

PERMITTING MEMBERS OF THE ARMY, NAVY, AIR FORCE, MARINE CORPS, COAST GUARD, COAST AND GEODETIC SURVEY, AND PUBLIC HEALTH SERVICE, AND THEIR DEPENDENTS, TO OCCUPY INADEQUATE QUARTERS ON A RENTAL BASIS WITHOUT LOSS OF BASIC ALLOWANCE FOR QUARTERS

MAY 29, 1956.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BENNETT of Florida, from the Committee on Armed Services, submitted the following

REPORT

[To accompany H. R. 5731]

The Committee on Armed Services, to whom was referred the bill (H. R. 5731) to permit members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service, and their dependents, to occupy inadequate quarters on a rental basis without loss of basic allowance for quarters, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 1, line 6, strike "and their" and insert "with".

Pages 2 and 3, strike all of section 4 and insert in lieu thereof the following:

SEC. 4. All housing units determined, pursuant to section 2 of this Act to be inadequate shall, prior to July 1, 1958, either be altered or improved so as to qualify as public quarters, or be demolished or otherwise disposed of.

Page 3, line 16, strike the word "President" and insert in lieu thereof "head of the executive department concerned."

Page 3, line 18, strike the comma and the period where they appear and the word "hereby" and following the word "repealed", add the following: "as of June 30, 1957."

Amend the title so as to read:

A bill to permit members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, and

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Public Health Service, with dependents, to occupy inadequate quarters on a rental basis without loss of basic allowance for quarters.

EXPLANATION OF AMENDMENTS

The amendment to the title deletes the words "and their" and inserts in lieu thereof the word "with". This amendment is designed to make the title consistent with the body of the bill as it has been amended. (See second amendment below.)

The second amendment strikes the words "and their" on page 1, line 6, and inserts in lieu thereof the word "with". The purpose of this amendment is to prevent the measure from being construed as applying to bachelor officers quarters. It is the intention of H. R. 5731 that it be limited to family housing.

The third amendment strikes all of section 4 and inserts new language. Section 4 of the bill as introduced provided that housing units determined to be inadequate should be altered or improved so as to qualify as public quarters, or be demolished or otherwise disposed of within a 4-year period of the determination that they were inadequate. This 4-year period was reduced to 2 years. In the opinion of the committee, 2 years represents adequate time, from budgetary and other standpoints, to eliminate or improve these quarters.

Also, section 4 of the bill, as introduced, permitted the exception from the 4-year period mentioned above of such housing as the respective Secretary might determine as being urgently needed because of a shortage of housing located within a reasonable proximity and available at suitable rentals. The committee felt that an exception of this kind provided a latitude which was both unnecessary and undesirable. The basic purposes of the bill are, first, to eliminate a situation whereby military personnel surrender their total housing allowance while being required to occupy quarters which are substandard, and, second, and more importantly, to provide an impetus to the improvement, demolition, or other disposal of family quarters which, were it not for the military family housing shortage, should not be occupied at all. An exception of the nature described might well tend to perpetuate the existence of inadequate housing by relieving the pressure on local commanders to press for more and better living conditions. Also, it is undeniable that some personnel will choose to live in substandard quarters in order to secure as income the difference between the rental which is paid and the housing allowance which is received. In the opinion of the committee, this should not be permitted except with respect to this particular kind of family housing, and then only for the absolute minimum period of time necessary to correct the situation. The bill must not be used as a vehicle for providing an increase in income.

Section 4, prior to its amendment, also contained a provision whereby the Secretary concerned could except from the requirement of improvement or disposal of quarters those which are inadequate by reason of size alone. Again, the committee felt that this provision contained an unnecessary latitude. A house which is inadequate by reason of size alone either can or cannot be improved so as to provide adequate family quarters. If it can, and this in the opinion of the committee would be the normal case, then it should be done and

done promptly. If it cannot be so improved, then it should not continue to serve as family quarters.

The fourth amendment places the responsibility for the approval for the regulations under which this measure would be administered in the head of the executive department concerned. The bill, as introduced, placed this responsibility in the President. The Department of Defense recommended this amendment and the committee agreed to it. There does not appear to be any reason why the President should be burdened by the approval of regulations of this type, particularly since such would appear to fall quite normally within the cognizance of the head of the executive department concerned.

The fifth amendment repeals the act of July 2, 1945, as of June 30, 1957. Section 6 of the bill as introduced repealed that act as of the date of enactment of this measure. The act of July 2, 1945 (59 Stat. 316), provides, in substance, that the same personnel covered by H. R. 5731 may occupy on a rental basis housing facilities other than public quarters and without loss of money allowances to which they are entitled for rental of quarters.

Under the cited law, the military departments, the Coast Guard, and the Public Health Service now rent some 43,000 units of family housing. Upon repeal of the act of July 2, 1945, these quarters will become public quarters and personnel occupying them will receive no quarters allowance. Most of the family units, however, which are now occupied on a rental basis, are substandard and will, therefore, fall within the provisions of this bill upon the repeal of that act and the making of an appropriate determination by the Secretary concerned.

It is obvious that with 43,000 family units involved it will take some time to make a precise determination as to which are adequate and which are substandard. It is the committee's view, therefore, that a period of approximately 1 year should be allowed for this study and it is for this reason that the repealing date was modified.

PURPOSE OF THE BILL

The purpose of the proposed legislation is to permit members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, and the Public Health Service with their dependents to occupy inadequate quarters on a rental basis and without loss of basic allowance for quarters.

BACKGROUND OF THE BILL

Under existing laws and related rulings of the Comptroller General, members occupying any public quarters, be they adequate or inadequate, are not entitled to receive their basic allowance for quarters. The purpose of this bill is to authorize members with dependents to occupy inadequate quarters on a rental basis without forfeiture of their quarters allowance.

Section 302 (b) of the Career Compensation Act of 1949 provides that—

Except as otherwise provided by law, no basic allowance for quarters shall accrue to members of the uniformed services assigned to Government quarters or housing facilities under

the jurisdiction of the uniformed services, appropriate to their rank, grade, or rating and adequate for themselves and dependents, if any.

Related to the problem is a ruling of the Comptroller General which holds that occupancy of public quarters, no matter how inadequate, requires a forfeiture of the quarters allowance. On the other hand, the act of July 2, 1945, authorizes members and dependents to occupy any Government housing facility, other than public quarters, on a rental basis without loss of their quarters allowance. With the repeal of that act, as provided in the bill, only inadequate housing facilities could be occupied on a rental basis.

Under this bill, the services would be authorized to declare certain unsuitable housing facilities inadequate quarters and to use them, on an interim basis, in the same manner as if they had been constructed as rental housing. The member could then occupy such inadequate quarters on an appropriate rental basis and receive his quarters allowance.

With respect to the act of July 2, 1945, which is the basic authority for service personnel to occupy Government quarters, other than public quarters, on a rental basis, the Comptroller General has ruled, in effect, that to be used as rental housing, such housing must have been constructed with funds appropriated for rental housing, or that the housing was acquired under circumstances which take it out of a public quarters category. Thus, if barracks are converted to quarters, they become public quarters because barracks were constructed from funds contemplating public housing facilities. Also, if rental housing is remodeled or renovated and such requires the expenditure of substantial funds other than those specifically appropriated for rental renovation, the quarters must be redesignated as public quarters.

This bill would grant authority to determine, on the basis of a reasonable and realistic standard of adequacy, whether certain housing facilities should continue to be classified as public quarters.

Each service has innumerable examples of inequities as to occupancy of the various types of public quarters, many of which arise in the same area. Of course, the ultimate solution is to provide adequate and sufficient public quarters. Until such can be achieved, the services should, in the opinion of the committee, be permitted to utilize inadequate quarters on a rental basis where—

(1) There is a lack of suitable community support or other housing, or,

(2) There is a requirement that certain key personnel live on the station, regardless of the adequacy of the housing.

The committee is of the firm view, and so advised the departmental representatives, that no recently constructed permanent housing assets should be declared inadequate under the authority of this bill.

In many areas surrounding military installations, availability of private housing has improved to the point where service personnel are able to obtain reasonable rentals or purchase their own homes. There are, however, numerous areas both within the continental limits of the United States and overseas where this is not the case. At some installations there is no private housing. At others, service personnel are not able to afford the high rentals. In recent years, Government rental housing and adequate public quarters have been constructed to alleviate the situation, yet, under existing conditions at many

bases, the precipitate elimination of all substandard public quarters would only aggravate the morale problem stemming from the need to house members and their dependents. At a time when all services are making every effort to retain career personnel, this would create a most undesirable situation.

NEED FOR KEY PERSONNEL ON STATION

There are instances where, because of the nature of their assigned duties key personnel are required to occupy public quarters at or near their place of duty. In this situation, military requirements give the commanding officer no alternative but to assign members to on-station public quarters without regard to their adequacy. To eliminate all substandard quarters under such circumstances would reduce the military capabilities of the station. It should be noted here that in the case of many overseas installations, no housing is available other than that which exists on the base. Under such circumstances, the services, from a morale standpoint, consider it essential that as many members as practicable have their families with them, in spite of the inadequacy of the quarters.

STATISTICAL DATA

Below is set out a chart which shows all of the housing under the jurisdiction of the affected services from which it will be noted that the worldwide total of public quarters is 149,208. Of these, 112,691 are adequate and 36,517 are substandard. The chart, in the last column, shows the number of housing units now rented under the authority of the act of July 2, 1945 (59 Stat. 316). Upon repeal of this law as of June 30, 1957, the testimony before the committee indicated that the very great majority of the housing units now rented would fall within the provisions of this bill and be rented as substandard quarters.

Housing under the jurisdiction of the services

	Public quarters			Rental housing, total
	Total	Adequate	Substandard	
Army.....	92,434	71,134	21,300	1,827
Navy and Marine Corps.....	20,128	13,766	6,362	31,941
Air Force.....	35,625	27,000	8,625	9,300
Coast Guard.....	686	556	130	50
Coast and Geodetic Survey.....	None	-----	-----	None
Public Health Service.....	335	235	100	None
Total.....	149,208	112,691	36,517	43,118

COST DATA

The chart set out below gives, by service, the number of substandard units, the gross appropriations now made in housing allowances against the occupancy of these units, and the rent receipts which it is estimated will accrue to the Government by reason of the rental of these units under the provision of H. R. 5731.

6 OCCUPY INADEQUATE QUARTERS WITHOUT LOSS OF ALLOWANCE

	Department of Defense			Total
	Army	Navy and Marine Corps	Air Force	
Number substandard units.....	21, 300	6, 362	8, 625	36, 287
Gross appropriations.....	\$24, 151, 200	\$7, 030, 010	\$8, 450, 313	\$39, 661, 523
Rent receipts.....	15, 383, 286	3, 443, 114	5, 708, 160	24, 534, 560
Cost to Government.....	8, 767, 914	3, 586, 896	2, 772, 153	15, 126, 963

With regard to the cost data shown on the chart, it is important to recognize that the total cost to the Government represents the best estimate of the maximum annual cost. As the various housing programs presently underway begin to make available adequate public quarters, the total number of substandard quarters in use will be reduced, and the annual cost to the Government will be reduced proportionately. Likewise, as personnel requirements in a particular area are reduced, the housing requirements will also be reduced.

FURTHER COMMITTEE VIEWS

Many of the committee views on this legislation are set out under the heading "Explanation of Amendments." However, the committee wishes to express some further basis upon which it rested its judgment in favoring this measure.

The committee approached this bill with some very real concern for the reason that it is the type legislation which is most difficult of administration. Where one draws the line, for example, between an adequate house and an inadequate house is a matter of judgment, and judgment which will vary from individual to individual. No regulation can possibly cover every contingency and it places, therefore, a serious responsibility upon those who must administer the program under the necessarily broad outlines of the regulations which will be issued. In the opinion of the committee, all borderline cases should be resolved in favor of determining a house to be adequate rather than inadequate, since it is only in this way that confidence in the execution of the program can be engendered.

As a corollary to this, it is the committee's view that no housing unit which constitutes a hazard to health, safety, or morals should be utilized for family quarters at all. The responsibility of the Secretaries concerned with respect to housing is one which extends in both directions. The obverse and reverse, respectively, of this responsibility is to provide proper and adequate housing, and to insure that personnel do not occupy, with sanction, housing which should not be utilized by reason of its total inadequacy.

INADEQUATE UNITS BY STATION

There are set out in the hearing lists of the inadequate quarters under the jurisdiction of each of the military departments. It is the understanding of the committee that some of these inadequate quarters have already been deactivated, that others are in the process of deactivation, and that still others are planned for deactivation. This bill should not constitute a basis for (1) reactivating any quarters now

deactivated by reason of inadequacy, (2) modification of deactivations now underway, and (3) alteration of plans for future deactivations.

AVAILABILITY OF OTHER HOUSING

In connection with the immediate foregoing, it is the committee's view that inadequate housing should not be occupied in any instance where there is any other adequate housing available. That is to say, where there are existing adequate Government quarters, Wherry housing, Capehart housing, or appropriate community support, these should be utilized before any inadequate unit is used. The position of the committee in this respect is subject only to the exception of a requirement that the particular personnel must reside on station.

RENTAL

Rental established for inadequate housing should represent the true fair market value of the unit. Under normal valuation procedures, this can best be established on the basis of what is the going rental for a similar unit in the surrounding area. The rentals should be in every respect competitive in order that privately owned housing in the area may not suffer as a result of the establishment of rentals lower than would be paid on the open market.

FISCAL DATA

A detailed description of the fiscal effect of this measure with respect to the Department of Defense is set out previously in this report under the heading "Cost data." With respect to the Coast Guard, the Coast and Geodetic Survey, and the Public Health Service, the gross appropriation required will be \$222,702. The rent receipts will aggregate \$132,000, representing a difference of \$90,702.

DEPARTMENTAL DATA

The Department of the Navy is the executive agent for all agencies concerned for the presentation and support of this legislation. Below is set out a letter, dated April 16, 1955, from the Secretary of the Navy which, while relating to a bill of somewhat different form, indicates that legislation of this type is a part of the Department of Defense legislative program and has been accepted by the Bureau of the Budget. The current approval of the Bureau of the Budget in this respect is indicated in the letter dated March 22, 1956, from the Acting Secretary of the Treasury which is set out below. Both of these letters constitute part of this report. In this connection, it is pertinent to note the position of the President in this respect as such is set out in his message dated January 13, 1955 (H. Doc. 69, 84th Cong., 1st sess.) in which the President stated in part that he recommended "authority for reduced rentals where men and their families must live temporarily in substandard housing."

DEPARTMENT OF THE NAVY,
Washington, D. C., April 16, 1955.

Hon. SAM RAYBURN,
Speaker of the House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: There is enclosed herewith a draft of legislation to permit members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service, and their dependents to occupy inadequate quarters on a rental basis without loss of basic allowance for quarters.

This proposal is a part of the Department of Defense legislative program for 1955 and the Bureau of the Budget has advised that it is in accord with the program of the President. The Department of the Navy has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of the proposed legislation is to permit members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, and the Public Health Service, and their dependents, to occupy inadequate quarters on a rental basis and without loss of basic allowance for quarters. It should be noted that the President in a special message to the Congress relating to personnel turnover in the military services (H. Doc. 69, 84th Cong.) urged the enactment of legislation of this type.

The head of the department concerned would be given the authority under regulations to determine whether particular units of family housing are inadequate as public quarters. It is contemplated that in making the determination that housing facilities are inadequate he would use as a criterion the minimum standards established for permanent family quarters construction programs. The housing facilities would be designated inadequate due to inadequacy of acceptable livability, size, construction, utilities, or necessary facilities for family housing. A determination by the head of the department concerned that housing facilities under his jurisdiction are inadequate would be final and conclusive.

The head of the department concerned would be authorized to lease inadequate housing to personnel of his department upon such terms and conditions as in his judgment will be in the best interest of the United States. The facilities leased, however, would not be required to have been constructed with funds appropriated specifically for rental housing.

The act of July 2, 1945 (59 Stat. 316; 37 U. S. C. 111a), would be repealed by this proposal. That act authorizes members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service and their dependents to occupy, on a rental basis, housing facilities other than those designated as public quarters. Members occupying rental housing do not lose their basic allowance for quarters. On the other hand, members do lose their basic allowance for quarters when occupying housing designated as public quarters. In addition, the Comptroller General has ruled (25 Comp. Gen. 798) that housing constructed with appropriated funds

directly or indirectly made available for quarters or housing for members of the services concerned, however inadequate, must be considered as public quarters.

Under this ruling of the Comptroller General, there are, in many localities, both inadequate housing which must be treated as public quarters, and comparable housing facilities under the jurisdiction of the services concerned which were constructed with funds specifically appropriated for low-cost defense housing units. Service personnel who occupy these latter units do so on a rental basis without loss of basic allowance for quarters. The result in these cases, therefore, is that comparable housing facilities cost one member a greater amount than that paid by another member of the same rank or rating. Inequitable situations such as these create very undesirable morale problems. This proposal is designed to alleviate these conditions by authorizing the rental of inadequate housing constructed or converted with funds appropriated for public quarters on much the same basis as housing constructed with funds specifically appropriated for rental housing.

In order to prevent the indefinite use of inadequate housing, a specific provision is contained in section 4 of this proposal requiring the demolition, within 4 years, of all housing found inadequate under section 2 unless (1) it is altered or improved so as to qualify as public quarters, (2) it is urgently needed because of a shortage of housing located within a reasonable proximity and available at suitable rentals, or (3) is inadequate by reason of size alone.

COST AND BUDGET DATA

It is estimated that enactment of this proposal would result in an increase in cost to the Department of Defense of \$40,251,000. However, it is estimated that receipts from rentals will amount to approximately \$25 million resulting in a net cost to the Government of approximately \$15 million. While such \$40,251,000 was not included within the proposed operating budget for fiscal year 1956, funds for this and certain other items are included in the budget for later transmission, contingent upon authorizing legislation.

Sincerely yours,

C. S. THOMAS, *Secretary.*

TREASURY DEPARTMENT,
Washington, May 22, 1956.

HON. CARL VINSON,
*Chairman, Committee on Armed Services,
House of Representatives, Washington, D. C.*

MY DEAR MR. CHAIRMAN: Reference is made to H. R. 5731, to permit members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service, and their dependents, to occupy inadequate quarters on a rental basis without loss of basic allowance for quarters.

The purpose of the bill is to authorize members of the uniformed services and their dependents to occupy inadequate public quarters on a rental basis without loss of their rental allowance. Enactment of the bill would mean that unless public quarters are adequate they will be classified as rental housing; occupancy of that housing would

not amount to the furnishing of Government quarters to members and their dependents. Hence the members would be entitled to receive their basic allowance for quarters as provided in the Career Compensation Act of 1949. The bill would authorize the Secretaries concerned to designate as rental housing such housing as they may determine to be inadequate as public quarters, and to lease rental housing to personnel of the uniformed services. There is also a provision that housing determined to be inadequate shall, within 4 years of such determination, either be improved so as to qualify as public quarters or be demolished; however, there is an exception to this provision in the case of urgently needed housing.

The Coast Guard has some housing which is below any reasonable standard of adequacy. Yet, this housing, because of existing laws and decisions must be classified as public quarters. Today, if public quarters are occupied, they are presumed to be adequate. Requiring personnel to occupy inadequate public quarters results in inequities which impair morale. For example, at certain units members and their dependents are required to occupy public quarters that are, in fact, inadequate, while other members of like status occupy comparable rental housing at a rental less than the quarters allowance received. Or the latter members may be able to rent, at a rental equal to the applicable quarters allowance, housing which is better than the public quarters furnished to others. The enactment of H. R. 5731 would in large part remove these inequities in the Coast Guard as in the other uniformed services.

Therefore, the Treasury Department favors the enactment of H. R. 5731.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report to your committee.

Very truly yours,

DAVID W. KENDALL,
Acting Secretary of the Treasury.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, there is herewith printed in parallel columns the text of provisions of existing law which would be repealed or amended by the various provisions of the bill:

EXISTING LAW

(The Act of July 2, 1945)

(59 Stat. 316)

That notwithstanding the provisions of any other law (including any laws restricting the occupancy of housing facilities under the jurisdiction of Government departments or agencies by personnel, and dependents of personnel, of the Army, Navy, Marine Corps,

THE BILL

That, notwithstanding the provisions of any other law, members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service, with dependents may occupy on a rental basis, without loss of basic allowance for quarters, inadequate quarters under the jurisdiction of any of the uniformed services, notwithstanding that such quarters may

EXISTING LAW

and Coast Guard above specified ranks, or by personnel, and dependents of personnel, of the Coast and Geodetic Survey and the Public Health Service), personnel of any of the services mentioned herein and their dependents may be accepted as tenants in and may occupy on a rental basis any such housing facilities, other than public quarters constructed or designated for assignment to and occupancy without charge by such personnel and their dependents if any, and such personnel shall not be deprived by reason of such occupancy of money allowances to which they are otherwise entitled for rental of quarters.

THE BILL

have been constructed or converted for assignment as public quarters.

SEC. 2. The Secretaries of the Army, Navy, and Air Force for the respective military departments, the Secretary of the Treasury for the Coast Guard when the Coast Guard is operating as a service in the Treasury Department, the Secretary of Commerce for the Coast and Geodetic Survey, and the Secretary of Health, Education, and Welfare for the Public Health Service, hereafter referred to as the Secretaries, are each authorized, subject to standards established pursuant to section 5 hereof, to designate as rental housing such housing as he may determine to be inadequate as public quarters.

SEC. 3. The Secretaries are each further authorized, subject to standards established pursuant to section 5 hereof, to lease inadequate housing to personnel of any of the mentioned services for occupancy by them and their dependents. The housing facilities leased, as herein provided shall not be required to have been constructed with funds derived from appropriations specifically made for the purpose of the construction of rental housing for personnel of the services mentioned.

SEC. 4. All housing units determined, pursuant to section 2 of this Act to be inadequate shall, prior to July 1, 1958, either be altered or improved so as to qualify as public quarters, or be demolished or otherwise disposed of.

SEC. 5. The provisions of this Act shall be administered under regulations approved by the head of the Executive department concerned.

SEC. 6. The Act of July 2, 1945 (ch. 227, 59 Stat. 316) is repealed as of June 30, 1957.

