



DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

AUG 23 2016

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR
INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
INTERNATIONAL PROGRAMS
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
DIRECTOR FOR SECURITY ASSISTANCE, DEFENSE FINANCE
AND ACCOUNTING SERVICE-INDIANAPOLIS OPERATIONS
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE LOGISTICS INFORMATION SERVICE
DIRECTOR, DEFENSE LOGISTICS AGENCY DISPOSITION
SERVICES
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY

SUBJECT: Update to Defense Security Cooperation Agency Policy for Security Cooperation Organization Housing, DSCA Policy 16-45

Reference: Defense Security Cooperation Agency Memorandum, "Defense Security Cooperation Agency (DSCA) Policy for Security Cooperation Organization (SCO) Housing - DSCA Policy 13-45," September 10, 2013

In accordance with the referenced policy, it is Defense Security Cooperation Agency (DSCA) policy that DSCA-funded personnel assigned to Security Cooperation Organizations (SCOs) utilize the Overseas Housing Allowance (OHA) whenever possible. OHA funds are appropriated annually by Congress specifically to fund military housing costs at rates established by the Defense Travel Management Office (DTMO). DTMO intensively manages the OHA program and housing rates worldwide to ensure that all military personnel and their command-sponsored dependents are afforded access to suitable housing.

However, in unique situations DSCA will consider Embassy Leased Housing (ELH) as an alternate housing solution. It should be recognized that the financial considerations of ELH participation are significant, and thus, the housing status of SCOs worldwide is of keen interest to DSCA's management of the Foreign Military Financing (FMF) Administrative Fund and the Foreign Military Sales (FMS) Administrative Surcharge Account. The FMF Administrative Fund is constrained as it is funded with appropriated dollars on an annual basis. The FMS



Administrative Surcharge Account is funded primarily by a surcharge assessed to international partners on FMS cases (currently 3.5% of the total value of the sale). We carefully manage these funds in trust for our foreign partners. The additional costs of U.S. embassy-provided housing will place greater demand upon the FMS Administrative Surcharge Account, potentially resulting in higher costs to our international partners through an increased surcharge on FMS cases.

Generally, DSCA does not view ELH as an acceptable additional expense to be passed on to our FMS and FMF partners, but DSCA is extremely sensitive to SCO quality of life considerations and its impact on mission effectiveness. As such, the Director, DSCA, will grant case-by-case exceptions to this policy and approve funding for DSCA-funded SCO personnel participation in ELH only under the following conditions:

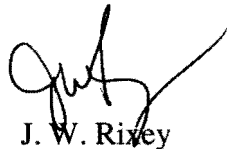
- (1) For force protection issues, the U.S. Chief of Mission (COM) must direct in writing that personnel under COM authority are required to use ELH due to documented security risks or bona fide force protection concerns. It must be noted that OHA has provisions to fund security upgrades to rented units. This force protection condition is intended to apply to more significant security situations in locations where assigned U.S. personnel are located in consolidated housing compounds with additional U.S. embassy-managed security provisions.
- (2) In some countries, a dearth of Western-style housing does not allow an active market suitable to rental accommodations. Generally, in these situations the host nation's developing infrastructure does not meet westernized standards. Therefore, the U.S. mission must take extraordinary steps to centrally obtain and manage housing in long-term lease situations for member assigned to the mission.
- (3) In some countries, local market practices place undue financial burdens on personnel to obtain suitable rental accommodations by requiring extremely large deposit fees to be paid prior to an established lease agreement. These deposit fees, given that they are required prior to a signed lease agreement, are not covered through OHA reimbursements or any other reimbursement activity allowance and as such, the service members are not relieved from incurring inordinately high levels of personal financial risk.

When one or more of these conditions is satisfied, the SCO may request DSCA approval through the Geographic Combatant Command (GCC) to fund additional costs associated with ELH. In the request, the GCC shall validate the existence of one or more of the conditions above. The GCC request needs to also contain the estimated one-time ELH transition costs, as well as the estimated ELH annual costs, and the desired timeframe for transition. In addition to DSCA's review and validation of the condition(s) asserted in the GCC's request, DSCA will also evaluate the assigned functions of the SCO personnel to ensure they are properly aligned with the Security Assistance mission.

DSCA recognizes that each SCO location is unique, and in some situations the GCCs may support the COM's decision to transition to ELH, even in locations where none

of the conditions noted above exist. In these rare situations, additional funding for ELH will not be provided, and instead, DSCA will likely request the GCC internally fund increased housing costs through programmatic reductions elsewhere to offset the increased burden on both the FMF Administrative Fund and the FMS Administrative Surcharge Account and to avoid having to raise the FMS surcharge. Programmatic reductions may include reducing the number of DSCA-funded personnel serving in the GCC's area of responsibility.

My point of contact for these requests is Ms. Jennifer Kyle, (703) 697-8905, email: Jennifer.F.Kyle.civ@mail.mil.



J. W. Rixey
Vice Admiral, USN
Director

cc:

USPACOM
USCENTCOM
USAFRICOM
USSOUTHCOM
USNORTHCOM
USEUCOM
USTRANSCOM
USSOCOM
STATE/PM-RSAT
USASAC
SATFA
USACE
NAVSUPWSS
NETSAFA
AFSAC
AFAST
ISCS
MARCORIP
SCETC
USCG International Affairs (G-CI)