaska will be actively recruited through:

- (a) Contact with the U.S. Small Business Administration for updated mailing of qualified Small, Small Disadvantaged, Woman-Owned Small Business, Veteran-Owned Small Business, or HUBZone Small Business Concerns in project vicinity.
- (b) Solicitations in local and construction specialty newspapers with specific reference of interest in qualified Small Business, Small Disadvantaged Business, Woman-Owned Small Business, Veteran-Owned Small Business, HUBZone Small Business and Local Business Concerns throughout Alaska.
- (c) Written solicitation to Small Business, Small Disadvantaged Business, Woman-Owned Small Business, Veteran-Owned Small Business, HUBZone Small Business Local Business Concerns throughout Alaska requesting letters of interest of possible project participation.

- (d) Contacts with Small Business, Small Disadvantaged, Woman-Owned Small Business, Veteran-Owned Small Business, HUBZone Small Business and Local Business Concerns' throughout Alaska applicable trade associations.
 - (e) Small business conferences/symposiums.
 - (f) Contact and forums with the Chamber of Commerce, Small Business Council, Building Industry Association and others to identify key labor and training concerns.
4. Indirect costs, including design and engineering cost, are included in the subcontracting percentages in this plan.
5. The name of the individual who will monitor our achievements of our subcontracting percentages is

Name: Thom Antonovich

Title: Senior Construction Manager

Telephone No.: TDB

Address: TDB

City, State, Zip TDB

The Senior Construction Manager will monitor performance relative to achievement of the subcontracting percentages contained herein by:

- (a) Maintaining master bidders lists of Small Business Concerns, Small Disadvantaged Business Concerns, Woman-Owned Small Business Concerns, Veteran-Owned Small Business, HUBZone Small Business Local Business Concerns throughout Alaska.
- (b) Including requests for Small Business Concerns, Small Disadvantaged Business Concerns, Woman-Owned Small Business Concerns, Veteran-Owned Small Business, HUBZone Small Business and Local Business Concerns throughout Alaska in solicitations for products or services they can provide and ensuring that all solicitations are structured to permit their maximum participation.
- (c) Assuring inclusion of Small Business Concerns, Small Disadvantaged Business Concerns, Woman-Owned Small Business Concerns, Veteran-Owned Small Business, HUBZone Small Business Local Business Concerns throughout Alaska in all solicitations for products or services, which they are capable of providing.
- (d) Reviewing solicitations to remove statements, clauses, etc., which may tend to restrict or prohibit participation by Small Business Concerns, Small Disadvantaged Business Concerns, Woman-Owned Small Business Concerns,

Veteran-Owned Small Business, HUBZone Small Business Local Business Concerns throughout Alaska.

- (e) Establishing and maintaining records of all solicitations and subcontract awards to ensure that the firm's members who review bidders' proposals record their reasons for selecting or not selecting a bid submitted by a Small Business, Small Disadvantaged Business, Woman-Owned Small Business, Veteran-Owned Small Business, HUBZone Small Business or Local Business Concerns throughout Alaska.
- (f) Ensuring the establishment and maintenance of records of solicitations and subcontract award activity.
- (g) Attending or arranging for attendance of company counselors at Business Opportunity Workshops, Minority Business Enterprise Seminars, Trade Fairs, etc.
- (h) Monitoring performance achievement of proposed percentages.
- (i) Preparing and submitting achievement semi-annual reports.
- (j) Coordinating the conduct of contractor's activities involving its bidding and awarding process.

6. The following records will be maintained at the project office:

- (a) Source lists (i.g., PRO-Net), guides, and other data that identify small business, veteran-owned small business, HUBZone small business, small disadvantaged business, woman-owned small business and local business concerns throughout Alaska.
- (b) Organizations contacted in an attempt to locate sources that are small businesses, veteran-owned small businesses, HUBZone small businesses, small disadvantaged businesses, woman-owned small businesses and local businesses throughout Alaska.
- (c) A bidder's list for each component will be maintained and annotated to indicate which business concerns submitted bids and reasons why business concerns did not submit a bid.
- (d) Records of any outreach efforts to contact (A) trade associations, (B) business development organizations, and (C) conferences and trade fairs to locate Small Business Concerns, Small Disadvantaged Business Concerns, Woman-Owned Small Business Concerns, Veteran-Owned Small Business, HUBZone Small Business Local Business Concerns throughout Alaska.
- (e) Records of internal guidance and encouragement provided to buyers through (A) workshops, seminars, training, etc., and (B) monitoring performance to evaluate compliance with the programs' requirements.

7. Actus Lend Lease is committed to providing the maximum practical opportunity to Small Business Concerns, Small Disadvantaged Business Concerns, Woman-Owned Small Business Concerns, Veteran-Owned Small Business, HUBZone Small Business and Local Business Concerns throughout Alaska.

ATTACHMENT 4b

INCENTIVE PLAN

ARMY ALASKA FAMILY HOUSING LLC

D/B CONTRACTOR INCENTIVE PERFORMANCE MANAGEMENT CRITERIA

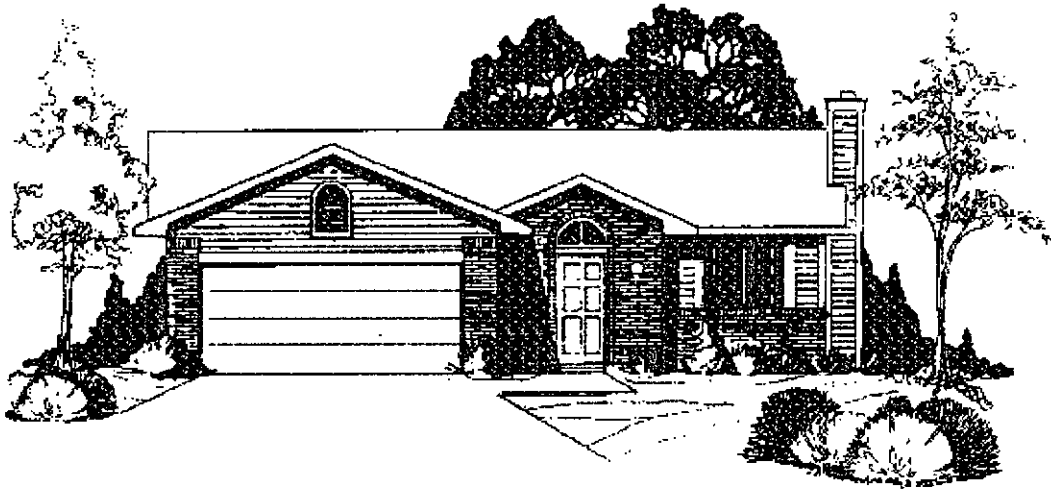
E. Subcontracting Goals Achievement – 15 points / 10 points:

The subcontracting goal is to award 85% of the possible 75% trade values to small businesses as defined within the small & local business contracting goals Criteria. The Incentive Fee for these subcontracting goals shall be awarded based on the following sliding scale:

Small Business Contract Percentage Attained (Overall Small Business Contract Goal is 75% of all Contracts)	15-Point Scale (Criteria A)	10-Point Scale (Criteria B)
85% or greater of available 75% awarded to small businesses	15	10
75 - 84.99% of available 75% awarded to small businesses	12	8
65 – 74.99% of available 75% awarded to small businesses	9	6
55 – 64.99% of available 75% awarded to small businesses	6	4
45 – 54.99% of available 75% awarded to small businesses	3	2
<45% of available 75% awarded to small businesses	0	0
Total Score – Subcontracting Goal Achievement	15	10

2005 HOUSING REQUIREMENTS ANALYSIS UPDATE

3 JANUARY 2006



**FORT WAINWRIGHT
ALASKA**

**Headquarters, Department of the Army
Assistant Chief of Staff for Installation Management**

Prepared by ROBERT D. NIEHAUS, INC.

REQUIREMENTS SUMMARY – FORT WAINWRIGHT

BACKGROUND

This analysis updates the 2005 Housing Market Analysis (HMA) for Fort Wainwright (Robert D. Niehaus, Inc., 2005). This analysis uses current and projected total permanent-party military personnel from ASIP documents for Fort Wainwright (SAMAS of 29 June 2005) adjusted to reflect proposed changes due to realignment of units within the Army as of 17 August 2005 (Headquarters, Department of the Army, 2005). This report is based on criteria and methods approved by Headquarters, Department of the Army (2005), and reflects current guidance by the Office of the Secretary of Defense (OSD) regarding requirements analyses for military housing.

KEY ASSUMPTIONS AND RESULTS

Table 1 summarizes this study's key assumptions and results.

Table 1. Government-Provided Military Housing Required and Key Assumptions, Fort Wainwright, 2010

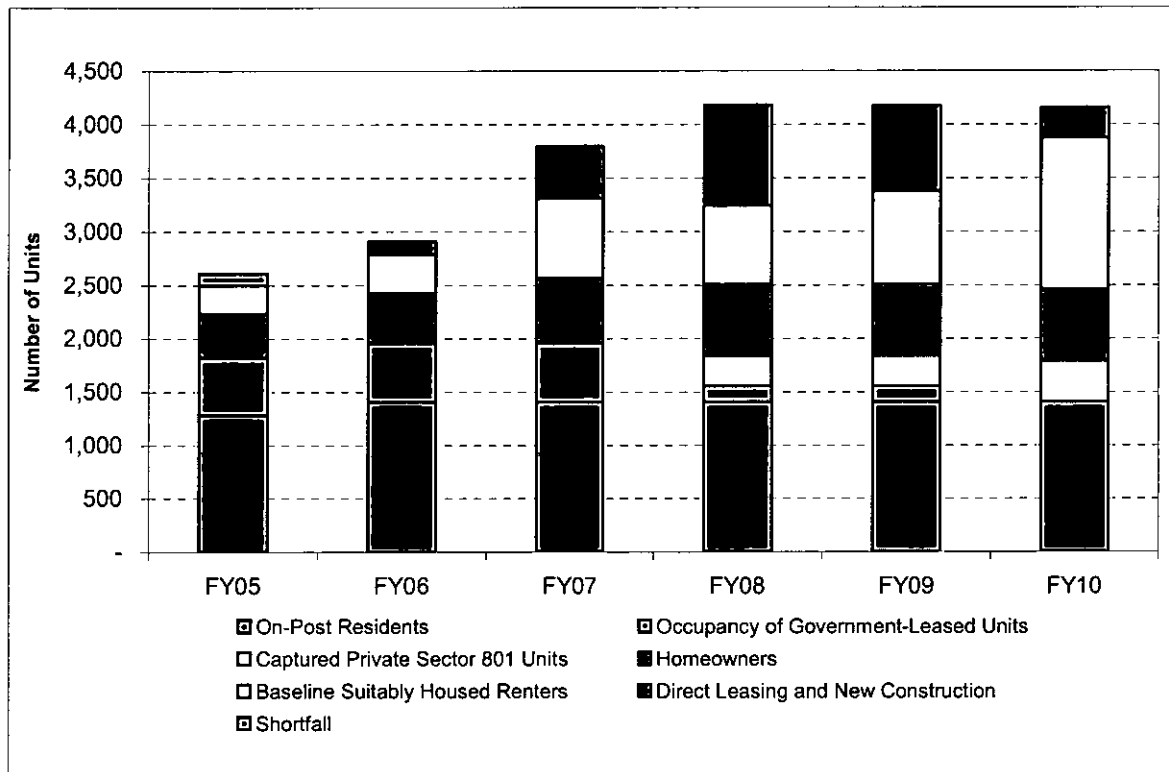
	Accompanied	Unaccompanied
1. Methodology Consistent with OSD Guidance for All Services		
2. Personnel Based on 29 June 05 SAMAS Adjusted for Proposed Realignment of Units as of 17 Aug 05		
3. Market Area is Based on a Safe 30-Minute Commute		
4. Rental Mobile Homes are Inadequate for Military Members		
5. 2005 Basic Allowance for Housing (BAH) and Community Rental Costs		
6. One Bedroom Per Family Member for Accompanied, BAH Standard for Unaccompanied		
7. Unaccompanied E1-E5 Housed On Post		
8. Military Homeowners Estimated from 1997 VHA Survey and Adjusted for Recent Trends in Affordability		
9. No Adjustments Made for Arctic Space Requirement for Off-Post Housing		
10. Current 801 Units are Assumed to be 70 Percent Occupied by Military Personnel in 2010		
11. Total Permanent-Party Military Personnel Number 4,696 in 2005 and 7,358 in 2010		
Total Effective Housing Requirement	4,156	2,974
Floor Requirement		
On-Post Military Community (see note)	-	n.a.
Key and Essential Personnel	20	n.a.
Historic Housing	1	n.a.
Quality of Life	13	n.a.
Total Floor Requirement (see note)	33	2,826
Community Housing Shortfall	1,656	18
Initial Housing Requirement	1,689	2,844
On-Post Military Community Adjustment (see note)	-	n.a.
Government-Provided Housing Requirement		
Total Military Housing Requirement	1,689	2,844
Percent of Total Effective Housing Requirement	41%	96%
Projected RCI End-State Inventory	1,409	TBD
Deficit/(Surplus)	280	TBD

Note: The on-post military community component of the accompanied floor requirement was initially assumed to be zero. The floor requirement for accompanied personnel reflects the greatest requirement among the other three categories on an individual grade basis. The on-post military community adjustment reflects any necessary increases when the initial housing requirement is less than 10 percent of the effective families on a grade by grade basis (see text). The floor requirement for unaccompanied personnel comprises all unaccompanied E1-E5 personnel.

Source: Headquarters, Department of the Army, 2005; and estimates prepared for this study.

Figure 1 displays the distribution of suitable current and projected housing units in the Fort Wainwright market area. The graph includes the number of on-post residents, occupancy of government-leased (section 801) units, the number of 801 units assumed to be captured by military families if these units became private-sector rentals, homeowners, those renters who can be suitably housed in the community, and the direct leasing and/or new construction to be provided by the post in order to meet the housing needs of Fort Wainwright families from 2006 to 2010.

Figure 1. Suitable Housing Units, Fort Wainwright, 2005-2010



Source: Estimates prepared for this study

The following points compare the results of this study to those of the 2005 HMA:

- The projected 2010 requirement is 1,689 family housing units, 432 less than the projected 2010 requirement of 2,121 units in the 2005 HMA.
- The projected number of military families in 2010 is 4,156, or 1,112 more than the projected 2010 count of 3,044 families in the 2005 HMA. This increase is due to an increase in projected personnel of 1,943 military members, from the 5,415 military personnel reported in the 2005 HMA to 7,358 military personnel in this Update.
- This Update does not make any adjustments based on an arctic space requirement for off-post housing. This difference in criteria is the primary reason the projected requirement is less in this Update than in the 2005 HMA, despite the increased number of families. Rental units were categorized based on the number of bedrooms alone and no adjustment was made regarding the size (square footage) of the rental units. In the 2005 HMA, rental units were distributed into

bedroom categories based on the number of bedrooms as well as on the size of the unit. Due to the adjustment in the 2005 HMA, some units having two, three, and four bedrooms were designated as having one, two, and three bedrooms because they did not meet minimum size standards. As a result, there were some two-bedroom units that were in the one-bedroom distribution, some three-bedroom units that were in the two-bedroom distribution, and some four-plus-bedroom units that were considered three-bedroom units. In general, the greater the number of bedrooms, the greater the rent. Therefore, by including in the one-bedroom category those two-bedrooms that did not have enough square feet to meet the arctic space requirement, the price of one-bedroom units increased. By taking out the arctic space adjustment, the median price of one-bedroom, two-bedroom, three-bedroom, and four-plus-bedroom units has decreased relative to the rents presented in the 2005 HMA. At the same time, the number of two-bedroom, three-bedroom, and four-plus-bedroom units increased in this Update compared to the 2005 HMA.

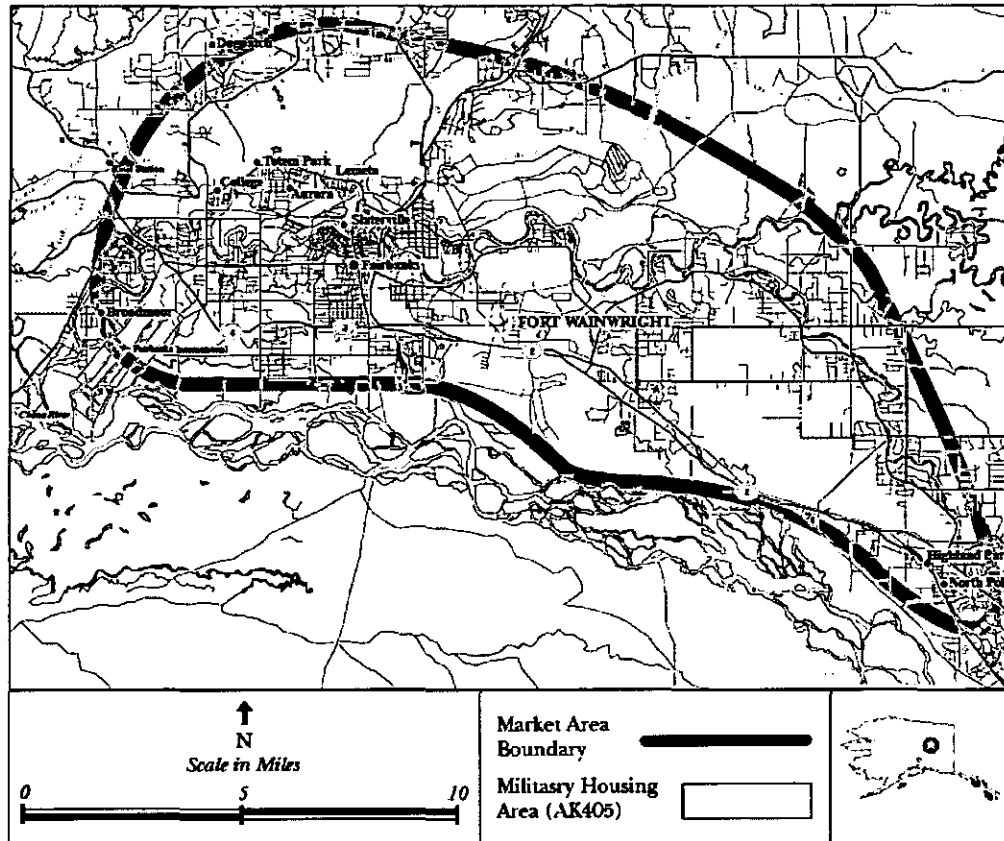
- Currently, Fort Wainwright has 550 leased (section 801) units, comprising 150 units located off post (Walden Estates) and 400 on-post units (the Birchwood complex). Leases for these units are assumed to expire by 2010, as scheduled, at which time these units would convert to market-rate community housing. Because these leased units historically have been occupied by military members, upon conversion from government-controlled units to market-rate units it is expected the capture rate, or the military's market share, for these units would be greater than what would normally occur in the community. This Update assumes the military would capture 70 percent of the units in these complexes, or 385 suitable units in 2010. By comparison, the 2005 HMA projected that the military would capture about 150 suitable units in these complexes.

These results are based on the OSD-approved methodology for conducting housing requirements and market analyses. A principal assumption of the methodology is that military members obtain their proportionate share of rental housing within a market area. This proportionate share, or capture rate, is based on the percentage that military rental housing demand is of total rental housing demand within a market area. The capture rate, however, can be influenced by proactive off-post housing referral programs undertaken by the installation's housing office. These programs could effectively increase market shares in select housing segments, particularly in the two-bedroom apartment market segment in which units are most readily available and affordable to military personnel. Assuming these programs result in increased military market shares in the two-bedroom market segment, the requirement for on-post two-bedroom rental units would be reduced. This would result in a lower total requirement for on-post family housing.

HOUSING MARKET TRENDS

The housing market area for Fort Wainwright includes those communities within a safe 30-minute commute of the installation's principal work areas. Figure 2 shows the housing market area for Fort Wainwright. The market area includes most of Fairbanks proper to the west of the post and the unincorporated areas east of the post. This market area is identical to that reported in the Final 2005 HMA.

Figure 2. Housing Market Area, Fort Wainwright



Key indicators of local housing demand (total population, household population, average household size, and owner- and renter-occupied housing units) are displayed in Table 2. The projections to 2010 are identified as “baseline” projections, and assume on-post housing is used at its recent actual rate. The current total population of the housing market area is estimated to be 51,046 persons, while the household population is estimated to total 49,755 persons. Population grew at an annual average rate of 0.6 percent between 2000 and 2005, and is projected to grow 0.8 percent per year through 2010 (Alaska Department of Labor and Workforce Development, 2004; and Fairbanks North Star Borough Community Research Center, 2004). Average household size has been decreasing since 1990, and this trend is expected to continue through 2010. The occupied housing stock is currently estimated to total 19,601 units, of which 11,044 units (56.3 percent) are estimated to be owner-occupied and 8,557 units (43.7 percent) are estimated to be renter-occupied.

Table 2. Recent Trends and Baseline Projections of Housing Demand, 1990, 2000, 2005, and 2010

Housing Market Indicator	1990	2000	2005	2010
Total Population	46,971	49,445	51,046	53,136
Average Annual Change (%)	N.A.	0.5%	0.6%	0.8%
Household Population	45,569	48,195	49,755	51,793
Average Annual Change (%)	N.A.	0.6%	0.6%	0.8%
Average Household Size	2.61	2.56	2.54	2.51
Occupied Housing Units	17,460	18,836	19,601	20,607
Average Annual Change (%)	N.A.	0.8%	0.8%	1.0%
Owner-Occupied Units	8,721	10,365	11,044	11,939
Percent of Baseline Total	49.9%	55.0%	56.3%	57.9%
Renter-Occupied Units	8,739	8,472	8,557	8,668
Percent of Baseline Total	50.1%	45.0%	43.7%	42.1%

Source: U.S. Bureau of the Census, 1991, 2002, and 2005; Alaska Department of Labor and Workforce Development, 2004; Fairbanks North Star Borough, Community Research Center, 2004; and estimates prepared for this study.

Market area housing supply indicators (total housing units, single-family units, multiple-family units, and manufactured homes) are displayed in Table 3. The current housing stock is estimated to total 21,657 units, having increased by an average of 166 units (0.8 percent) annually since 2000. Single-family units represent 55.2 percent of the total, while multi-family units constitute 39.7 percent, and manufactured homes 5.1 percent, of the total.

Table 3. Recent Trends and Baseline Projections of Housing Supply, 1990, 2000, 2005, and 2010

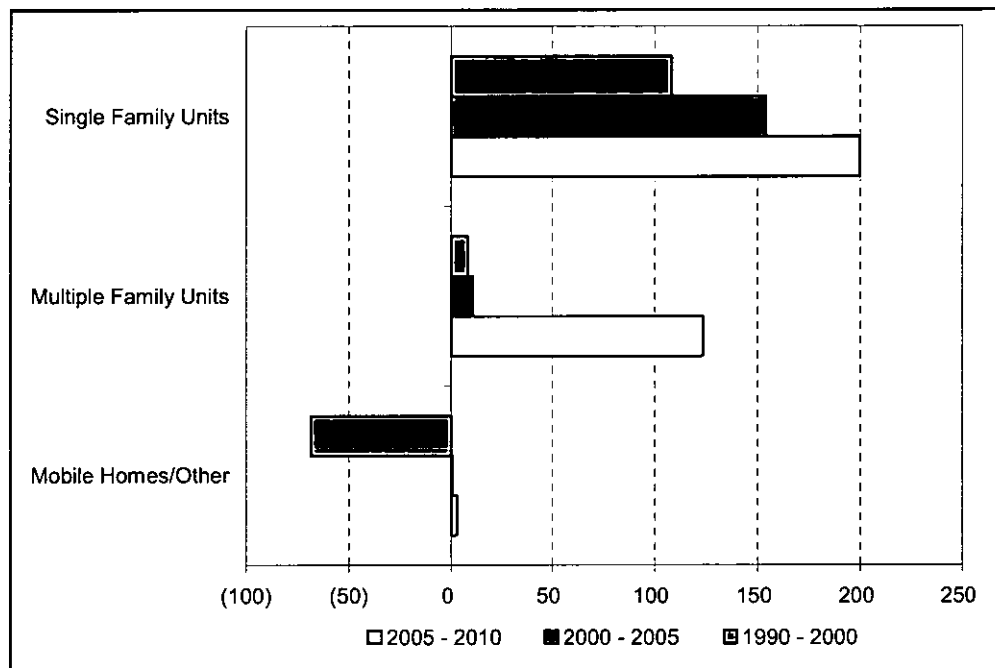
Housing Market Indicator	1990	2000	2005	2010
Total Housing Units	20,348	20,827	21,657	23,289
Average Annual Change (#)	N.A.	48	166	326
Average Annual Change (%)	N.A.	0.2%	0.8%	1.5%
Share of Total Housing (%)	100.0%	100.0%	100.0%	100.0%
Single Family Units	10,098	11,180	11,949	12,947
Average Annual Change (#)	N.A.	108	154	200
Share of Total Housing (%)	49.6%	53.7%	55.2%	55.6%
Multiple Family Units	8,457	8,540	8,594	9,211
Average Annual Change (#)	N.A.	8	11	123
Share of Total Housing (%)	41.6%	41.0%	39.7%	39.6%
Manufactured/Trailers/Other	1,793	1,108	1,114	1,131
Average Annual Change (#)	N.A.	(68)	1	3
Share of Total Housing (%)	8.8%	5.3%	5.1%	4.9%

Source: U.S. Bureau of the Census, 2002; and estimates prepared for this study.

Currently, Fort Wainwright leases 550 section 801 housing units, 400 on post (the Birchwood complex) and 150 off post (Walden Estates), for the exclusive use of military families. For the purposes of this study all leases are assumed to expire by 2010, as scheduled, at which time these leased units would convert from military housing to market-rate community housing. These units are included in the private-sector rental housing stock in 2010.

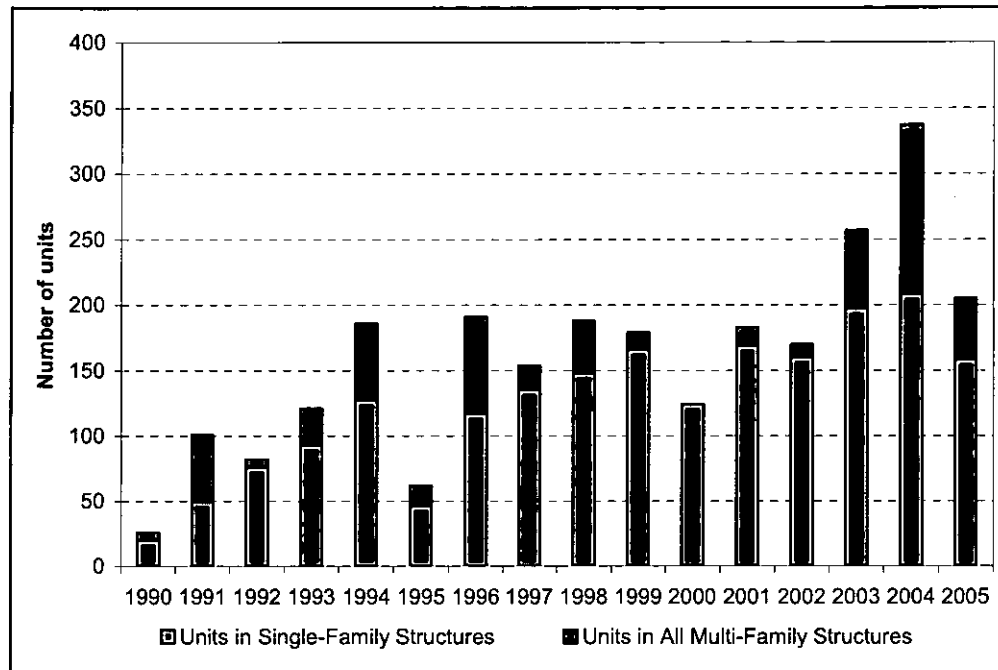
Housing units are forecast to continue increasing through 2010 at a rate of 1.5 percent per year, including the addition of the 550 units that are currently leased. Figure 3 plots the recent actual and future projected changes in the market area housing stock by type of structure.

Figure 3. Recent Trends and Baseline Projections of Changes in Housing Supply, 1990, 2000, 2005, and 2010



Source: Estimates prepared for this study.

Figure 4 plots the trend in building permits for the Fairbanks North Star Borough by type of unit from 1990 to 2005. The total number of units permitted increased substantially in 2003 and peaked in 2004.

Figure 4. Annual Residential Building Permits, Fairbanks North Star Borough, 1990-2005

Note: Building permit data for 2005 are estimated based on data through October.

Source: U.S. Bureau of the Census, 2005.

Housing demand and housing supply together determine vacancy rates in the market area. Vacancy rates for key segments of the housing market are presented in Table 4. The total vacancy rate is currently estimated at 9.5 percent. Units for sale are estimated to have a current vacancy rate of 3.8 percent. The current rental vacancy rate is estimated to be 9.0 percent based on data provided by local property managers. The market area rental vacancy rate is lower than it was in 2000. Rental vacancy rates in the Fort Wainwright market area are also lower than the current U.S. average rental vacancy rate of 9.9 percent (U.S. Bureau of the Census, 2005). The vacancy rate for all other vacant units (units rented or sold but not yet occupied; held for seasonal, recreational, or other uses; reserved for migrant workers, or other vacant units) is currently estimated to be 3.6 percent.

Without the simulated military transition from government-provided housing into private-sector units, rental vacancy rates would increase to 13.9 percent in 2010. This increase reflects the addition of the 550 leased units to the market area rental housing stock. The data displayed in the tables are baseline projections which reflect conditions in the absence of the simulated transition of military families into private sector housing. The simulated transition of military families into the community is projected to reduce the 2010 rental vacancy rate to 9.0 percent, which is the estimated market-equilibrium vacancy rate.

Table 4. Recent Trends and Baseline Projections of Housing Vacancies, 1990, 2000, 2005, and 2010

Housing Market Indicator	1990	2000	2005	2010
Total Vacant Units	2,888	1,991	2,056	2,682
Total Vacancy Rate	14.2%	9.6%	9.5%	11.5%
Vacant Units for Sale	520	177	432	461
For Sale Vacancy Rate	5.6%	1.7%	3.8%	3.7%
Vacant Units for Rent	1,046	1,183	846	1,396
Rental Vacancy Rate	10.7%	12.3%	9.0%	13.9%
Other Vacant Units	1,323	631	778	825
Vacancy Rate	6.5%	3.0%	3.6%	3.5%

Note: Other vacant units include units rented or sold but not yet occupied; boarded-up units; units held for seasonal or recreational use; units held for migrant workers; and other units.

Source: U.S. Bureau of the Census, 2002; and estimates prepared for this study.

HOUSING ALLOWANCES AND MAXIMUM ACCEPTABLE HOUSING COSTS

By OSD standards, to be suitably housed military members must pay no more than the Maximum Acceptable Housing Cost (MAHC) for a rental unit. This MAHC amount varies by pay grade and is equal, as of 2005, to the Basic Allowance for Housing (BAH) that military personnel residing in community housing receive in addition to basic pay. Table 5 displays the 2005 BAH (MAHC) amounts by grade and accompaniment status.

Table 5. Basic Allowance for Housing (BAH)/Maximum Acceptable Housing Cost (MAHC), With and Without Dependents, 2005

Pay Grade	With Dependents BAH/MAHC	Without Dependents BAH/MAHC
O7 & Above	\$1,951	\$1,629
O6	\$1,929	\$1,613
O5	\$1,913	\$1,545
O4	\$1,788	\$1,500
O3	\$1,611	\$1,328
O2	\$1,489	\$1,117
O1	\$1,433	\$947
W5	\$1,756	\$1,510
W4	\$1,679	\$1,443
W3	\$1,613	\$1,300
W2	\$1,555	\$1,206
W1	\$1,491	\$1,011
E9	\$1,661	\$1,292
E8	\$1,583	\$1,207
E7	\$1,535	\$1,057
E6	\$1,491	\$961
E5	\$1,426	\$881
E4	\$1,153	\$747
E3	\$1,153	\$747
E2	\$1,153	\$747
E1	\$1,153	\$747

Source: U.S. Department of Defense, 2005.

DISTRIBUTION OF MARKET AREA RENTAL UNITS

Table 6 and Table 7 present the distribution of the current and projected total rental housing supply (occupied and vacant-for-rent units) by monthly rental costs and number of bedrooms. The cost bands were established based on minimum, maximum, and median rental costs in the market area and the upper and lower bounds of BAH (MAHC). The allocation of the market area rental units among the rental cost bands is based on classified listings of apartments and houses for rent from the *Fairbanks Daily News-Miner*, rental lists from area real estate agents and property managers, and the Fort Wainwright housing referral list. Utility costs were estimated from interviews with area property managers and data provided by the Interior Regional Housing Authority of Fairbanks (2004). Renter's insurance costs were estimated from quotes obtained from an area insurance provider, and are the same as those presented in the 2005 HMA.

Table 6. Total Rental Housing Supply (Occupied and Vacant for Rent), 2005

Rental Cost	Number of Bedrooms					Total
	Studios	One	Two	Three	Four+	
Above\$1800	-	-	15	43	164	222
\$1701 - \$1800	-	-	10	70	46	126
\$1601 - \$1700	-	-	2	87	25	114
\$1501 - \$1600	-	-	62	86	10	158
\$1401 - \$1500	-	-	149	160	52	361
\$1301 - \$1400	-	-	335	135	52	522
\$1201 - \$1300	8	21	597	312	23	961
\$1101 - \$1200	33	87	976	160	3	1,259
\$1001 - \$1100	163	421	553	147	7	1,291
\$901 - \$1000	314	821	572	16	1	1,724
\$900 & Below	655	1,709	290	11	-	2,665
Total	1,173	3,059	3,561	1,227	383	9,403

Source: Estimates prepared for this study.

Table 7. Total Rental Housing Supply (Occupied and Vacant for Rent), With Military Transition, 2010

Rental Cost	Number of Bedrooms					Total
	Studios	One	Two	Three	Four+	
Above\$1800	-	-	16	49	163	228
\$1701 - \$1800	-	-	10	81	50	140
\$1601 - \$1700	-	-	4	106	32	142
\$1501 - \$1600	-	-	98	173	55	326
\$1401 - \$1500	-	-	243	292	148	683
\$1301 - \$1400	-	-	476	299	152	927
\$1201 - \$1300	8	21	696	390	60	1,174
\$1101 - \$1200	34	89	1,106	189	17	1,436
\$1001 - \$1100	167	436	764	203	34	1,604
\$901 - \$1000	325	847	637	26	7	1,842
\$900 & Below	676	1,763	306	11	-	2,756
Total	1,210	3,156	4,357	1,817	718	11,258

Source: Estimates prepared for this study.

The market area has a wide range of rental opportunities, which can be summarized as follows:

- Based on a sample of 1,203 rental units, with rents ranging from \$265 to \$1,200 per month, the estimated median rent for one-bedroom units is \$776 per month. Utility costs are estimated to average \$73 per month. Renter's insurance costs are estimated to be \$19 per month. Median rent plus utilities plus renter's insurance is thus estimated to be \$868 per month for a one-bedroom rental. In the 2005 HMA, median rent plus utilities plus renter's insurance for one-bedroom units was estimated at \$992 based on a sample of 1,204 one bedroom units that met the size requirement as well as two bedroom units that were not large enough to meet the size requirement for two bedroom units as per the arctic space requirement (Robert D. Niehaus, Inc., 2005).
- Based on a sample of 1,322 rental units, with rents ranging from \$425 to \$1,800 per month, the estimated median rent for two-bedroom units is \$922 per month. Utility costs are estimated at

\$181 per month. Renter's insurance costs are estimated to be \$21 per month. Median rent plus utilities plus renter's insurance is thus estimated to be \$1,124 per month for a two-bedroom rental. In the 2005 HMA, median rent plus utilities plus renter's insurance for two-bedroom units was estimated at \$1,226 based on a sample of 453 units that met the arctic space requirement (Robert D. Niehaus, Inc., 2005)

- Based on a sample of 394 rental units, with rents ranging from \$590 to \$2,250 per month, the estimated median rent for three-bedroom units is \$1,045 per month. Utility costs are estimated to average \$197 per month. Renter's insurance costs are estimated to be \$22 per month. Median rent plus utilities plus renter's insurance consequently is estimated to be \$1,264 per month for a three-bedroom rental. In the 2005 HMA, median rent plus utilities plus renter's insurance for three-bedroom units was estimated at \$1,670 based on a sample of 89 units that met the arctic space requirement (Robert D. Niehaus, Inc., 2005)
- Based on a sample of 55 rental units, with rents ranging from \$950 to \$1,950 per month, the estimated median rent for units with four or more bedrooms is \$1,425 per month. Utility costs are estimated to average \$393 per month. Renter's insurance costs were estimated to be \$26 per month, so median rent plus utilities plus renter's insurance is estimated to be \$1,844 per month for a rental unit with at least four bedrooms. In the 2005 HMA, median rent plus utilities plus renter's insurance for units with four or more bedrooms was estimated at \$1,914 based on a sample of 36 units that met the arctic space requirement (Robert D. Niehaus, Inc., 2005)

This analysis uses an estimate of 19.2 percent of the rental inventory as unsuitable by DoD criteria, reflecting an average of the available published and interview data for market area communities compiled for the 2005 HMA (Robert D. Niehaus, Inc., 2005). This percentage was scaled across all market-area units such that the largest shares of poor-quality units were in the lowest cost ranges. Table 8 presents the percentage distribution of unsuitable units across bedroom types and cost band segments for market area rental units.

Table 8. Percentage of Rental Housing Unsuitable, by Rental Cost and Bedrooms, 2005

Rental Cost	Number of Bedrooms				
	Studios	One	Two	Three	Four+
Above\$1800	100.0%	0.0%	0.0%	1.0%	4.0%
\$1701 - \$1800	100.0%	0.0%	1.0%	2.0%	9.0%
\$1601 - \$1700	100.0%	0.0%	3.0%	5.0%	13.0%
\$1501 - \$1600	100.0%	0.0%	5.0%	7.0%	20.0%
\$1401 - \$1500	100.0%	0.0%	7.0%	11.0%	25.0%
\$1301 - \$1400	100.0%	0.0%	9.0%	15.0%	35.0%
\$1201 - \$1300	100.0%	10.0%	11.0%	20.0%	55.0%
\$1101 - \$1200	100.0%	13.0%	16.0%	28.0%	80.0%
\$1001 - \$1100	100.0%	16.0%	22.0%	41.0%	90.0%
\$901 - \$1000	100.0%	18.0%	31.0%	55.0%	100.0%
\$900 & Below	100.0%	21.0%	41.0%	80.0%	100.0%

Source: Estimates prepared for this study.

The suitable rental housing supply is the total rental supply (occupied and vacant units for rent) less the unsuitable rental housing supply less the suitable natural vacant units. Under current guidance for preparing housing studies for military installations, vacant units for rent are only included in the suitable

rental housing supply to the extent the number of vacant units exceeds a natural, equilibrium, or "market-clearing" level of vacancies. There is a natural vacancy rate below which there is upward pressure on rental prices at a rate greater than the general rate of price inflation. Natural vacancies are not considered part of the available supply for market area households. In the Fort Wainwright market area, the current actual rental vacancy rate of 9.0 percent is at the equilibrium level.

In 2010, after the 550 units are added to the housing stock, but without the simulated transition of military families into private-sector units, the vacancy rate in the rental housing market is projected to be 13.9 percent. As military families transition, the rental vacancy rate is assumed to fall to the equilibrium level of 9.0 percent.

The distribution of the suitable rental housing supply in the Fort Wainwright market area by cost band and bedrooms is presented in Table 9 for 2005 and in Table 10 for 2010.

Table 9. Suitable Rental Housing Supply, Fort Wainwright Housing Market Area, 2005

Rental Cost	Number of Bedrooms					Total
	Studios	One	Two	Three	Four+	
Above\$1800	-	-	14	39	136	189
\$1701 - \$1800	-	-	9	62	36	107
\$1601 - \$1700	-	-	2	75	19	96
\$1501 - \$1600	-	-	53	73	8	134
\$1401 - \$1500	-	-	129	131	37	297
\$1301 - \$1400	-	-	281	105	33	419
\$1201 - \$1300	-	17	483	226	10	736
\$1101 - \$1200	-	69	742	104	1	916
\$1001 - \$1100	-	323	393	79	1	796
\$901 - \$1000	-	613	358	7	-	978
\$900 & Below	-	1,228	155	2	-	1,385
Total	-	2,250	2,619	903	281	6,053

Source: Estimates prepared for this study.

Table 10. Suitable Rental Housing Supply, Fort Wainwright Housing Market Area, 2010

Rental Cost	Number of Bedrooms					Total
	Studios	One	Two	Three	Four+	
Above\$1800	-	-	15	46	149	210
\$1701 - \$1800	-	-	9	76	45	129
\$1601 - \$1700	-	-	4	96	28	128
\$1501 - \$1600	-	-	88	156	50	294
\$1401 - \$1500	-	-	218	243	125	586
\$1301 - \$1400	-	-	414	238	115	767
\$1201 - \$1300	-	18	582	291	35	925
\$1101 - \$1200	-	73	867	130	7	1,077
\$1001 - \$1100	-	341	558	115	7	1,021
\$901 - \$1000	-	654	404	11	-	1,069
\$900 & Below	-	1,296	165	2	-	1,464
Total	-	2,382	3,325	1,402	561	7,670

Source: Estimates prepared for this study.

MILITARY PERSONNEL AND THEIR HOUSING REQUIREMENTS

Tables 11 and 12 display the military personnel data used in this analysis for 2005 and 2010 respectively. These data were derived from ASIP and G3 personnel reports provided by Headquarters, Department of the Army. The data from the ASIP reports (SAMAS as of 29 June 2005) for Fort Wainwright were adjusted for BRAC changes using data from the 17 August 2005 G3 Force File (Headquarters, Department of the Army, 2005). The G3 data added a net total of 949 soldiers to the personnel totals derived from the ASIP reports for the projected year (2010). Personnel counted for this study include those assigned to Fort Wainwright (station code 02955), and Fort Wainwright USARC (station code 0295C).

Table 11. Military Personnel by Accompaniment Status and Bedroom Entitlements, Fort Wainwright, 2005

Pay Grade	Number of Bedrooms			Military Families	Military Couples	Voluntary Separations	Bachelors	Permanent Party Personnel
	Two	Three	Four+					
O7 & Above	-	-	-	-	-	-	-	-
O6	-	-	5	5	1	-	2	8
O5	-	13	8	21	-	-	1	22
O4	-	39	22	61	-	-	4	65
O3	79	54	42	175	-	3	-	178
O2	43	8	14	65	3	-	68	136
O1	14	2	3	19	-	-	7	26
Officers	136	116	94	346	4	3	82	435
W5	-	-	-	-	-	-	-	-
W4	-	6	3	9	-	-	-	9
W3	13	10	11	34	-	-	-	34
W2	12	33	19	64	-	-	-	64
W1	7	2	2	11	-	-	-	11
Warrants	32	51	35	118	-	-	-	118
E9	-	7	7	14	-	-	-	14
E8	-	48	9	57	-	3	-	60
E7	-	141	74	215	7	4	1	227
E6	163	230	185	578	9	15	18	620
E5	256	220	166	642	7	28	203	880
E4	239	103	63	405	14	36	673	1,128
E3	164	32	11	207	5	9	782	1,003
E2	15	5	-	20	-	1	126	147
E1	7	1	1	9	-	3	52	64
Enlisted	844	787	516	2,147	42	99	1,855	4,143
Total	1,012	954	645	2,611	46	102	1,937	4,696

Source: Estimates prepared for this study using data from Fort Wainwright Housing Office, 2005; and Headquarters, Department of the Army, 2005.

Table 12. Military Personnel by Accompaniment Status and Bedroom Entitlements, Fort Wainwright, 2010

Pay Grade	Number of Bedrooms			Military Families	Military Couples	Voluntary Separations	Bachelors	Permanent Party Personnel
	Two	Three	Four+					
O7 & Above	-	-	-	-	-	-	-	-
O6	-	-	7	7	1	-	3	11
O5	-	19	11	30	-	-	1	31
O4	-	56	31	87	-	-	6	93
O3	115	78	61	254	-	4	-	258
O2	62	12	20	94	4	-	98	196
O1	20	3	4	27	-	-	10	37
Officers	197	168	134	499	5	4	118	626
W5	-	-	-	-	-	-	-	-
W4	-	17	9	26	-	-	-	26
W3	40	31	34	105	-	-	-	105
W2	37	101	57	195	-	-	-	195
W1	20	6	6	32	-	-	-	32
Warrants	97	155	106	358	-	-	-	358
E9	-	11	11	22	-	-	-	22
E8	-	73	14	87	-	5	-	92
E7	-	216	114	330	11	6	2	349
E6	250	353	285	888	14	23	28	953
E5	394	339	255	988	11	43	312	1,354
E4	368	158	97	623	22	55	1,036	1,736
E3	252	49	17	318	8	14	1,203	1,543
E2	22	8	-	30	-	2	195	227
E1	10	1	2	13	-	5	80	98
Enlisted	1,296	1,208	795	3,299	66	153	2,856	6,374
Total	1,590	1,531	1,035	4,156	71	157	2,974	7,358

Source: Estimates prepared for this study using data from the Fort Wainwright Housing Office, 2005; and Headquarters, Department of the Army, 2005.

FLOOR REQUIREMENTS, ACCOMPANIED PERSONNEL

For accompanied personnel, current OSD guidance allows a projected minimum on-post housing requirement, or the floor requirement, as the greatest of four criteria for each pay grade:

- **Military On-Post Community** – Ten percent of the effective accompanied housing requirement, for each grade, with a minimum of one on-post housing unit for any pay grade for which there is an effective accompanied housing requirement of at least one unit. The floor requirement is initially calculated assuming there is no military community component (a zero percent factor rather than 10 percent). If the total requirement for on-post military family housing for any individual pay grade is less than 10 percent of the effective number of families in that grade, the total requirement in that grade is then increased so the total requirement is 10 percent of the effective number of families.
- **Key and Essential Personnel** – All key and essential, or Priority 1, personnel.
- **Historic Housing** – On-post family housing listed on or eligible for listing on the National Register of Historic Places under the National Historic Preservation Act.

- **Quality of Life** – Members whose Regular Military Compensation (RMC) falls below 50 percent of the median family income in the market area. Annual median family income as published by the U.S. Department of Housing and Urban Development (2005) for the Fairbanks North Star Borough is \$69,700 in 2005. One-half of this amount is \$34,850. Annual RMC by grade and the factors used to calculate RMC are presented in Table 13. The RMC for E1 personnel is below 50 percent of the estimated median family income in the housing market area and thus E1 families are included in the quality of life requirement.

Table 13. Regular Military Compensation, Fort Wainwright, 2005

Pay Grade	Annual Basic Pay	Annual Local BAH	Annual BAS	Annual Allowances	National Avg. Ann Allow	National Avg. Tax Adv.	National Avg. Tax Adv.%	Local Tax Adv	Annual RMC
O7 & Above	\$117,150	\$23,412	\$2,208	\$25,620	\$29,041	\$10,312	35.5%	\$9,097	\$151,867
O6	\$99,076	\$23,148	\$2,208	\$25,356	\$25,859	\$8,619	33.3%	\$8,451	\$132,883
O5	\$80,304	\$22,956	\$2,208	\$25,164	\$24,444	\$7,752	31.7%	\$7,981	\$113,449
O4	\$68,394	\$21,456	\$2,208	\$23,664	\$21,945	\$5,576	25.4%	\$6,013	\$98,071
O3	\$52,610	\$19,332	\$2,208	\$21,540	\$18,963	\$3,438	18.1%	\$3,906	\$78,055
O2	\$40,258	\$17,868	\$2,208	\$20,076	\$16,664	\$2,916	17.5%	\$3,513	\$63,847
O1	\$29,414	\$17,196	\$2,208	\$19,404	\$14,785	\$2,321	15.7%	\$3,046	\$51,863
W5	\$72,766	\$21,072	\$2,208	\$23,280	\$20,345	\$5,879	28.9%	\$6,727	\$102,773
W4	\$64,249	\$20,148	\$2,208	\$22,356	\$19,080	\$4,150	21.8%	\$4,863	\$91,467
W3	\$52,962	\$19,356	\$2,208	\$21,564	\$18,643	\$3,304	17.7%	\$3,822	\$78,347
W2	\$43,719	\$18,660	\$2,208	\$20,868	\$17,518	\$3,077	17.6%	\$3,666	\$68,253
W1	\$36,793	\$17,892	\$2,208	\$20,100	\$15,250	\$2,582	16.9%	\$3,404	\$60,296
E9	\$59,037	\$19,932	\$3,206	\$23,138	\$20,744	\$4,112	19.8%	\$4,587	\$86,762
E8	\$47,797	\$18,996	\$3,206	\$22,202	\$19,356	\$3,416	17.6%	\$3,918	\$73,918
E7	\$40,601	\$18,420	\$3,206	\$21,626	\$18,456	\$3,229	17.5%	\$3,783	\$66,010
E6	\$33,300	\$17,892	\$3,206	\$21,098	\$17,839	\$2,931	16.4%	\$3,466	\$57,864
E5	\$26,661	\$17,112	\$3,206	\$20,318	\$15,899	\$2,305	14.5%	\$2,946	\$49,925
E4	\$21,426	\$13,836	\$3,206	\$17,042	\$14,703	\$1,878	12.8%	\$2,177	\$40,645
E3	\$17,945	\$13,836	\$3,206	\$17,042	\$15,199	\$1,765	11.6%	\$1,979	\$36,966
E2	\$16,614	\$13,836	\$3,206	\$17,042	\$14,854	\$1,647	11.1%	\$1,889	\$35,545
E1	\$14,821	\$13,836	\$3,206	\$17,042	\$14,929	\$1,375	9.2%	\$1,569	\$33,433

Source: U.S Department of Defense, 2005.

Table 14 displays the floor requirement for accompanied personnel by criterion.

Table 14. Floor Requirements by Criterion, Accompanied Personnel, 2010

Pay Grade	Military Families	Military Community	Key and Essential	Historic Units	Quality of Life	Floor Requirement
O7 & Above	-	-	-	-	-	-
O6	7	-	6	1	-	6
O5	30	-	7	-	-	7
O4	87	-	1	-	-	1
O3	254	-	-	-	-	-
O2	94	-	-	-	-	-
O1	27	-	-	-	-	-
Officers	499	-	14	1	-	14
W5	-	-	-	-	-	-
W4	26	-	-	-	-	-
W3	105	-	-	-	-	-
W2	195	-	-	-	-	-
W1	32	-	-	-	-	-
Warrants	358	-	-	-	-	-
E9	22	-	6	-	-	6
E8	87	-	-	-	-	-
E7	330	-	-	-	-	-
E6	888	-	-	-	-	-
E5	988	-	-	-	-	-
E4	623	-	-	-	-	-
E3	318	-	-	-	-	-
E2	30	-	-	-	-	-
E1	13	-	-	-	13	13
Enlisted	3,299	-	6	-	13	19
Total	4,156	-	20	1	13	33

Source: Estimates prepared for this study using data from Robert D. Niehaus, Inc., 2005.

Table 15 presents the floor requirement by number of bedrooms.

Table 15. Floor Requirements by Bedrooms, Accompanied Personnel, 2010

Pay Grade	Number of Bedrooms			Total
	Two	Three	Four+	
O7 & Above	-	-	-	-
O6	-	-	6	6
O5	-	-	7	7
O4	-	1	-	1
O3	-	-	-	-
O2	-	-	-	-
O1	-	-	-	-
Officers	-	1	13	14
W5	-	-	-	-
W4	-	-	-	-
W3	-	-	-	-
W2	-	-	-	-
W1	-	-	-	-
Warrants	-	-	-	-
E9	-	-	6	6
E8	-	-	-	-
E7	-	-	-	-
E6	-	-	-	-
E5	-	-	-	-
E4	-	-	-	-
E3	-	-	-	-
E2	-	-	-	-
E1	10	1	2	13
Enlisted	10	1	8	19
Total	10	2	21	33

Source: Estimates prepared for this study using data from Robert D. Niehaus, Inc., 2005.

COMMUNITY HOUSING REQUIREMENTS

Total potential community housing demand is defined for 2005 as those families in excess of the current occupants of government-controlled housing, and for 2010 as those families in excess of the projected floor requirement. An estimated 1,819 military families currently live in government-controlled housing. For 2010, only the 33 families comprising the floor requirement are assumed to reside on post. All families in excess of these on-post occupants are considered to be requirements for community housing (U.S. Department of Defense, 2003). Families seeking housing in the community are estimated to total 792 in 2005 and 4,123 in 2010 (Table 16 and Table 17).

Table 16. Community-First Accompanied Housing Requirements, 2005

2005 Pay Grade	Number of Bedrooms			Total
	Two	Three	Four+	
O7 & Above	-	-	-	-
O6	-	-	-	-
O5	-	2	2	4
O4	-	22	12	34
O3	31	4	10	45
O2	26	4	9	39
O1	1	-	-	1
Officers	58	32	33	123
W5	-	-	-	-
W4	-	2	2	4
W3	8	6	7	21
W2	4	9	6	19
W1	5	2	2	9
Warrants	17	19	17	53
E9	-	-	-	-
E8	-	16	-	16
E7	-	29	12	41
E6	115	90	97	302
E5	118	18	64	200
E4	14	18	12	44
E3	8	2	1	11
E2	1	1	-	2
E1	-	-	-	-
Enlisted	256	174	186	616
Total	331	225	236	792

Source: Estimates prepared for this study.

Table 17. Community-First Accompanied Housing Requirements, 2010

2010 Pay Grade	Number of Bedrooms			Total
	Two	Three	Four+	
O7 & Above	-	-	-	-
O6	-	-	1	1
O5	-	19	4	23
O4	-	55	31	86
O3	115	78	61	254
O2	62	12	20	94
O1	20	3	4	27
Officers	197	167	121	485
W5	-	-	-	-
W4	-	17	9	26
W3	40	31	34	105
W2	37	101	57	195
W1	20	6	6	32
Warrants	97	155	106	358
E9	-	11	5	16
E8	-	73	14	87
E7	-	216	114	330
E6	250	353	285	888
E5	394	339	255	988
E4	368	158	97	623
E3	252	49	17	318
E2	22	8	-	30
E1	-	-	-	-
Enlisted	1,286	1,207	787	3,280
Total	1,580	1,529	1,014	4,123

Source: Estimates prepared for this study.

The number of homeowners was estimated using data from the 1997 Variable Housing Allowance (VHA) Survey for the area adjusted for changes in housing affordability. Numerous factors determine the extent of homeownership at a military installation. Simple comparisons of housing allowances to home prices are not sufficient to explain changes in homeownership. A more precise measurement of affordability is needed. Table 18 presents a method for calculating changes in affordability of home ownership for Fort Wainwright personnel between 1997 (the data of the most recent VHA survey) and the present time. This method can then be used to adjust the survey data relationships to the present time. If all other factors – availability of jobs for spouses, attractiveness of the area for retirement or multiple tours of duty, expected home price appreciation, extent of favorable tax treatment of homeownership – remained the same between 1997 and the present, the adjustment for the change in affordability could potentially provide an accurate measure of current homeownership.

This adjustment has two components. First, it is necessary to determine how much the affordability of home ownership for military personnel has changed between 1997 and the present. This requires comparison of homeownership costs to housing allowances. Second, it is necessary to estimate how sensitive military homeowners are to any given change in affordability.

Table 18. Military Homeownership Affordability Analysis, Fort Wainwright

Indicator	Comment/description	1997	2005	2010
Purchase Price	Average sales price of single-family home, projection to 2010 assumes 4%/year increase	\$ 119,798	\$ 197,500	\$ 240,289
Down Payment	Assumed to be 10% of Purchase Price; varies with use of VHA financing, other factors	\$ 11,980	\$ 19,750	\$ 24,029
Loan Amount	Purchase Price less Down Payment	\$ 107,818	\$ 177,750	\$ 216,260
Interest Rate	Annual average yield on new home mortgages as compiled by Federal Reserve Board; 2010 projection assumes moderate increase in rates	7.71%	6.01%	7.30%
Monthly Payment	Assumes 30-year fixed rate loan	\$ 769	\$ 1,067	\$ 1,483
Property Taxes	Annual amount assumed to be 1.5% of purchase price; shown as \$/month	\$ 150	\$ 247	\$ 300
Insurance	Annual amount assumed to be 0.75% of purchase price; shown as \$/month	\$ 75	\$ 123	\$ 150
Utility Costs	2005 cost is for a 3-BR unit as estimated for this analysis; 1997 is indexed from CPI; 2010 projection assumes 2.6%/year increases	\$ 146	\$ 197	\$ 224
Monthly Cost	Loan payment plus property taxes plus insurance plus utilities	\$ 1,140	\$ 1,634	\$ 2,157
Military Allowances	Weighted average housing allowance for military personnel, \$/month	\$ 889	\$ 1,421	\$ 1,838
Affordability Gap (\$)	Monthly Cost minus military allowance equals cost to be borne from base pay or other income (spouse, second job, etc.)	\$ 252	\$ 213	\$ 320
Affordability Gap (%)	Monthly Cost as a percent of military allowance	128.31%	115.00%	117.39%
Adjustment Factor	Relative Change in Affordability Gap (%)	100.00%	89.63%	91.49%

Note: Total settlement/escrow costs are not shown.

Sources: U.S. Bureau of Labor Statistics, 2005; Alaska Housing Finance Corporation, 2004; Greater Fairbanks Board of Realtors, 2005; Council of Economic Advisors, 2005; and estimates prepared for this study.

The pro forma analysis starts with an estimate of the annual change in home prices between 1997 and the present. The calculations shown in Table 18 use the median price of a single-family home in Fairbanks as reported by the Greater Fairbanks Board of Realtors (2005). Home prices have increased at an average rate of 6.4 percent per year from 1997 through 2005. Assuming a 10 percent down payment, it is possible to calculate the amount of the mortgage carried by the purchaser. The trend in home mortgage rates is determined using the annual average yield on new home mortgages as compiled by the Federal Reserve Board (note the reduction of 170 basis points between 1997 and the 2005). This

reduction in borrowing costs makes it possible to afford a larger mortgage with any given budget in 2005 compared to 1997.

Assuming a 30-year fixed rate loan, it is possible to calculate monthly costs of principal and interest on the loan. Allowances are then made for property taxes, insurance, and utility costs to determine the total monthly cost of homeownership. Comparing this cost to the weighted average housing allowance in 1997 and 2005 for personnel with dependents allows calculation of an Affordability Gap in dollar terms. As shown in Table 18, this gap decreased from \$252 in 1997 to \$213 in 2005.

The Affordability Gap measured as a percent of the weighted average housing allowance is also shown. In 1997 Fort Wainwright personnel had to pay, on average, about 128 percent of the average housing allowance to cover the cost of owning a home. Since then, the weighted average housing allowance has risen faster than the cost of owning a home. As a result, the cost of owning a home in 2005 was about 115 percent of the average housing allowance. This is a decrease of 13 percentage points. The relative change in the Affordability Gap is a 10.4 percent decrease in this gap between 1997 and 2005 (see the Adjustment Factor shown as the last row in Table 18).

These factors are all forecast five years in advance to permit their use in the HMA. This requires assumptions about future interest rates, home prices, utility costs, and housing allowance escalation. Interest rates are assumed to increase moderately to 7.3 percent by 2010 following the interest rate trend forecast by the Congressional Budget Office (2005). Home prices are assumed to increase 4.0 percent per year, consistent with the projected rise in interest rates. Utility costs are assumed to increase 2.6 percent per year, consistent with the recent trend in the household utility component of the Consumer Price Index (CPI) for the Anchorage MSA (U.S Bureau of Labor Statistics, 2005). Weighted average housing allowances for Fort Wainwright military families increased 6.0 percent over the 1997 to 2005 period and are projected to increase at a rate of 5.3 percent over the forecast period.

Note that at Fort Wainwright the Affordability Gap as a percent of the military housing allowance increases by 2 percentage points over the period 2005 to 2010 (from about 115 percent of allowances in 2005 to about 117 percent of allowances in 2010). In other words, military homeownership is projected to be slightly less affordable in relative terms in 2010 than in 2005, due primarily to the projected increase in housing prices and mortgage rates from 2005 to 2010.

The purpose of the analysis shown in Table 18 is to calculate and forecast changes in affordability between 1997, the present, and the projection year. In addition, it is necessary to estimate how sensitive military home purchases are to these changes in cost. There is very little information available on which to base such an analysis. Therefore a formulaic estimate must be used until adequate data can be obtained. It is possible to calculate the change in homeownership propensities for each grade using the relative change in the affordability gap. Specifically, the share of off-post families that are not homeowners (that is, are renters) can be assumed to decline (or increase) proportionately with the relative affordability gap. Symbolically, this can be expressed as:

$$\text{Current homeownership share} = \frac{1 - (1 - \text{homeownership share in 1997}) \times \text{Relative affordability gap in the current year}}{\text{Relative affordability gap in the current year}}$$

This adjustment factor can then be applied to each grade's homeownership propensity as calculated from the 1997 VHA survey to estimate current homeowners. Applying the adjustment factor to 2010 data provides a projection of future homeowners given the assumed trends in home prices, housing

allowances, and interest rates. Use of this formula is necessarily judgmental, and should be considered a preliminary measure subject to revision based on availability of better data (preferably a local survey of military personnel).

Military homeowners were estimated for Fort Wainwright using this formula. The adjustment factor based on the relative gain in the affordability of homes, applied to the 1997 VHA survey, increases the number of homeowners at Fort Wainwright in 2005. Using the pro forma analysis, in the current year 15.9 percent of all families are estimated to own a home (416 homeowners; Table 19). In contrast, using the unadjusted 1997 VHA survey data to estimate current year (2005) homeowners, there would be 377 homeowners (reflecting 14.4 percent of all families). Using E7 personnel as an example, in the 1997 VHA survey for Fort Wainwright, 60.6 percent of off-post accompanied E7 personnel were homeowners. The adjustment process results in a 2005 homeownership rate for off-post E7 families of 64.7 percent ($1 - (1 - 60.6\%) * 89.63\% = 64.7\%$).

At Fort Wainwright the monthly cost of owning a home is projected to increase at a rate only slightly faster than housing allowances over the 2005 to 2010 period, yielding virtually unchanged military homeownership rates between 2005 and 2010 as a result. In 2010, using the pro forma analysis it is projected that 16.0 percent of all families will be homeowners (666 homeowners; Table 20). In 2010, using the 1997 VHA survey without any adjustments it is projected that 14.9 percent of all families would be homeowners.

Military homeowners projected for 2010 are not affected by the definition of the floor requirement. All military members living on the installation in 2005 are considered renters. Therefore those personnel simulated to be part of the transition from on-post housing into community housing between 2005 and 2010 are treated as renters – they are transitioning from “renting” on-post housing to renting community housing.

Tables 19 and 20 present military family homeowners for 2005 and 2010. All homeowners are considered to be acceptably housed, regardless of the characteristics of the residence.

Table 19. Accompanied Homeowners, 2005

2005 Pay Grade	Number of Bedrooms			Total
	Two	Three	Four+	
O7 & Above	-	-	-	-
O6	-	-	-	-
O5	-	2	2	4
O4	-	19	10	29
O3	23	3	7	33
O2	13	2	4	19
O1	-	-	-	-
Officers	36	26	23	85
W5	-	-	-	-
W4	-	2	2	4
W3	6	4	5	15
W2	2	4	3	9
W1	2	1	1	4
Warrants	10	11	11	32
E9	-	-	-	-
E8	-	12	-	12
E7	-	19	8	27
E6	67	52	56	175
E5	44	7	24	75
E4	3	4	2	9
E3	1	-	-	1
E2	-	-	-	-
E1	-	-	-	-
Enlisted	115	94	90	299
Total	161	131	124	416

Source: Estimates prepared for this study.

Table 20. Accompanied Homeowners, 2010

2010 Pay Grade	Number of Bedrooms			Total
	Two	Three	Four+	
O7 & Above	-	-	-	-
O6	-	-	-	-
O5	-	3	3	6
O4	-	27	14	41
O3	33	4	10	47
O2	18	3	6	27
O1	-	-	-	-
Officers	51	37	33	121
W5	-	-	-	-
W4	-	6	6	12
W3	18	12	15	45
W2	6	12	9	27
W1	6	3	3	12
Warrants	30	33	33	96
E9	-	-	-	-
E8	-	18	-	18
E7	-	29	12	41
E6	101	79	85	265
E5	65	10	36	111
E4	4	6	3	13
E3	1	-	-	1
E2	-	-	-	-
E1	-	-	-	-
Enlisted	171	142	136	449
Total	252	212	202	666

Source: Estimates prepared for this study.

Tables 21 and 22 display military family renters for 2005 and 2010. These were computed as total families less those residing on the installation (in 2010, the floor requirement) less homeowners.

Table 21. Accompanied Renters, 2005

2005 Pay Grade	Number of Bedrooms			Total
	Two	Three	Four+	
O7 & Above	-	-	-	-
O6	-	-	-	-
O5	-	-	-	-
O4	-	3	2	5
O3	8	1	3	12
O2	13	2	5	20
O1	1	-	-	1
Officers	22	6	10	38
W5	-	-	-	-
W4	-	-	-	-
W3	2	2	2	6
W2	2	5	3	10
W1	3	1	1	5
Warrants	7	8	6	21
E9	-	-	-	-
E8	-	4	-	4
E7	-	10	4	14
E6	48	38	41	127
E5	74	11	40	125
E4	11	14	10	35
E3	7	2	1	10
E2	1	1	-	2
E1	-	-	-	-
Enlisted	141	80	96	317
Total	170	94	112	376

Source: Estimates prepared for this study.

Table 22. Accompanied Renters, 2010

2010 Pay Grade	Number of Bedrooms			Total
	Two	Three	Four+	
O7 & Above	-	-	-	-
O6	-	-	1	1
O5	-	16	1	17
O4	-	28	17	45
O3	82	74	51	207
O2	44	9	14	67
O1	20	3	4	27
Officers	146	130	88	364
W5	-	-	-	-
W4	-	11	3	14
W3	22	19	19	60
W2	31	89	48	168
W1	14	3	3	20
Warrants	67	122	73	262
E9	-	11	5	16
E8	-	55	14	69
E7	-	187	102	289
E6	149	274	200	623
E5	329	329	219	877
E4	364	152	94	610
E3	251	49	17	317
E2	22	8	-	30
E1	-	-	-	-
Enlisted	1,115	1,065	651	2,831
Total	1,328	1,317	812	3,457

Source: Estimates prepared for this study.

COMMUNITY HOUSING SHORTFALL

Military renters compete with civilian households for adequate rentals in the community. The military community housing shortfall is determined as the difference between the military's share of adequate quality rental housing in the private sector and the military rental requirement. One of the key factors in the capture of adequate units is the share of poor quality housing in the community rental inventory. As stated previously, an estimated 19.2 percent of the rental stock is unacceptable in quality by Army standards. When there is insufficient private sector rental housing of adequate quality in a cost band/bedroom category, a community shortfall exists in that cost band/bedroom category.

The analysis simulates the ability of the communities near the installation to absorb the potential transition of military families into private-sector housing over the five year study period. For purposes of this analysis it is assumed that the development community would partially respond to the potential increase in off-post renters by building additional units each year over the projected pace of residential

construction. Thus, the annual addition to the local community housing supply is assumed to expand by about 53 units per year over projected baseline growth in response to the transitioning families. Although this expansion creates additional units to absorb some of the families potentially transitioning into the private-sector, not all families are expected to find "suitable" units, since not all units in the market area are acceptable in quality by Army standards.

Another principal assumption of the methodology is that military members obtain their proportionate share of rental housing within a market area. This proportionate share, or capture rate, is based on the percentage that military rental housing demand is of total rental housing demand within a market area. By 2010, the 550 leased (801) units in the market area are assumed to become part of the private rental housing stock. For purposes of this analysis, since military families already occupy these units, it is assumed that 70 percent of the units would be occupied by military renters as soon as the units become part of the private rental housing stock.

Tables 23 and 24 display expected suitable rentals in 2005 and 2010.

Table 23. Expected Suitable Rentals for Accompanied Military Personnel, 2005

2005 Pay Grade	Number of Bedrooms			Total
	Two	Three	Four+	
O7 & Above	-	-	-	-
O6	-	-	-	-
O5	-	-	-	-
O4	-	3	2	5
O3	8	1	3	12
O2	12	2	1	15
O1	1	-	-	1
Officers	21	6	6	33
W5	-	-	-	-
W4	-	-	-	-
W3	2	2	2	6
W2	2	5	2	9
W1	3	1	-	4
Warrants	7	8	4	19
E9	-	-	-	-
E8	-	3	-	3
E7	-	8	1	9
E6	43	33	17	93
E5	67	9	7	83
E4	8	8	-	16
E3	5	2	-	7
E2	1	1	-	2
E1	-	-	-	-
Enlisted	124	64	25	213
Total	152	78	35	265

Source: Estimates prepared for this study using data from Robert D. Niehaus, Inc., 2005.

Table 24. Expected Suitable Rentals for Accompanied Military Personnel, 2010

2010 Pay Grade	Number of Bedrooms			Total
	Two	Three	Four+	
O7 & Above	-	-	-	-
O6	-	-	1	1
O5	-	13	1	14
O4	-	21	9	30
O3	56	51	13	120
O2	29	6	4	39
O1	14	2	1	17
Officers	99	93	29	221
W5	-	-	-	-
W4	-	7	1	8
W3	15	13	4	32
W2	20	60	14	94
W1	10	3	1	14
Warrants	45	83	20	148
E9	-	7	-	7
E8	-	36	4	40
E7	-	125	31	156
E6	98	182	70	350
E5	217	218	85	520
E4	161	57	-	218
E3	112	17	-	129
E2	9	3	-	12
E1	-	-	-	-
Enlisted	597	645	190	1,432
Total	741	821	239	1,801

Source: Estimates prepared for this study using data from Robert D. Niehaus, Inc., 2005.

Tables 25 and 26 display the shortfall of community housing for military family renters in 2005 and 2010. These are the renters who would not be successful in finding housing that meets all Army standards for affordability, location, quality, and number of bedrooms. The projected community housing shortfall is a critical component of the projected requirement for housing at the installation.

Table 25. Community Housing Shortfall, Accompanied Personnel, 2005

2005 Pay Grade	Number of Bedrooms			Total
	Two	Three	Four+	
O7 & Above	-	-	-	-
O6	-	-	-	-
O5	-	-	-	-
O4	-	-	-	-
O3	-	-	-	-
O2	1	-	4	5
O1	-	-	-	-
Officers	1	-	4	5
W5	-	-	-	-
W4	-	-	-	-
W3	-	-	-	-
W2	-	-	1	1
W1	-	-	1	1
Warrants	-	-	2	2
E9	-	-	-	-
E8	-	1	-	1
E7	-	2	3	5
E6	5	5	24	34
E5	7	2	33	42
E4	3	6	10	19
E3	2	-	1	3
E2	-	-	-	-
E1	-	-	-	-
Enlisted	17	16	71	104
Total	18	16	77	111

Source: Estimates prepared for this study using data from Robert D. Niehaus, Inc., 2005.

Table 26. Community Housing Shortfall, Accompanied Personnel, 2010

2010 Pay Grade	Number of Bedrooms			Total
	Two	Three	Four+	
O7 & Above	-	-	-	-
O6	-	-	-	-
O5	-	3	-	3
O4	-	7	8	15
O3	26	23	38	87
O2	15	3	10	28
O1	6	1	3	10
Officers	47	37	59	143
W5	-	-	-	-
W4	-	4	2	6
W3	7	6	15	28
W2	11	29	34	74
W1	4	-	2	6
Warrants	22	39	53	114
E9	-	4	5	9
E8	-	19	10	29
E7	-	62	71	133
E6	51	92	130	273
E5	112	111	134	357
E4	203	95	94	392
E3	139	32	17	188
E2	13	5	-	18
E1	-	-	-	-
Enlisted	518	420	461	1,399
Total	587	496	573	1,656

Source: Estimates prepared for this study using data from Robert D. Niehaus, Inc., 2005.

TOTAL GOVERNMENT-PROVIDED HOUSING REQUIREMENTS

Tables 27 and 28 display the requirement for government-provided housing in 2005 and 2010, respectively. The projected requirement is calculated as the sum of the floor requirement, the community housing shortfall, and the 10-percent military community factor adjustment (zero in this case).

Table 27. Total Requirement for Government-Provided Housing, Accompanied Personnel, 2005

2005 Pay Grade	Number of Bedrooms			Total
	Two	Three	Four+	
O7 & Above	-	-	-	-
O6	-	-	5	5
O5	-	11	6	17
O4	-	17	10	27
O3	48	50	32	130
O2	18	4	9	31
O1	13	2	3	18
Officers	79	84	65	228
W5	-	-	-	-
W4	-	4	1	5
W3	5	4	4	13
W2	8	24	14	46
W1	2	-	1	3
Warrants	15	32	20	67
E9	-	7	7	14
E8	-	33	9	42
E7	-	114	65	179
E6	53	145	112	310
E5	145	204	135	484
E4	228	91	61	380
E3	158	30	11	199
E2	14	4	-	18
E1	7	1	1	9
Enlisted	605	629	401	1,635
Total	699	745	486	1,930

Source: Estimates prepared for this study using data from Robert D. Niehaus, Inc., 2005.

Table 28. Total Requirement for Government-Provided Housing, Accompanied Personnel, 2010

Pay Grade	Number of Bedrooms			Total
	Two	Three	Four+	
O7 & Above	-	-	-	-
O6	-	-	6	6
O5	-	3	7	10
O4	-	8	8	16
O3	26	23	38	87
O2	15	3	10	28
O1	6	1	3	10
Officers	47	38	72	157
W5	-	-	-	-
W4	-	4	2	6
W3	7	6	15	28
W2	11	29	34	74
W1	4	-	2	6
Warrants	22	39	53	114
E9	-	4	11	15
E8	-	19	10	29
E7	-	62	71	133
E6	51	92	130	273
E5	112	111	134	357
E4	203	95	94	392
E3	139	32	17	188
E2	13	5	-	18
E1	10	1	2	13
Enlisted	528	421	469	1,418
Total	597	498	594	1,689

Source: Estimates prepared for this study using data from Robert D. Niehaus, Inc., 2005.

Table 29 displays the projected requirement for on-post family housing by criterion. The sum of the floor requirement (33 units) and the private-sector shortfall (1,656 units) yields an initial housing requirement of 1,689 units. This initial requirement was then compared to the 10-percent on-post military community factor on a grade by grade basis. The initial requirement was higher than the 10-percent on-post military community factor for all grades, thus no adjustment was necessary. Based on these calculations, the total military family housing requirement in 2010 is projected to be 1,689 units.

Table 29. Total On-Post Military Family Housing Required, Fort Wainwright, 2010

Pay Grade	Military Families	Military Community	Key and Essential	Historic Units	Quality of Life	Floor Requirement	Private Sector Shortfall	Initial Housing Requirement	10 Percent Military Community	Total Military Housing Requirement
O7 & Above	-	-	-	-	-	-	-	-	-	-
O6	7	-	6	1	-	6	-	6	1	6
O5	30	-	7	-	-	7	3	10	3	10
O4	87	-	1	-	-	1	15	16	9	16
O3	254	-	-	-	-	-	87	87	25	87
O2	94	-	-	-	-	-	28	28	9	28
O1	27	-	-	-	-	-	10	10	3	10
Officers	499	-	14	1	-	14	143	157	50	157
W5	-	-	-	-	-	-	-	-	-	-
W4	26	-	-	-	-	-	6	6	3	6
W3	105	-	-	-	-	-	28	28	11	28
W2	195	-	-	-	-	-	74	74	20	74
W1	32	-	-	-	-	-	6	6	3	6
Warrants	358	-	-	-	-	-	114	114	37	114
E9	22	-	6	-	-	6	9	15	2	15
E8	87	-	-	-	-	-	29	29	9	29
E7	330	-	-	-	-	-	133	133	33	133
E6	888	-	-	-	-	-	273	273	89	273
E5	988	-	-	-	-	-	357	357	99	357
E4	623	-	-	-	-	-	392	392	62	392
E3	318	-	-	-	-	-	188	188	32	188
E2	30	-	-	-	-	-	18	18	3	18
E1	13	-	-	-	13	13	-	13	1	13
Enlisted	3,299	-	6	-	13	19	1,399	1,418	330	1,418
Total	4,156	-	20	1	13	33	1,656	1,689	417	1,689

Note: The total military housing requirement is the greater of the initial housing requirement and the 10 percent community factor for each grade.

Source: Estimates prepared for this study.

UNACCOMPANIED PERSONNEL HOUSING REQUIREMENTS

The analysis of the unaccompanied personnel housing requirement follows the same procedures as identified above for accompanied personnel. The total requirement is the sum of the floor requirement (defined for unaccompanied personnel as all E1-E5 personnel) and the community housing shortfall. Table 30 presents the total requirement for government-provided housing for unaccompanied personnel in 2005 and 2010, respectively.

Table 30. Total Requirement for Government-Provided Housing, Unaccompanied Personnel, 2005 and 2010

2005 Pay Grade	Number of Bedrooms			Total	2010 Pay Grade	Number of Bedrooms			Total
	One	Two	Three			One	Two	Three	
O7 & Above	-	-	-	-	O7 & Above	-	-	-	-
O6	-	-	-	-	O6	-	-	-	-
O5	-	-	-	-	O5	-	-	-	-
O4	-	-	-	-	O4	-	-	-	-
O3	-	-	-	-	O3	-	-	-	-
O2	-	11	-	11	O2	-	11	-	11
O1	-	3	-	3	O1	-	3	-	3
Officers	-	14	-	14	Officers	-	14	-	14
W5	-	-	-	-	W5	-	-	-	-
W4	-	-	-	-	W4	-	-	-	-
W3	-	-	-	-	W3	-	-	-	-
W2	-	-	-	-	W2	-	-	-	-
W1	-	-	-	-	W1	-	-	-	-
Warrants	-	-	-	-	Warrants	-	-	-	-
E9	-	-	-	-	E9	-	-	-	-
E8	-	-	-	-	E8	-	-	-	-
E7	-	-	-	-	E7	-	-	-	-
E6	-	5	-	5	E6	-	4	-	4
E5	203	-	-	203	E5	312	-	-	312
E4	673	-	-	673	E4	1,036	-	-	1,036
E3	782	-	-	782	E3	1,203	-	-	1,203
E2	126	-	-	126	E2	195	-	-	195
E1	52	-	-	52	E1	80	-	-	80
Enlisted	1,836	5	-	1,841	Enlisted	2,826	4	-	2,830
Total	1,836	19	-	1,855	Total	2,826	18	-	2,844

Source: Estimates prepared for this study using data from Robert D. Niehaus, Inc., 2005.

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DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
INSTALLATIONS AND ENVIRONMENT
110 ARMY PENTAGON
WASHINGTON, DC 20310-0110

NOV 5 2009

09 NOV 12 PM 2:00

The Honorable Mark Begich
United States Senate
Washington, DC 20515

Dear Senator Begich:

Thank you for your October 4, 2009, letter regarding Actus Lend Lease granting military housing contracts to out-of-state businesses.

To enhance communications with the Fairbanks business community, Actus Lend Lease recently hired Ms. Betsy Woolley, a life-long Fairbanks resident, as the communications coordinator for North Haven Communities. Ms. Woolley has spearheaded familiarization meetings with local organizations, businesses, and individuals including the Fairbanks Economic Development Corporation and the Fairbanks Downtown Association, with more meetings scheduled over the coming weeks. Ms. Woolley has met with most of the Interior Legislative Delegation, and appointments are scheduled with the remaining members.

Actus Lend Lease is also initiating actions to enhance communications during the bid process, which includes increasing the number of pre-bid workshops to educate local contractors and vendors on minimum bid requirements for future work; conducting safety seminars to raise awareness of Actus Lend Lease safety requirements; and providing timely bid advertisement, selection, and award process, including notification to all bidders regarding final decision and award criteria.

Actus Lend Lease will communicate with all stakeholders, including your office, on all future project ratios of Alaska-based expenditures and Alaska-based contractors, to out of state expenditures. The actions described above are designed to help position local construction companies and vendors to be part of all future opportunities.

Actus Lend Lease understands the concerns raised during the hearing of the State of Alaska Joint Services Committee, and with a 10-year track record of positive community engagement and successful local economic development practices, they are committed to ensuring the work in Alaska continues to follow these principles.

We will continue to monitor this situation and look forward to improvements in dealing with all contractors and suppliers.

Sincerely,

Joseph F. Calcara
Deputy Assistant Secretary of the Army
(Installations and Housing)

MARK BEGICH
ALASKA

SUITE SR-144
RUSSELL BUILDING
WASHINGTON, DC 20510
(202) 224-3004

COMMITTEE ON ARMED SERVICES
COMMITTEE ON
COMMERCE, SCIENCE, AND TRANSPORTATION
COMMITTEE ON VETERANS' AFFAIRS

United States Senate
WASHINGTON, DC 20510

October 4, 2009

The Honorable Joseph F. Calcara
Deputy Assistant Secretary of the Army
Installations and Housing
Office Of The Assistant Secretary Of The Army (Installations & Environment)
110 Army Pentagon Room 3E464
Washington, DC 20310-0001

Dear Secretary Calcara:

I am writing as a follow up to the September 14, 2009 hearing of the Alaska State Legislature's Joint Armed Services Committee held in Fairbanks. During the hearing, Fairbanks contractors raised a number of concerns regarding military housing contracts being granted to out-of-state businesses by Actus Lend Lease.

Actus Lend Lease has a contract with the U.S. Department of the Army to privatize housing at Forts Wainwright and Greely. The 50-year agreement includes construction, renovation and property management for more than 1,800 homes. I hope this effort will not only result in better housing for military families, but will also create good-paying, long-term jobs for local residents.

While I am pleased the Army has committed more than \$420 million to Actus to build new homes on these two bases over the next six years, I am concerned by testimony at the hearing that Actus may be creating obstacles for local contractors and businesses seeking to compete for construction contracts at Fort Wainwright. Specifically, witnesses expressed a need for a better understanding of Actus' bidding process and for improved communications with Actus.

During the hearing, Actus pledged to notify bidders about outcomes in a more timely manner, reiterated its public promise to hire locally, and committed to improving communications with Fairbanks businesses. I strongly encourage you to follow up with Actus on this pledge and ensure local contractors and businesses have full, equal access to the bidding process. In addition, I urge you to work with Actus to create a public-private business community advisory board to

The Honorable Joseph F. Calcara

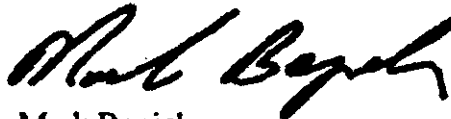
October 4, 2009

Page 2

facilitate better communication between Actus and the community.

I will forward the full Committee report for your review as soon as it is available. My staff will be reviewing it for additional recommendations to improve this situation. If you have any questions, please do not hesitate to contact me or have your staff contact Tom Moyer in my Fairbanks office at (907) 456-0261.

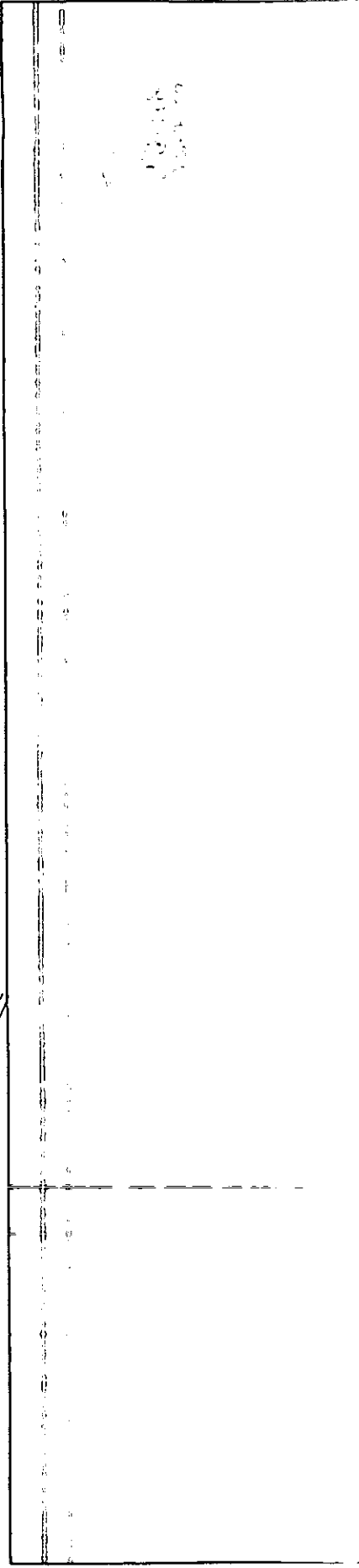
Sincerely,



Mark Begich
United States Senator

Cc: Colonel Tim Jones, Ft. Wainwright Garrison Commander
Mr. Mark Connor, Associate Deputy General Counsel for Installation,
Environment and Civil Works, U.S. Department of the Army
Members, Alaska State Legislature, Joint Armed Services Committee
Mr. Dave Miller, Interior Alaska Builders Association
Mr. Jim Dodson, CEO Fairbanks Economic Development Corporation
Mr. Lake Williams, Chair, Fairbanks Central Labor Council
Mr. Mike Raider, Director of Construction, Actus Lend Lease

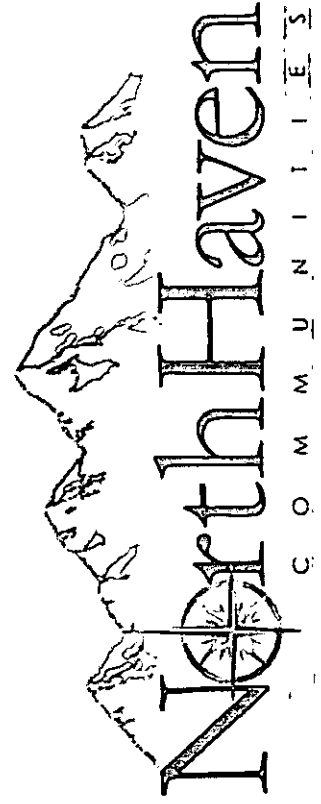
MPB/cwr



Fort Wainwright

Local Business & Personnel Utilization Update

May 2009 Through July 2009





Project Company Summary - North Haven Communities

From Project Inception Through July 31, 2009

Over \$980 K in Contract Awards to Date

- 100% of Maintenance Related Contractors Alaskan Based
- 97% Contractors located in Fairbanks

Over \$650 K in Purchases to Date

- 92% of Material Vendors Alaskan Based
- 80% Vendors located in Fairbanks





North Haven Communities Pending & Awarded Contracts

Company Name	Location	Amount	Local Business	National Business
A Helping Hand	Fairbanks, AK	\$2,140	\$2,140	
Alaska Waste	Anchorage, AK	\$3,542	\$3,542	
American Pest Management	Anchorage, AK	\$6,881	\$6,881	
A Breath of Fresh Air, Inc.	Fairbanks, AK	\$47,760	\$47,760	
ComputerWerks, Inc.	Fairbanks, AK	\$1,180	\$1,180	
Fairbanks Roofing	Fairbanks, AK	\$7,570	\$7,570	
Full Spectrum Painting Inc.	North Pole, AK	\$265,878	\$265,878	
The Groundskeeper	Fairbanks, AK	\$8,670	\$8,670	
Lancemane Custodians	Fairbanks, AK	\$13,950	\$13,950	
Lap of Luxury Cleaning Service	Fairbanks, AK	\$21,781	\$21,781	
Nenana Lumber Company	Fairbanks, AK	\$330,000	\$330,000	
Northern Business Systems	Fairbanks, AK	\$6,190	\$6,190	
Personnel Plus Employment Agency	Anchorage, AK	\$17,266	\$17,266	
Reuter Enterprises Inc.	Fairbanks, AK	\$48,816	\$48,816	
R & R Superpaint	North Pole, AK	\$1,110	\$1,110	
Santa's Vagabond Travel	Fairbanks, AK	\$4,417	\$4,417	
Sourdough Transfer, Inc.	Fairbanks, AK	\$60,906	\$60,906	
SparkClean Janitorial	Fairbanks, AK	\$43,110	\$43,110	
Superior Coffee of Alaska	Fairbanks, AK	\$1,050	\$1,050	
Wilbur Bros.	Fairbanks, AK	\$320	\$320	
CONTRACTOR TOTALS		\$892,535	\$892,535	

Project Company Local Contractor Utilization as a Percentage

100%

0%





North Haven Communities Project Company Vendors

Company Name	Location	Amount	Local Business	National Business
Advocate Printing Solutions, Inc.	Nashville, TN	\$1,251		\$1,251
Advance Printing Co.	Fairbanks, AK	\$2,055	\$2,055	
Alaska Auto Glass	Libby, MT	\$1,410		\$1,410
Alaska Communication Systems	Anchorage, AK	\$14,324	\$14,324	
Alaska Digital Printing, Inc.	Fairbanks, AK	\$740	\$740	
Alaska Industrial Hardware, Inc.	Anchorage, AK	\$9,755	\$9,755	
American Red Cross of AK	Fairbanks, AK	\$550	\$550	
Arctic Controls, Inc.	Anchorage, AK	\$9,283	\$9,283	
Arctic Fire & Safety Inc.	Fairbanks, AK	\$20,791	\$20,791	
AT & S, Inc.	Fairbanks, AK	\$1,701	\$1,701	
A & W Wholesale Co. Inc.	Fairbanks, AK	\$2,278	\$2,278	
Bailey Furniture Outlet, Inc.	Anchorage, AK	\$2,408	\$2,408	
Blinds Unlimited, Inc.	Anchorage, AK	\$6,116	\$6,116	
Bowers Office Products Inc.	Fairbanks, AK	\$891	\$891	
Brown's Electrical Supply Co., Inc.	Anchorage, AK	\$14,535	\$14,535	
Communications Equipment & Service	Fairbanks, AK	\$2,553	\$2,553	
Corporate Express	Chicago, IL	\$6,986		\$6,986
Date-Line Digital Printing	Fairbanks, AK	\$262	\$262	
Denali Industrial Supply, Inc.	Fairbanks, AK	\$2,108	\$2,108	
Fairbanks Aero Services, Inc.	Fairbanks, AK	\$1,219	\$1,219	
Fairbanks Natural Gas, LLC	Fairbanks, AK	\$115,924	\$115,924	
Fairbanks North Star Borough	Fairbanks, AK	\$61,875	\$61,875	
Fairbanks Paint & Glass Co.	Fairbanks, AK	\$14,475	\$14,475	



North Haven Communities Project Company Vendors

Company Name	Location	Amount	Local Business	National Business
Ferguson Enterprises 2017 - Anchorage	Dallas, TX	\$1,287		\$1,287
Florcraft, Inc.	Fairbanks, AK	\$344	\$344	
Frontier Plumbing Supply Inc.	Fairbanks, AK	\$54,485	\$54,485	
Golden Heart Utilities, Inc.	Fairbanks, AK	\$89,282	\$89,282	
Golden Valley Electric Asso.	Fairbanks, AK	\$21,352	\$21,352	
Greater Fairbanks Chamber of Commerce	Fairbanks, AK	\$310	\$310	
Great Northwest, Inc.	Fairbanks, AK	\$333	\$333	
Greer Tank & Welding	Fairbanks, AK	\$1,064	\$1,064	
Hasco, Inc.	Anchorage, AK	\$2,024	\$2,024	
Jiffy Lube	Anchorage, AK	\$371	\$371	
Keller Supply	Seattle, WA	\$3,362		\$3,362
MacCheyne's Carpets Plus, Inc.	Fairbanks, AK	\$101,319	\$101,319	
Mastercraft	Fairbanks, AK	\$757	\$757	
Murr's Printing Beaufort, Inc	Beaufort, SC	\$815		\$815
Napa Auto Parts	Los Angeles, CA	\$407		\$407
Northwest Playground Equipment, Inc.	Issaquah, WA	\$482		\$482
OfficeMax Inc.	Carol Stream, IL	\$518		\$518
Overhead Door Corporation	Dallas, TX	\$11,379		\$11,379
Overhead Door Co of Fairbanks	Fairbanks, AK	\$5,452	\$5,452	
Pacific Plumbing Supply Co., Inc.	Seattle, WA	\$1,242		\$1,242
Paramount Supply Co.	Tacoma, WA	\$11,275		\$11,275
Sherwin Williams	Fairbanks, AK	\$22,690	\$22,690	
Spenards Builders Supply	Anchorage, AK	\$23,413	\$23,413	



North Haven Communities Project Company Vendors

Company Name	Location	Amount	Local Business	National Business
Stanley Security Solutions, Inc.	Palatine, IL	\$7,042		\$7,042
Total Electric Supply Co.	Fairbanks, AK	\$557	\$557	
Trademark	Fairbanks, AK	\$182	\$182	
W. L. May Co.	Portland, OR	\$3,299		\$3,299
SUPPLIER TOTALS		\$658,534	\$607,779	\$50,755
Project Company Local Supplier Utilization as a Percentage			92.29%	7.71%





Construction Contracts Summary - Actus Lend Lease

From Project Inception Through July 31, 2009

Over \$7.255 M in Awarded and Pending Contract Awards to Date

- 77% of Contracts Located in Alaska
- 61% of Contractors located in Fairbanks





Actus Lend Lease

Pending & Awarded Construction Contracts

- DOWL Engineering
- Bighorn Enterprises
- Nenana Lumber
- Worthington
- Western Mechanical
- Spenards
- Shannon & Wilson
- SDI Milcon
- DB Plumbing
- Alaska Quality Insulators
- Diamond Fence
- Land Design North
- Summit Logistics
- Design Alaska
- A-1 Sani-Can
- Cold Climate Housing Research Center
- Overhead Door Co. of Fairbanks





People

- 40% of Actus Lend Lease's Design & Construction Management Team are Alaskan hires.
- 85% of North Haven Communities Property and Asset Management Staff are Alaskan hires.





FAIRBANKS
Economic Development
CORPORATION

301 Cushman St., Suite 301, Fairbanks, AK 99701

July 31, 2009

Dave Miller
PO Box 72347
Fairbanks, Alaska 99707-3247

Dave,

It has come to our attention that the Privatization Housing contractor at Fort Wainwright may not be following the practice of using local hire or using local contractors as they promised in their presentation to the Department of the Army when soliciting the contract.

I am interested in hearing from your members about their direct experience in working with Atcus, both good and bad.

Please ask your members to email me any information that is pertinent to the issue.

Thank you for your assistance.

Jim Dodson
President & CEO
Fairbanks Economic Development Corporation

From: Dave Miller [davemiller@landmarkalaska.com]

Sent: Friday, August 21, 2009 3:40 PM

To: jdodson@ak.net

Subject: Actus

Hi Jim,

Had lunch today with Jim Schuster.....his company is Alaska Quality Insulators.....he said he had been awarded insulating work with Actus.....said that it was tough coming up to speed with their safety requirements, but otherwise he was fine with working with the. Also said he hasn't done any work yet, but

has been told the work was awarded to him.....he said he might put together an email for us if he has time.

Dave

=====

From: Antonovich, Thom [Thom.Antonovich@actuslendlease.com]
Sent: Saturday, August 08, 2009 1:47 PM
To: Dave Miller (davemiller@landmarkalaska.com)
Subject: bidsheet
Attachments: BIDS - 8.6.09-iababblank.xlsx

Dave:

I am attaching a bid spreadsheet that we use to analyze and equalize bids to have an accurate comparison. It also includes areas for comments since we call every bidder that submits a bid and invite them in for an interview to clarify their numbers, make sure they know the scope. Anyway, I can't pass around the numbers but I wanted you to see who actually submitted bids so far.

Thanks,
Thom

=====
From: Brian Barney [mailto:bbarney@acsalaska.net]

Sent: Monday, August 10, 2009 7:16 AM

To: 'Interior Alaska Building Association'

Subject: RE: New Information Regarding Actus Lend Lease

Dave,

My name is Brian Barney and I am Nenana Lumber Companies estimator. And boy, do I have some stories

regarding Actus. I would be writing a book if I started from last January to today. I would rather have a meeting with you so you can hear some of our great experiences with Actus. I have a 4"

binder full of emails with Actus. It would be my pleasure to sit down with you and "express" my experiences.

thanks,

Brian Barney LEED-AP

Estimator

NLC, Inc.

Office (907) 457-5606

Fax (907) 457-5600

bbarney@acsalaska.net

www.nenanalumbercompany.com

=====
Dave,

We have not had a good experience with Actus. We met with them before the bid and they indicated that

because they would be here for at least 50 years they wanted a proposal based on quality - not low price.

Back in June we gave them a very good proposal to do the ventilation work.

Since that time we have called them several times to meet and discuss our proposal. It's very difficult to get

them to even return a phone call.

They did promise to put out bid results by the first part of July but that didn't happen.

Today we (finally) got a letter saying that we were not selected to do the work. We never did get a chance to

discuss our proposal with them.

Even more disturbing was their apparent willingness to bring in outside contractors for this work.

We're not impressed with Actus.

I would caution people to be careful dealing with them.

Call if you need to discuss.

Thanks

Jerry Mustard, P.E.

Holiday-Parks, Inc.

907-452-7151

907-452-3800 fax

=====
From: Mike Holz [mholz@acsalaska.net]
Sent: Monday, August 10, 2009 7:46 AM
To: davemiller@landmarkalaska.com
Subject: Actus

Dave

We at Nenana Lumber Company have produced more bid to Actus than any other contractor in Alaska. We have yet to receive any award.

It is our opinion that Actus has a poor contract and does not have the funds to do the contract right and insure that they have a profit in the end. It appears that they are looking for any bidder that makes a mistake in the bid so that it falls within their cost level.

The only award that we know of was made to "Big Horn trucking". This was for excavation, building leveling and electrical power hook up. Big Horn has done none of these activities in the past and is clearly un-qualified. For the excavation, M&M was the only bidder on bid day. For the leveling and electrical, we have an e-mail stating that we were low bid on bid day. Yet, the contracts went to a firm that was not present on bid day and is clearly un-qualified per Actus standards.

We have invested about \$100K into Actus bid preparations, Actus meetings, special safety consideration and so on. We need to receive several million dollars worth of contracts now just to break even.

We had thought the bid system would be done similar to all other bid opportunities. Actus operates behind closed doors, with no printed rules and in a way that can easily be labeled " UNFAIR TO BIDDERS".

I do not think what they are doing is illegal but it is not acceptable, not a fair process, not open and public and will certainly lead to unrest in the bidding community. Most companies will stay away from this type process.

Mike Holz

=====
Dave,

I have tried to keep abreast of the Actus projects since they first came to town and started their campaign to solicit builders and subcontractors through the local building association. I have been to at least two meetings with the IABA where Actus representatives spoke of their upcoming work as well as attending I believe three meetings Actus has sponsored at the Westmark hotel. I also have been trying to keep in touch with Thom Antonovich via e-mail regarding their upcoming work proposals and when they get out on the street for contractors to bid on.....and numerous times, we were informed that Actus

wanted small contractors, local contractors, to be part of the Actus program....we'll help you with safety, and insurance and getting hooked up and organized to their systems and programs...we need your talents and skills, so keep up with what will be happening over the next 4-5 years.....so that piqued my interest.... I haven't been bird-dogging them, but I have tried to stay informed.....so, here's what my experience has been.....

- 1st set of plans and info came out in February 09 while I was in the middle of my vacation....all we got was a CD disc, which my staff sent over to me in Maui...I tried to spend a little time getting into their plans, specs, safety requirements, and become familiar with their 1st project.... However, after trying to digest all of their information, it became clear that this was not a BID, but they were after "market pricing"....so, they were after cost information at our expense....I also discovered that any work over \$100,000 would require payment and performance bonding.....that was never discussed or brought up before.....and suddenly, that leaves out most, if not but a precious handful, of the local small contractors...and, we were given just a very short time to accumulate numbers from subs....but we also discovered that all they really want is subs....they do not want a general contractor to take on a project....they want to break it down to just pieces of the pie....however, no scheduling, no discussion of who will be the "lead", no discussion of time frame to accomplish the work, none of that was discussed or disclosed.....do we plan on 40 hr work weeks or are you requiring 6/10's, or when are you going to start....is this summer work or winter work.....we got little or no information.....I declined to bid at that time....and I believe we had 65% drawings.....
- In mid May, the word is out that their 1st project now has 95% drawings, you need to be hooked up with their "Isqft" website to get all pertinent info in a timely manner, so we contacted them and requested we be on the "list" and get a password and code to be on "Isqft".....we contacted their office and made the request about the 14th of May....and we were informed that the bid day was June 1....we never received the password and hookup until May 25 or 26.....they also put the info on "the plans room" but they never added their addendums on that site (and there were numerous, pertinent addendums) so we finally got all of the info 5 days before bid day.....however, we got a bit of a reprieve when they extended bids till the 8th of June...
- So, we hustled through the process, read their "scope of work" and their specific spec sections for the "finish carpentry" as well as their "bid breakdown" sheet which did not match....and we also read all of the info on what needed to be turned in with the bid....specific required documents, that were not in the bid package for which we needed to call their office AND THEY had to find them , so we could turn in a "qualified bid"...I took it upon myself to develop a receipt from Actus once I hand delivered the bid package so I could prove it had been delivered on time.....that was June 8th at about 3:30 in the afternoon....to this date, they have not contacted me for an "interview" and review of my bid proposal.....I have contacted them every couple of weeks regarding the status of the project and the proposal I gave them.....so far, I do not know much else other than they are busy interviewing contractors and suppliers to "make sure" they understand the strict requirements of Actus....safety, safety, safety,...that's all I've heard about....no schedules, no plan, no logistical info.....two months have gone by and no word from Actus....
- The last item is the "latest" bid proposal on the street....Southern Cross on Wainwright.....the plans were not released from the blueprint shop until 7-28-09....with bids due on the 31st.....then extended till 8-7-09.....these folks have had months to develop these projects and then tell us we have 7-10 days to turn around a bid proposal.....interestingly, Thom Antonovich told me via e-mail that when this came out, I would be informed....unfortunately, the notice did not happen...another contractor called me about this project.....I declined to scramble and work up a price with little time to build a project plan for this 2nd project on the street for Wainwright.....
- I have asked about who has been awarded work on Gertsch Heights for civil, utilities, concrete, framing, etc. and to date, I have no response.....nor a schedule to attempt to plan from.....now Southern Cross is out....but little information of a "plan"...Summer work? Winter work? 40 hrs? 60 hrs? who's leading? This seems to be the status quo.....from Actus....

Needless to say, the information is scattered, delayed, short time frame turn-around on bidding, bonding is/may be required, so far it appears that a lot of people have stepped up to the plate once, maybe twice, but I see little or no activity towards actually getting some real work accomplished.....I believe a lot of contractors may have decided to quit wasting their time and effort if no real jobs are being put out for actual construction.....and it is unfortunate, because there is a lot of good talent in this town to handle the work load if good professional coordination would be in place....so, this is just one man's opinion....feel free to call with any questions or if you need further information.....

Respectfully,

Richard S. Tilly

President

Tilly & Co., Ltd.

456-5565 office

29 years serving the Fairbanks community in professional construction projects

Chairman – City of Fairbanks Code Review and Appeals Commission

Chairman – AGC and Carpenters Local 1243 Fairbanks Carpenter Training Center – Board of Trustees

Past Director – Alaska State Homebuilding Association

Past President - Interior Alaska Building Association

Founding Member- Cold Climate Housing Research Center

Member – Alaska State Homebuilding Association

Member – Interior Alaska Building Association

Member – National Association of Home Builders

Member – Associated General Contractors of Alaska,

Member – Carpenters Local #1243 – 35 years

Jane Pierson

From: Laura Pierre
Sent: Thursday, September 03, 2009 11:44 AM
To: Rep. Charisse Millett; Rep. John Harris; Rep. Jay Ramras; Rep. Pete Petersen; Sen. Bill Wielechowski; Sen. Gene Therriault; Sen. Lesil McGuire; Sen. Joe Paskvan; dean owen; tom.case@akaerospace.com; gcannelos@denali.gov; Chick Wallace; joel.m.casto@uscg.mil; Jake Lestenkof
Cc: Cipriana Williams; John Bitney; Jane Pierson; David Dunsmore; Shelly Morgan; Ernest Prax; Shalon Szymanski; Trevor Fulton; Jake Hamburg; Susan Wallen; Laura Pierre
Subject: JASC- Base Housing Contracts
Attachments: Actus Subcontracting Program - Alaska1.pdf; Alaska RCI - CDMP Doc - Att 04 - b - Fee Inc Plan - DB - 080711r4 RCI FINAL (2).doc; Fort Wainwright 2005 Post-BRAC Requirements Summary Report 12-28-05.pdf; JASC Hearing to Clerks 8 31 09.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Good Morning JASC Members,

In preparation for our meeting in Fairbanks on Monday, September 14th at 1:00 pm, I wanted to share a little background on the purpose of the meeting.

There is great concern among general contractors in the Fairbanks area regarding base housing contracts at Fort Wainwright and Eielson Air Force Base. A large company, Actus Lend Lease LLC, received the base housing contract from the Department of Defense. During the bidding process and even after they were awarded the bid, Actus said on numerous occasions that they would be hiring 90% local hire for the projects through subcontracting. They also stated this in their comments to the Department of the Army. This, however, has not happened.

Our committee has invited the local contractors, as well as Actus, and the Department of Defense to come before our committee and provide us with information and testimony on why this happened and how we can change the hiring for future contracts. This is an issue that we need to be aware of and continue to push for local hire in our state. If changes can be made to the contracting process it will have to be done on the federal level. Senator Murkowski has agreed to take the information we gather at our meeting and have her staff work the issue and possibly propose a change in Congress.

Attached are some documents for your review before the meeting. There will also be copies of them at the meeting as well. If you have any questions before the meeting, please call our office at (907) 622-3783. There are a few members I still have not heard back from. If you could get back to me at your earliest convenience, I would greatly appreciate it. Some of you have RSVPed that you will not be at the meeting; I am sending this e-mail to all members to keep everyone in the loop on this issue. For those members traveling to Fairbanks, you can book your airfare and car rental and get reimbursed after you return or you can contact LAA Accounting and have them make your flight reservation.

Regards,

Laura

Laura Pierre
Legislative Aide
Office of Rep. Nancy Dahlstrom
P. 907.622.3783
F. 907.622.3784
Laura.Pierre@legis.state.ak.us

Jane Pierson

From: Mike Holz [mholz@acsalaska.net]
Sent: Wednesday, October 14, 2009 1:37 PM
To: Rep. Jay Ramras
Subject: RE: Letter

Follow Up Flag: Follow up
Flag Status: Flagged

Jane:

I have found a weak spot in Actus bid processing. In the meeting this morning, and for the tenth time, Actus employees stated that they always award for best value, not low dollar. I asked to see the criteria that was used to determine best value. The COE has to publish that criteria in every bid. So much percent is for past performance, so much for technical approach and so on. Actus said they have no such thing. A group of people go behind closed doors and decide each time what might constitute best value to them at that time. I said this could be big advantage for a relative, someone from Tenn, or simple anyone from outside of Alaska. They had no answer. They will not publish bids because they do not use low dollar. They can not publish bids because the use best value. They do not publish any information that they use to determine best value. The bidders will always doubt the legitimacy of this process. This is not acceptable by any standard. They say they choose this system so that no one could ever find grounds to protest any of their selections. This eliminates a legal right to protest an award made for illegal reasons.

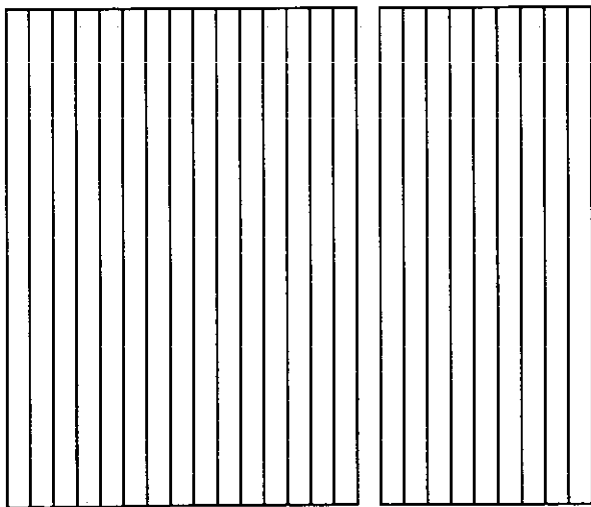
Mike

Call me to discuss my meeting

From: Rep. Jay Ramras [mailto:Representative_Jay_Ramras@legis.state.ak.us]
Sent: Thursday, October 08, 2009 8:51 AM
To: Brian Barney; mholz@acsalaska.net
Subject: FW: Letter

Thought I would share Sen. Begich's letter with you.

Jane W. Pierson, Chief of Staff
Representative Jay Ramras
1292 Sadler Way, Ste. 324
Fairbanks, AK 99701
Phone: (907) 452-1088
Cell: (907) 978-5115
Fax: (907) 456-3346



~~Dave Miller~~ LAWDMARK

Jim Schuster - ALASKA QUANTITY INSULATORS
Awarded

Jerry Mustard, PE - Holaday-Parks
(907) 452-7157

" Facilitating.

" Monitoring " Do not know if issue 50yr K
Best getting off on rt foot

Diamien Thomas - LABORERS.

Richard Tilly - 456-5565