



U.S. COAST GUARD



Homeland Security

Flag Voice 208

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PUBLIC-PRIVATE VENTURE HOUSING

Public Private Ventures (PPVs) will soon become an important element of the Coast Guard's housing program in selected areas. This Flag Voice is intended to familiarize those of you in the active duty workforce with the concept of PPVs and to prepare you for the time when you may have the option to live in PPV-managed housing.

Essentially, a PPV is a business arrangement between the government and a private entity to construct, renovate, manage, operate, and maintain a specific housing site that will be occupied by military personnel. Unlike traditional government-owned housing that is maintained and managed by the Coast Guard or Department of Defense, PPV housing is financed with private dollars. This type of partnering between the military services and the private sector has been made increasingly attractive in recent years by declining maintenance budgets and growing maintenance backlogs in the housing program.

Why would a private developer want to renovate and manage military housing? Because the private developer is relying on their ability to more efficiently manage the property previously owned by the government and to leverage this with a strong and reliable military customer base to make a profit. Once a housing site is privatized or transferred by the government to the private investor in conjunction with a long-term agreement, it is no longer government housing. Developers may immediately begin major renovation of existing housing. In some cases, they may even choose to demolish the old housing to make way for more modern apartments or town homes. Regardless of the approach, the finished housing will ultimately be available for military occupancy at a rate determined by the agreement.

Currently, the Coast Guard does not have any privatized housing of its own. Many of our people are however benefiting from DoD-sponsored PPVs. Three good examples of this are the Navy's PPV in Belle Chasse, Louisiana, the Army's PPV at Fort Belvoir, Virginia, and the Air Force's PPV at Patrick Air Base, Florida. In addition, we are in the process of privatizing our housing in Hawaii through an Army PPV.

Those who choose to live in PPV housing must sign a binding lease, just as you would in the case of any other private housing. The difference is that, in the case of PPV housing, you are agreeing to pay monthly rent equal to the prevailing Basic Allowance for Housing (BAH) rate for your pay grade in the area where the housing is located. You are not obligated to live in the PPV housing, and retain the option of living on the economy using BAH. The developer's incentive for managing a safe and desirable property is attracting stable, allotment-paying military occupants.

There is one very important point that must be stressed. The monthly rent for PPV housing is based on the prevailing rate for BAH in the Military Housing Area

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(MHA) where the housing is located. If you live in an adjoining MHA, you must be prepared to pay rent based on the PPV location. That is, if your duty assignment is in an MHA where the monthly BAH is \$800 and you choose to reside in PPV housing located in an MHA where the monthly BAH rate is \$1,000, you will be charged \$1,000 per month and will have to absorb the additional \$200 expense. Conversely, if the opposite situation were the case, you would benefit from the \$200 differential.

PPVs are designed to improve the quality of housing offered to our active duty workforce, especially in areas with very limited or expensive private housing markets. You should contact your local PERSRU or housing office in the areas mentioned above for additional information before making any final decisions on where you and your family live.

Regards,

RADM Kenneth T. Venuto
Ken Venuto

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