



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(ENERGY, INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

APR 19 2013

The Honorable Joe Garcia
United States House of Representatives
Washington, DC 20515

Dear Congressman Garcia:

Thank you for your letter of April 5, 2013 to the Secretary of the Navy concerning privatized military family housing at the Naval Air Station (NAS) Key West, Florida. I am responding on behalf of Secretary Mabus.

The military family housing at NAS Key West was privatized in 2007 as part of the Department of Defense's Military Housing Privatization Initiative (MHPI). Through the use of the MHPI authorities, the Services have been able to attract private investment and improve living conditions for military families faster than would have been possible through traditional military construction.

As a result of the Navy's Southeast regional military housing privatization project, approximately \$72 million has been invested in the renovation or replacement of homes at NAS Key West. Resident satisfaction at Key West (and throughout the Southeast project) has steadily increased subsequent to privatization. Additionally, through the Navy's approach to MHPI, a structure and restrictions have been put in place to ensure the vast majority of the project's net operating income is retained for future construction and renovation of the housing and quality of life improvements for military families.

The imposition of taxes on privatized military housing is dependent upon local and state laws. Accordingly, it has been a longstanding Navy practice to rely on our private partner to resolve local issues, such as the taxation of privatized military housing, with local governments. As such, and because this particular matter is the subject of litigation, the Navy is not in a position to offer an opinion on the applicability of state or local tax laws to privatized housing at NAS Key West.

The Navy values its close relationship with the community and appreciates the support provided to our service members and their families. I appreciate your taking the time to share your thoughts on this issue. As always, if I can be of any further assistance, please let me know.

Sincerely,

for 
Roger M. Natsuhara
Principal Deputy