

[H.A.S.C. No. 116-29]

**MISMANAGED MILITARY FAMILY  
HOUSING PROGRAMS: WHAT IS  
THE RECOVERY PLAN?**

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HEARING

BEFORE THE

SUBCOMMITTEE ON READINESS

OF THE

COMMITTEE ON ARMED SERVICES  
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

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## **MISMANAGED MILITARY FAMILY HOUSING PROGRAMS: WHAT IS THE RECOVERY PLAN?**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON ARMED SERVICES,  
SUBCOMMITTEE ON READINESS,  
*Washington, DC, Thursday, April 4, 2019.*

The subcommittee met, pursuant to call, at 9:00 a.m., in room 2212, Rayburn House Office Building, Hon. John Garamendi (chairman of the subcommittee) presiding.

### **OPENING STATEMENT OF HON. JOHN GARAMENDI, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, SUBCOMMITTEE ON READINESS**

Mr. GARAMENDI. The committee will come to order. I want to thank my colleagues for joining us here on the dais. And I notice in the back of the room, some military families joining us again, and thank you for your—for enlightening us and telling us about the problem so that we can move forward with a solution.

In February, this committee heard from a panel of very courageous military spouses who told us of the unhealthy and unsanitary living conditions that they were experiencing in the privatized military housing and the continuing impacts these conditions have on the health of their families.

In addition to our panelists, this committee and many of our members have received thousands of emails and letters with similar accounts of mold, lead contamination, shoddy maintenance, shoddy workmanship, unprofessional property management staff. These accounts paint an unsettling picture of many of our privatized, family-housing developments.

Equally disturbing is the fact that when these families reached out to their chain of command for help, instead of getting the support that they desperately needed, they received shrugs of indifference, and they were told that there is nothing the military service could do to help them. Well, that was the wrong answer.

We heard from them, we held a committee hearing, and we are here today to hear what the United States military is doing to support the families and the services that they provide to this country.

In recent weeks, the military services seem to have become energized about getting to the root cause of this crisis. We have heard encouraging news from senior leadership at the engagement of health and safety inspections, inspector general investigations into work order processes, and housing hotlines to expedite getting families the needed help.

However, efforts have been performed—these efforts have been performed at the headquarters level, and they may not have neces-

sarily trickled down to the installations. We continue to receive large amounts of correspondence from families struggling in today's privatized housing. We have heard that in some cases, the very efforts headquarters have put in place to improve the situation have led to counterproductive practices, like closing the maintenance work orders too quickly, and instead of using privatized partners, nondisclosure agreements are often used also.

The services must expeditiously move from their assessment mode into implementation. They must use best practices from the housing developments that are working well and quickly implement the fixes required to conduct effective oversight at headquarters level, and provide the necessary support to our military families at their installations.

I expect our witnesses will provide us with information on the steps they are taking today to make headway on these issues and a detailed road map from here into the mid term and long term to keep this issue from ever happening again. Our families deserve better, and this committee will demand that the services do better.

With that, I would like to turn to my ranking member and good friend, Doug Lamborn of Colorado, for any remarks he may have.

[The prepared statement of Mr. Garamendi can be found in the Appendix on page 29.]

**STATEMENT OF HON. DOUG LAMBORN, A REPRESENTATIVE FROM COLORADO, RANKING MEMBER, SUBCOMMITTEE ON READINESS**

Mr. LAMBORN. Okay. And thank you, Mr. Chairman. Thank you for calling this important hearing. This is the second hearing we have had on this extremely important topic. To begin with, I want to commend the courage and persistence of military spouses for bringing this issue to our attention. Without the diligence of military families raising their voices on behalf of others, we might still be uninformed about these troubling problems. This was truly a grassroots effort in the best tradition of America.

Sadly, our collective management of military family housing was not in keeping with our proud traditions. There is no question that Congress and the military services were less than diligent in our oversight. My colleagues will recall the compelling testimony we had from several military spouses last February. They described an unyielding bureaucracy unwilling to address health issues and closing work orders with no real resolution. The frustrations they faced in trying to resolve health and safety concerns for their families made a deep impression on all of us.

Thankfully, the military services now understand and accept that they have not provided adequate oversight over housing programs and they are each taking steps to improve the situation. To be sure, not all housing programs suffered from mismanagement. Even so, the general disengagement of service leadership and the evisceration of housing staff, particularly at installation level, left a void. That void led to mismanagement at too many projects.

By now, the military departments have assessed the situation. We are here to learn what needs to be done to fix the problems and maintain those fixes into the future. There is no more important work for this subcommittee to undertake, and we will work with

our Senate colleagues to make sure that this important issue is addressed as successfully as possible.

Thank you, Mr. Chairman, and I yield back.

[The prepared statement of Mr. Lamborn can be found in the Appendix on page 31.]

Mr. GARAMENDI. Thank you, Mr. Lamborn.

I would now like to welcome our witnesses, but before they start, as I think all of us know, we will have votes in about an hour, maybe an hour and 15 minutes. So we are going to move along a little more expeditiously than normal.

So, Mr. Robert McMahon, Assistant Secretary of Defense for Sustainment, we welcome you; also, Mr. Thomas Modly, Under Secretary of the Navy; Mr. John Henderson, the Assistant Secretary of the Air Force for Installations, Environment, and Energy; Mr. Alex Beehler, Assistant Secretary of Army for Installations, Energy and Environment for the Army.

All of us should note that Under Secretary Modly appears before us today due to the turnover of personnel in the Office of the Assistant Secretary for Navy for Energy, Installations and Environment. And his seniority should in no way reflect negatively on the Air Force, Army, or Department of Defense, who send the people that are specifically responsible. So having done that little bit of appropriate—we will now move on.

So, let's start with Mr. McMahon.

**STATEMENT OF HON. ROBERT H. McMAHON, ASSISTANT SECRETARY OF DEFENSE FOR SUSTAINMENT, OFFICE OF THE SECRETARY OF DEFENSE**

Secretary McMAHON. Chairman Garamendi, Ranking Member Lamborn, distinguished members of the subcommittee, thank you for the opportunity today to testify on military housing. I would like to begin by acknowledging all of the family members that have come forward in recent months to share their experience. This took tremendous courage, and we appreciate not only what they did, but more importantly, what they do every day in support of their spouses. What we have heard from them reinforces that we collectively must do significantly better. For those of us that have lived in military housing before privatization—and I have lived in nine different base homes during my 34-year military career—we know that the quality of privatized housing is significantly better than when DOD managed it.

However, for more than 80 percent of our current military population who didn't experience the poor housing of the past, this is all they know, and they expect us to get it right 100 percent of the time.

As you know, 90—or 70 percent of our military members live off base. For the 30 percent that live on base, our goal is to offer them a safe, high-quality, and affordable home where they want and choose to live. We must and will do better. We need to improve upon communications, we need to improve upon engagement, and we need to improve upon responsiveness.

At the same time, we must ensure the long-term viability of our privatized housing projects, so that the future residents will have high-quality housing 20 years from now as well.

It is important to distinguish between what housing privatization is, and what it is not. The key element is that we no longer own privatized homes. This does not mean we should not have oversight responsibilities and authorities, but it does mean that we do not have contracts to be governed by clauses. As such, we exercise our authority through the agreements we have entered into with our privatized partners. This partnership is key. We must fulfill our oversight responsibilities and our partners must meet their obligations as landlords.

Since the beginning of the year, the military departments have conducted an intense campaign consisting of site visits, reviews of privatized housing conditions, meetings with families in communities, and senior-level discussions with privatization partners to address property management issues. We have developed a series of corrective actions, based upon this campaign, that we are now putting in motion, categorized in terms of near-term, mid-term, and long-term.

Examples of these actions include implementing a resident bill of rights, determining the feasibility of developing a common tenant lease, clarifying processes for residents to raise health concerns, and for health providers to report issues as appropriate, and establishing resident customer care advocates.

The Department of Defense is committed to working closely with you and your staff to ensure our members and families have safe places to live, work, play, and pray. We, and our industry partners, are fully committed to first ensuring that today's residents of privatized housing have a safe, high-quality, and affordable home, where they want to live and choose to live, and secondly, ensuring the long-term viability of our privatized housing projects, so that our future residents, 20 years from now, have exactly the same thing.

I look forward to your questions.

[The prepared statement of Secretary McMahon can be found in the Appendix on page 32.]

Mr. GARAMENDI. Thank you.

Now, Mr. Modly.

#### **STATEMENT OF HON. THOMAS B. MODLY, UNDER SECRETARY OF THE NAVY**

Secretary MODLY. Chairman Garamendi, Ranking Member Lamborn, distinguished members of the Readiness Subcommittee, on behalf of the Secretary of the Navy, Richard B. Spencer, thank you for the opportunity to testify to you regarding the urgent actions we are taking to immediately improve privatized housing and the quality of life for our sailors, Marines, and their families.

As you well know, we ask a tremendous amount from the members of our Navy-Marine Corps team in defending our Nation. So to learn that we, as the Department of the Navy and its leadership, have not fully lived up to our commitments to provide quality, safe housing was both embarrassing and alarming to us. It was embarrassing because it reflects poorly across our entire naval institution, to include those thousands of people who actually work extremely hard every day to ensure that those goals and objectives are met. And alarming in that it raised a number of systemic is-



sues that we needed to correct, issues that should have been addressed long ago, given our solemn commitment to each and every service member and their families that we take care of them to the very best of our ability.

In the end, this issue is not so much about property management as it is about leadership. We have recommitted ourselves to fixing this problem so that our people are provided the housing they deserve, and so that they can focus on the important jobs we ask them to do.

Therefore, we are comprehensively reviewing the business systems, reporting mechanisms, and oversight procedures governing the way housing maintenance issues are reported, remediated, and verified in privatized housing.

We are also striving to make personal contact with every sailor and Marine who lives in a PPV [Public Private Venture] housing unit. And to date, I am proud to say that the Navy is 100 percent complete on that task, reaching over 44,000 sailors living in PPV or government-run housing. The Marine Corps will be complete with this task by April 15th, and to date, they have made direct contact, face-to-face, with over 58,000 Marines.

I have also directed the Naval Audit Service to perform a comprehensive review of the PPV program and to report back to me within 60 to 90 days. The objective of this audit is not only to look backwards, but to provide insight into how we can better understand and anticipate emerging trends and align incentives and accountability across the program.

Finally, we are reaffirming that our PPV partners must remain an important component of the housing solution offered to military families. Our agreements with them are designed as a partnership, and not as a traditional outsourcing contractor relationship. And so we need far more frequent senior leadership engagement with them going forward.

We are also ensuring our military leaders understand that we have not outsourced their responsibility to be advocates for our service members who reside in a PPV housing unit. It is an essential function of commanders and small unit leaders to be engaged in the well-being of sailors and Marines and their families. This is a moral obligation commanders have to their people, but it is also one that can have a profound impact on overall readiness of the force.

It is important that they understand that the PPV structure is a partnership in which their role in that partnership is not only financial and governance, but rather, it is to be an advocate for the tenants whom that partnership serves.

We cannot allow ourselves to take our eyes off the ball on this critical responsibility again, and we are taking every possible step to ensure that we don't. I detailed many of the specific actions we have taken in my written statement, and I can assure you, the Department of the Navy is all hands on deck in getting after this problem.

I respectfully request that the statement—written statement be entered into the record. And thank you, and I look forward to your questions.

[The prepared statement of Secretary Modly can be found in the Appendix on page 41.]

Mr. GARAMENDI. Thank you. Without objection, your statement and the statement of all of the witnesses will be entered into the record.

Mr. Henderson.

**STATEMENT OF HON. JOHN W. HENDERSON, ASSISTANT SECRETARY OF THE AIR FORCE FOR INSTALLATIONS, ENVIRONMENT, AND ENERGY**

Secretary HENDERSON. Good morning, Chairman Garamendi, Ranking Member Lamborn, and distinguished members of this subcommittee. It is an honor to represent our airmen and senior Air Force leaders here today. My full written statement has been submitted for the record, but I just wanted to submit—just summarize the actions we have taken to address the challenges with privatized housing at some of our Air Force bases.

We have heard the concerns of our airmen, their families, and Congress, and Air Force leadership at every level is aggressively addressing the challenges identified with family housing. We take the health and safety of our airmen and their families very seriously. Air Force leadership is currently working through 39 significant initiatives along 5 lines of effort to empower residents, integrate leadership, improve communication, standardize policy, and improve oversight.

On February 12th, Secretary Wilson and General Goldfein directed an inspector general assessment of policies, procedures, and best practices for handling resident complaints and protecting residents from potential health and safety hazards. This assessment will wrap up soon, and we intend to incorporate their recommendations into this action plan.

On February 15th, Secretary Wilson and General Goldfein directed 100 percent health and safety review of family housing in an effort to identify the scope and extent of our housing challenges across the Air Force. We completed the review on March 1st, and our commanders are addressing over 4,700 deficiencies that were identified. To date, over 1,900 of those deficiencies have been resolved, and we continue to aggressively work with our project owners to close out the remaining 2,800 or so items.

And this week, the Secretary, Chief of Staff, and Chief Master Sergeant also sent a tri-signed letter to all wing commanders, reinforcing their leader roles and responsibilities as they apply to privatized housing management at our bases. We are collaborating with the Office of Secretary of Defense, the other services, Congress, project owners, and our families and advocates to develop a resident bill of rights, which is intended to be consistent across all the services.

The Air Force submitted a \$31.2 million fiscal year 2020 unfunded request to add 250 personnel to our housing management offices. This team is the center of gravity for advocating for our residents, providing oversight for our project owners, keeping the chain of command informed, and providing the critical, on-site leadership and management where it matters the most.

We are also taking steps to improve engagement with our airmen who lived in privatized housing. For instance, we established a toll-free hotline where residents can report their concerns with privatized housing, and we are crafting a policy to establish tenant councils for both privatized and government-owned housing across the Air Force.

Along with these near-term actions, we have also initiated a number of mid- and long-term efforts in collaboration with our project owners to improve performance incentive fee structure, to automate systems for maintenance work order visibility, to add rigor to our maintenance quality assurance, to provide mold and moisture policies, and enhance our annual site audits.

Thank you for the invitation to appear here today and for your continued support of our airmen and their families. I look forward to your questions.

[The prepared statement of Secretary Henderson can be found in the Appendix on page 49.]

Mr. GARAMENDI. Thank you, Mr. Henderson.  
Mr. Beehler.

**STATEMENT OF HON. ALEX A. BEEHLER, ASSISTANT SECRETARY OF THE ARMY FOR INSTALLATIONS, ENERGY AND ENVIRONMENT**

Secretary BEEHLER. Chairman Garamendi, Ranking Member Lamborn, and distinguished members of the subcommittee, thank you for this opportunity to testify on the current state of the Military Housing Privatization Initiative, and answer any questions you may have. I want to begin by thanking the committee members for their continued support and commitment to the Army soldiers, families, and civilians. I look forward to working with you to achieve our mutual goal of improving the condition of Army housing.

First, I would like to emphasize that the safety and well-being of our soldiers and their families is paramount. The Army is committed to providing safe and secure housing across its 104,000 family homes, of which more than 87,000 are privatized. The recent reports of substandard conditions in some of our military housing units are deeply disturbing. It is unacceptable for any of our families, who sacrifice so much for our country, to endure such hardships in their own homes.

Army senior leadership directed installations to inspect housing, talk with families, and press housing CEOs [chief executive officers] into action. We recently required installation commanders to visit all family housing to ensure no family resides in a home with life, safety, or health deficiencies, and we are currently evaluating the results.

Additionally, a recently revised Army survey addressing housing issues will be sent to residents shortly, and we will review our findings with housing CEOs.

To further address concerns, each installation garrison commander has established hotlines and conducted town hall meetings, providing residents the opportunity to voice concerns to Army leadership. Common themes at these town hall meetings included poor

customer service, lack of work order transparency, and residents' inability to hold housing companies accountable.

Additionally, the service secretaries recently introduced a tenant bill of rights, to which we welcome your input, though the reforms will not stop there. All companies have agreed to ensure sufficient trained technicians and staff will be available to address problems, as well as issues brought up in our town hall meetings.

The incentive fee structure and project metrics will also be reviewed.

Going forward, it will be our task to take these commitments and codify them in project documents.

Our mission is to provide high-quality homes and living experiences, both privatized and Army-owned. We remain committed to providing safe and secure housing for our soldiers and their families, but we need to do better. It is clear that we have let some of our Army families down, and moving forward, we are committed to applying the resources necessary to oversee and fully address these issues. Our soldiers and their families deserve no less.

Thank you for your interest in this matter as well as your continued support of the Army.

[The prepared statement of Secretary Beehler can be found in the Appendix on page 57.]

Mr. GARAMENDI. Gentlemen, thank you for your testimony. We have a very significant participation by the members of the committee, and we have little time. I would ask the members to see if we can work on 3 minutes rather than 5. Otherwise, we are going to leave a lot of our members without having an opportunity for questions. And I will make mine very, very brief here.

It is very obvious to me that the principal problem here was a lack of attention to this issue. From the witnesses today, and from the written testimony as well as personal meetings, the branches of the military, including the Office of the Secretary, have stepped up, paying attention, and have put in place plans that, if enacted and carried out over time, will reduce this problem and quite possibly eliminate it.

And I want to make quite sure that the commanders and the officers responsible for the installations are given both the responsibility and the authority to solve the problem on their bases. And I think this is a question that goes to at least the three—well, all four of you. Is that the case, has this issue been pushed down to the commanders, the officers responsible for the various installations?

Secretary MCMAHON. Mr. Chairman, let me start, and what I will tell you is, we reviewed it from a legal perspective that says that our commanders have full authority to have both the responsibility and the authority to oversee that, and then I will let the services comment specifically.

Mr. GARAMENDI. Thank you. Let's start with the Navy and just run down the line.

Secretary MODLY. Yes, sir. Absolutely, we have empowered our installation commanders to be at the forefront of trying to resolve these issues, but I would also say it is also a command issue as well, even to the—as I mentioned in my remarks, at the smaller unit level, making sure that our junior leaders understand their re-

sponsibility for watching out for their sailors and Marines, and being engaged in that. That helps to elevate issues more quickly, and I think that is going to be a key to getting after these problems more quickly.

Mr. GARAMENDI. Mr. Henderson.

Secretary HENDERSON. On behalf of the Air Force, yes, we are counting on our leaders and commanders to lead us for our corrective action plan.

Secretary BEEHLER. On behalf of the Army, absolutely. It has already been implemented, what to reinforce to the garrison commanders what their responsibilities, duties, and obligations are in this area. It is reflected in enhanced training that the garrison commanders will have. It also has been reinforced by requiring the garrison commanders to have regular town meetings; be engaged with responding, and their housing authorities, to the 24/7 hotlines; and basically educating the residents to make sure that they engage their chain of command up through and including the garrison commanders, and on up to senior commanders, and even the Army headquarters, if, indeed, no satisfaction at the lower level has been incurred.

Finally, the garrison commanders also are being instructed in how effectively to use the incentive fee approval that occurs every 90 days as far as appropriately rewarding the private companies for their performance during that time period.

Mr. GARAMENDI. Thank you.

Also, it is probable that you will need additional personnel, or at least people assigned to these tasks. As we review and prepare for the NDAA [National Defense Authorization Act], we will look specifically for that piece of it. Are people going to be assigned to carry out this, and some of your testimony spoke to that.

Mr. Lamborn.

Mr. LAMBORN. Thank you, Mr. Chairman. Once again, thank you for this important hearing. I will work with you to make sure that the action plans that are formulated are carried out, and we will continue our oversight in the future.

Mr. Henderson, before I get into the general question for all of the service branches that are represented here today, I am going to ask you about one item in particular that apparently is some late-breaking news. And it has to do with an employee of the firm that operates privatized housing at the Air Force Academy having been arrested for fraud. What can you tell us about that, and does it reflect in any way on the Air Force's oversight.

Secretary HENDERSON. Good morning. Thanks. This is an ongoing situation at the Air Force Academy, and with our project owner there. It is a very unfortunate situation. But I also think it serves as a good example of what routine oversight looks like, and what it looks like when it is working correctly.

Just to give a little background, to speak in generalities since it is still ongoing, in the fall of 2017, our project owner, and through our normal audits, our annual audits that we do at the projects, we caught some financial anomalies with the management at the Air Force Academy. We immediately took action with an initial investigation conducted by the project owner, that the Air Force was—that monitored. Once we found out that those anomalies led

us to what we thought was fraudulent activity, we turned those matters over to the law enforcement authorities in Colorado Springs who conducted their own investigation, again, that we cooperated with.

Since then, a person has recently been charged with financial fraud. Hunt—I am sorry. I wasn't going to say the company. Our project owner there has agreed to come back and reimburse the academy, the \$169,000 which is, we think it was the estimated amount of the financial fraud, so that is taken care of.

The matter is still ongoing. We are respecting the investigative process and the due process of the individual charged, but we continue to cooperate with authorities to ensure that—and ensure that these mechanisms are in place so that we can catch these things when they come up each year.

Mr. LAMBORN. Okay. Well, thank you for taking action on that. Please keep the committee informed on how that comes along in the future.

And my question for each of the three service branches here, including the Navy and Marines, is, do you have the necessary legislative authorities to improve management of privatized housing, and are you able to carry out your action plan under your current budget numbers?

Secretary MODLY. Sir, I think that we absolutely have enough legislative authority to handle this problem, as it has been brought to light. This was really a management and leadership problem, less so than an authorities problem. So I think we are okay in that respect. We probably will need some help with respect to staffing, just staffing up some of these housing offices, in legislation.

But I think with respect to authorities, I think we all feel comfortable that there is nothing lacking in the authorities themselves. This is more of a—as the chairman mentioned, paying closer attention to it, getting better metrics, so we have more leading indicators of problems before they occur.

Mr. LAMBORN. Thank you.

Mr. Henderson.

Secretary HENDERSON. I would agree with that. I think with regard to legislative authorities, we have that. Any constraints that we have are really within the transactional documents, with the project owners, and, in some cases, we need to go in and adjust those. For instance, the metrics in performance incentive fees, things like that.

And then with regard to help—per my opening statement, we are going to look to restaff our housing offices that were cut during the course of personnel cuts and sequestration. We need to—we have decided that was clearly a mistake, and we are asking for \$31 million in an unfunded request to restaff those back to their original strength.

Mr. LAMBORN. Well, I will insert an editorial comment here before Mr. Beehler comments, and that is, sequestration had some very unfortunate results. We know you had to make tough choices and sometimes unpalatable choices. We are hoping with last year's budget, the current-year budget, and next year's budget that we are still negotiating, we have the top-line numbers that really allow us to get back to where we should be.

Mr. Beehler.

Secretary BEEHLER. I echo the comments that have just been made by my fellow counterparts in the services. It applies to the Army. We are undergoing comprehensive assessment in what our requirements and needs are. At this point, we don't feel that we need additional legislative authorities. It is clearly, first and foremost, getting our management side of the house in order. We have already hired 119 additional staff for our housing authorities at the installation level. We have money put in for the fiscal year 2020 budget to make sure most of those positions are sustained going forward.

We know that the private companies with whom we work have committed to up to several hundred additional, to perform some of the same overarching oversight, and we will hold them accountable as well.

So we—as I say, we are an ongoing assessment, so we will have a better handle in 3 to 6 months as to how effective we have been in providing the management oversight we need to have. And we will come back to the committee.

Mr. LAMBORN. Okay. Thank you all for being here. Thank you for the first steps that we are taking.

Mr. Chairman, I yield back.

Mr. GARAMENDI. Thank you, Mr. Lamborn.

Mr. Kim.

Mr. KIM. Thank you for taking the time to come here today and talk about some of these next steps that you are planning to take. I think that is critically important. But I just want to take a step back here, because I want to make sure that as we are talking about this, and as we are thinking about these next steps, that we understand that this isn't really just a policy debate here about what to implement here. This is very personal. This was as personal as anything that I have seen in my time in Congress, where right here in this room, we had military families telling us about their immediate needs right now.

So what I am concerned about, what I don't have a good sense, leaving this room right now, yet, is, what are you doing right now to be able to address those that have immediate concerns, health concerns, housing concerns, with the places that they have, right now? You know, what can you say to me right now, to assure me that your response to this is at the scale of the magnitude of the problem at stake?

A number of you have mentioned how you are doing surveys of different homes, and the numbers of homes that have problems are in the thousands. So have you scaled up? Are you surging personnel and resources right now? Do you have a timeline in which I can reassure some of the families that I am in touch with, that they are going to have the kind of response that they need on an immediate and very personal level? I would like to just go through the line here, please.

Secretary MCMAHON. Congressman, if I could, let me start. After the February hearing, I literally gave out my email address to some of the family organizations that if they did not feel that they were getting adequate response, they could email me directly and that I would personally get involved. I have done that on a number

of occasions. I have contacted the individuals to my left right now. They have been extremely responsive. And then the follow-up by individual to make sure that we were taking care of issues.

I will speak for my partners, and then allow them to speak for themselves. But the responsiveness that we have, both in general but to specific issues, is focused on ensuring we take care of our soldiers, sailors, airmen, Marines, and their families.

Secretary MODLY. Representative, I want to echo those points, and particularly echo your points. I mean, this is extremely personal for everybody. And as I mentioned in my statement, there are a lot of people who work very, very hard and have done an outstanding job in PPV to ensure these homes are in good condition for our sailors and Marines. But they are now painted with the same broad brush, and that is a little bit unfair. But they are taking it because they recognize that this is part of family responsibility in the service to handle this.

I have two children on Active Duty. One of them has lived in privatized housing. It was fantastic for them. So we know that these are problems that we have to address. We are—as I mentioned, we are talking personally, reaching out personally to every single person in the Navy and Marine Corps who lives in privatized housing. Through that process, we have identified on the Navy side over 4,000 issues—about 4,700 issues. Of those 47, about 2,800 have asked for a personal visit, in-person visit to try and resolve the issue. And we are well on the way at ticking away at that. I think we made about 900 of those visits to address the specific problems. That is in the Navy.

And the Marine Corps has about 7,000, and they have had 7,000 personal visits in follow-up to these questions. So I think we are taking it extremely seriously, as well as taking it personally, but we are trying to do everything we can immediately to address the immediate concerns.

But the longer-term issues are also very important to us. We just don't want to seem like we are overreacting. We want to make sure we fix this in the long run, and that is some of the longer-term things that we are working on, with the partners as well.

Secretary HENDERSON. Good morning. The—like Mr. McMahon, my family and I spent about 18 years in military housing, some of it privatized, some of it before privatization. And I completely understand how personal this gets with families when things aren't going right, or when the family members deploy and we are leaving our families to fend for this on their own. And so it is a very difficult situation.

That is why we went in for the immediate actions and to ask for a 100 percent review of the health and safety conditions in our housing. That resulted, and now our numbers are up to close to 50,000 of our families who live in housing have been contacted, interviewed, assessed their safety concerns. And per my opening statement, where we had come back, commanders and leaders went into the house, validated what the issues were, and we opened up about 4,700 work orders for which they are now surging on, and we are battle tracking here essentially with the Air Force.

At the rate that we are resolving these, I expect it to take another 30 to 45 days to close these out. In some cases where condi-



tions were unsafe, we are moving families into safer housing and taking care of that for them.

And then part of this, a huge part of the loss of trust here in our assessment was just—was just a lack of communication, a lack of understanding of what the—what a dispute resolution process, the lack in roles and responsibilities of the commanders and leaders, and a lack of understanding of maybe the resources that were available. So we are working really hard to reengage and communicate better with our families.

Mr. KIM. Thank you. Unfortunately our time has expired, but I just want to press having tangible timelines of when we can deliver for these families, make sure they are getting the health care that they need to be able to have these remedies in tangible ways. I just ask that we follow up on them. Thank you.

I yield back.

[Secretary Beehler's response to Mr. Kim's question can be found in the Appendix on page 85.]

Mr. GARAMENDI. Thank you.

We are going to try to keep this as tight as we possibly can. We have a lot of members that would like to speak.

Mr. Scott, you are next.

Oh, before you come on, Mr. Scott, we have received a statement for the record from the Military Officers Association of America. Without objection, we will enter that into the record here. Thank you.

[The information referred to can be found in the Appendix on page 65.]

Mr. GARAMENDI. Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman. Mr. Chairman, I have known General McMahon for a long time now, and I can assure you that if he is in charge of resolving an issue, that you are going to get a satisfactory outcome. He is—he takes it head on, and has done a wonderful job. Did a wonderful job at Robins Air Force Base, and I am glad he is in the position he is in.

I had a chance to talk with Mr. Henderson yesterday for a while. One of the things that I will tell you, in the bill of rights, that is important to me, and in talking to the men and women that came to testify before us, when a contract mandates mediation, and then that contract has loser-pay provisions in it, that would—could effectively force a soldier to pay 100 percent of their annual income to carry a housing company, a multimillion dollar housing company, to a mediation, that is not acceptable. And so the loser-pay provisions of the contracts—I don't mind the mediation. I am happy that the mediator, as I understand it, is going to be part of the chain of command, but that is not a—that is not a square deal or a fair fight for our soldiers to mandate mediation and then to mandate loser-pay on our soldiers.

With that said, I want—Mr. Henderson, Hurricane Michael hit the southeastern United States October the 10th. Is the most pressing thing for the Air Force right now, in your position as head of installations, a disaster supplemental?

Secretary HENDERSON. So I think the most—the most pressing, the most pressing thing for the Air Force right now is solvency, getting through fiscal year 2019, and a lot of that is attributed to the

money that we fronted on—to recover from disasters at Tyndall Air Force Base, now Offutt, earthquakes in Alaska. And by fronting—by taking the fiscal year 2019 funds and—and doing exactly what we believe was the right thing to help those bases recover and get those missions back online, we have asked for supplemental funding, and at this point, without that supplemental funding, we are looking at very severe impacts to Air Force solvency for the rest of fiscal year 2019.

Mr. SCOTT. Perhaps “urgent” would have been a better word. But I want to make my colleagues aware of this, and I want to give equal criticism where criticism is due. A Senator from New York, a Senator from Vermont, refused to allow a vote to push forward on disaster assistance this past week. We had been promised—those of us hit by the storm have been promised disaster assistance from both sides, in both Chambers, since mid-October, that any bill to open the government would include the disaster assistance and the supplemental funding, including the funding for the Air Force. That hasn’t happened.

Now, I do think that those games are being played, and I think that it is a Senator from New York and a Senator from Vermont predominantly playing those games. But I also think it is extremely irresponsible for the Office of Management and Budget to not submit an official request for supplemental disaster assistance funding. And I can’t—I just can’t understand with the magnitude of the impact of these storms to our Air Force, to readiness, to our installations, to the men and women in uniform, I can’t understand why our Office of Management and Budget, controlled by my party, didn’t submit a request for supplemental assistance, which I think is absolutely unacceptable. And I think it is unacceptable that Senator Schumer and Senator Leahy have played the games they have played with disaster assistance.

And I want to remind everybody, we have one legislative day after today before we leave, and we will not return until April the 29th. Would it make a difference to you if you got a disaster bill today versus, say, May?

Secretary HENDERSON. Absolutely, Congressman. We have already stopped projects, stopped funding for projects in order to preserve those funds for readiness needs. We are impacting aircraft and satellite repair, and we are—at some point, we are going to have to—we will be stopping or slowing down recovery at Tyndall, and we will only do life, health, and safety things at Offutt. And that—by deferring that money, since it is one-year money, if there is supplemental funding, that means we have to come back and work twice as fast to get that executed at the end of the year.

Mr. SCOTT. My time is about to expire. I have a tremendous amount of respect for you. I apologize for interrupting, but you are also, according to the Air Force, going to cut 18,000 training and flying hours starting over the next couple of months. Is that correct?

Secretary HENDERSON. That is—that is the intended consequence without supplemental funding.

Mr. SCOTT. Thank you.

Mr. GARAMENDI. Thank you, Mr. Scott.

I will control myself. Although I will say there is \$1 billion slushing around in the Department of Defense that could have been made available for this purpose.

Let me now move to our next, Ms. Houlahan.

Ms. HOULAHAN. Hi, and thank you. And, Mr. Scott, I also appreciate your comments, too, and I don't think it is a good idea to play games. I trained at Tyndall Air Force Base, but I also have family in Puerto Rico, and I feel like we are playing with everybody's lives in these partisan games, and so I appreciate your comments.

I also am a third-generation military member myself. My dad and my grandfather served full careers in the Navy, and my brother and I grew up in military housing. My mom and her five brothers and sisters grew up in military housing off and on. And so this is personal to me, too, for a lot of reasons.

And so my questions first are sort of, I guess, tactical in nature, and then maybe a little bit more personal in nature. One is that we have talked a little bit about readiness and whether or not people are genuinely going to be able to deploy when they have issues like this at home. But a second question is, how about recruitment? Have you seen any sort of implications to this in terms of recruitment because of this narrative that has been following military housing around?

Secretary MCMAHON. Congresswoman, I will start, and then I will turn it over to the services. We all understand that we recruit the individual; we retain the family. And they care about four things. Our military families are tremendously resilient, and they can go with just about any challenges they face. All they ask for is a safe place to live in, adequate medical attention, good schools for their kids, and when we move them, we don't break all their stuff. And so this is an integral part—

Ms. HOULAHAN. That is a lot.

Secretary MCMAHON. In reality, we are working those issues today. I personally have two of those four that are on my plate. We are dead serious about making sure that we provide our military families, whether on installation or off, with a safe place to live and something they can—

Ms. HOULAHAN. And I guess I only have 3 minutes' time. Has anybody any data about whether or not this has impacted recruitment in any form?

Secretary MODLY. Representative, we don't have any data on that just yet. We are, obviously, getting a lot—pressurized on recruiting because of the state of the economy. That is always going to cause us issues. But we haven't seen anything yet related to this that is impacting either recruiting or retention in the Navy.

Ms. HOULAHAN. Thank you. And my second question is also a two-part question. And I, in addition to being a former military member, a veteran, I am also a mom, and I spent the last few years of my career focused on early childhood development, pre-K through fourth grade, literacy particularly. We know that kids under 6 who are exposed to things like lead and like mold and those sorts of things, end up experiencing pretty significant delays. Have we—I know that, Mr. Henderson, you talked a little bit about the 50,000 people who you had documented. Have we quantified at all how many kids under 6 have been impacted by this?

Secretary HENDERSON. Ma'am, we have not quantified numbers for children under 6.

Ms. HOULAHAN. And my second part of the question is, if we haven't quantified that, perhaps we should. But has there been any effort to put some sort of teeth into this, by identifying through teachers, or daycare providers, or parents themselves, sort of the signs that you should look for if your child has been impacted by mold, or your child has been impacted by lead?

Secretary HENDERSON. We have—ma'am, I would like to take that for the record—it is an important question—and get you a detailed response. We have done some communications on—with mold awareness for our families who move into the homes, especially when we have ones that are prone to mold, and areas that are prone to mold. I don't know that we have reached out to teachers and counselors and outside folks like that, though.

[The information referred to can be found in the Appendix on page 87.]

Secretary McMAHON. Congresswoman, if I could add to that as well, we have created, within the Office of the Secretary of Defense, a team of both our military construction, our family housing personnel, plus our medical folks to begin to look at where there is a cross-utilization of some of the experiences that we have had. An integral part of that is one of our deputy assistant secretaries, who happens to be a pediatrician, who happens to be an expert in the effects of both lead and mold, to help us better understand how we ought to move forward. So we are not where we want to be with that, but we are looking at that and have an understanding that we need to do a better job in the future of being able to respond to the issues of our children.

Ms. HOULAHAN. And this has something to do with sort of what Representative Kim was talking about. I think that we can all agree that we are in a bad place. I think what we need to agree on is what the path forward is, and how we—I am not engineer, how we quantify it, how we measure it, you know, how we move forward with discrete programs that will address it, and I am just sort of poking around for that.

I only have a half a minute left. Does anybody have any sort of quantifiable discrete programs that are out there to address these issues, particularly pre-K or early childhood development issues?

Secretary BEEHLER. Ma'am, the Army has comprehensive testing of children under 6 for lead, particularly focused on housing from pre-1978, and has been able to track data that shows that children with lead in their systems at that age, within the greater Army community—all children are tested for lead, whether they are in the 1978, old housing or not. And the vast majority, which is an extremely small minority of such children, are actually—they reside outside military housing. So the important thing for the Army—

Ms. HOULAHAN. And I am terribly sorry. I have run out of time, but I am happy to take the rest of your answer on the record.

[The information referred to can be found in the Appendix on page 87.]

Secretary BEEHLER. We are happy to do it. The point is that we test the children, regardless of where they are housed, and track it appropriately through their development.

Ms. HOULAHAN. Thank you, sir.

Mr. GARAMENDI. Ms. Houlahan, you raised an important issue, one that—the committee has become aware of a document produced by the Navy and the Marine Corps Public Health Center, that seems to discourage clinicians from suggesting that a patient's home could be contributing to their condition, and to—and here I quote—“avoid commenting on the habituality, integrity, and remediation requirements for specific buildings,” end quote. I am sure the Navy has taken steps to rescind that memo and to send out an appropriate one. We will let it go at that.

I would like now to turn to Mr. Bergman.

Mr. BERGMAN. Thank you, Mr. Chairman, and thanks to all of you for being here. I heard someone mention it, about the role of the commander. And when you think about the role of a unit commander, whether it is, let's say, go right down to platoon commander and second lieutenant and the platoon sergeant, okay. We know that the role of the command team at any unit level is not just on the battlefield. It is 24/7. If you are deployed, it is one thing; if you are in garrison, it is another thing, but it is the welfare of your troops and their families. And I was glad to hear you mention that, because that is one of the challenges, as you know, as we bring in the all-recruited force here, and it is third generation, is that it is not a 9-to-5, Monday-through-Friday job. You have responsibility for the health and welfare of all of your Marines, soldiers, sailors, airmen, coastguardsmen, et cetera. And I applaud your efforts to develop that role in conjunction with the continuing role of the base commander, and how that all relates then to those being served, the families, and then how largely then it falls into the base commander's lap in dealing with the Patricians or Lincoln or whoever the PPV, you know, owner of the property is.

This is evolving. And we know we have issues. But I applaud you, and whatever we, this Congress, can do to back you up, as you develop that role of those various commanders, and then with the company, you know, the companies. That is going to be our success. We will get through this. But I just thank you for that, and I will buy back some of the valuable thing that we cannot ever get back, is time.

And I yield back.

Mr. GARAMENDI. Mr. Bergman, thank you so very, very much. We all look for more time.

Ms. GABBARD.

Ms. GABBARD. Thank you very much. Thank you, gentlemen.

I would like to follow up on the focus on command. I think each of you responded to the chairman's question about the important role that first-line leaders have, all the way up the chain of command to the installation commander. I think it has been a common feeling that has been addressed as more and more of this issue has been exposed, about the lack of role that command has played thus far.

And so my question is, as you have said, this will be the focus going forward. What will change so that the command is empow-

ered to actually do something about it? It is one thing to be informed of the issue; it is another thing to actually be empowered. Were they not empowered to take action to address some of these problems with the contractors previously? If not, what will change so that they can going forward? Mr. McMahon.

Secretary MCMAHON. Congresswoman, thank you for the question. If you go back early in the program, when folks didn't think they understood it, we had very comprehensive education programs for our leaders to describe to them what their role was, what authorities they did not have, what authorities they had, so that they could effectively oversee the privatization effort.

Over time, as we became comfortable, as we looked at the metrics and perceived the metrics to tell us it was going well, as you know we have an infinite number of issues, a finite amount of time, in terms of training, this quite frankly is something that fell off the scope. We thought it was going fine and so we reduced, and then, in some cases, actually eliminated that education as part of our leadership development for our leaders at all levels.

The reality is, of when we look at this today, it was an issue that we should not have dropped off, and the services are taking action today to reinstitutionalize that training that was integral a decade ago but over time, as we have continued to reduce that training, has fallen off the scope. And I will let them comment further.

Ms. GABBARD. Thank you.

Secretary MODLY. Representative, I think it is a really good, important question, because some of the things that we can do at the command level, I think, are very, very simple, and not sophisticated things at all. You know, asking our junior leaders to have a face-to-face conversation with their people once a week and ask them: How are things going with your housing? How are things going with your family? Look them in the eye and just ask those questions. That is not a high-tech solution, but that would solve a lot of these problems.

The biggest problem, from my perspective, in looking at this, was finding out about issues after they had become major problems. So we need to have much better systems and ways to understand issues as they emerge, as we start seeing trends. And the data is all there. Most of our—most of our partners manage these properties using the same data system. We just have to be able to get into there and understand when trends are happening, so we can measure how long it is taking, and we can start raising the alarm bells at the right time. So that is sort of, one, the sophisticated data side.

But to your point, we have to emphasize with our younger leaders how important it is to have those types of conversations, because of their responsibility to the member and their families.

Mr. GARAMENDI. I am going to do something here. Mr. Beehler, you have been kind of on the far edge of this table. So if we can jump over to you, then we will come back to the Air Force.

Ms. GABBARD. I will just add another follow-up to that, Mr. Beehler, that I wanted to, that is linked to this, but also to something you mentioned earlier about making some changes that will reward some of the private contractors. You know, from—my standpoint, we are talking about a basic level of service that we,

as taxpayers, are paying these companies to provide for our service members and their families.

So I guess my first question is, as we are talking about empowerment, we are also talking about accountability. So before we start talking about rewards, I think we first need to address how these contractors are being held accountable for providing what we are paying them to do.

[The information referred to can be found in the Appendix on page 85.]

Secretary BEEHLER. Thank you, Representative. And what I meant by, quote—and I should have put it in quotes—rewarding the private companies, is that every 90 days, and I think this applies to—across the services, there is an incentive-fee determination that is made by the garrison commander, based on performance of the private companies. And it is the—it is the perfect opportunity and responsibility for the companies to be, if you will, judged and rated, so that if the companies have not done well in those 90 days, they don't get 100 percent of the incentive fees. In some cases, they might not get any percent of the incentive fees.

And the point that I was attempting to make is that the garrison commanders, in the case of the Army, had all too often sort of rubberstamped the request for 100 percent award of incentive fees per quarter. That is no longer the case. We actually have removed, for the time being, and brought it up to Army headquarters, to, A, make those determinations, but more importantly, we are training the garrison commanders to know their responsibilities in this area, and that they will take advantage of the data collection on, for instance, the work order responsiveness and performance to help them make the judgment—

Ms. GABBARD. Thank you, Mr. Beehler. I am sorry, my time has expired. It is obviously very disturbing to see that this kind of rubberstamp and 100 percent incentive payments were being made previously. Glad to hear that it is not any longer. I hope we have the opportunity to address the fact that if a contractor is not performing, if they are underperforming and not meeting their marks, we are not talking about getting a lower percentage of incentives. We are talking about accountability to make sure that they are actually doing what they are contracted to do before you even begin to have a conversation about incentives. Thank you.

Mr. GARAMENDI. Thank you.

Ms. Horn.

Ms. HORN. Thank you. Thank you all for being here today, and thank you to the chairman and ranking member for this critical conversation.

I have many things I want to ask and say. First, I am glad we are addressing this; but second, I still remain horrified at the stories that I have heard from service members and their families in my community and across the country. And as we continue to address this, there is a couple of things that I want—I want to start off with, is going further into the conversation around the culture, the commanders, and how this was allowed to get to the place where it was, because I have heard a couple of you say that you are beginning to address it, and that these were a few people, and that I am incredibly troubled by the fact that—that these compa-

nies were getting their full incentive pay, even as thousands of people across this country and enlisted who—and their families, who are suffering. I have stories from my district, and images, of these things that were being covered up. And it is just—it is unacceptable.

And as we fix—as we move forward to fix this problem, one, I want to find out if you have begun to make any plans to reimburse these families for the out-of-pocket costs for things, including mold testing, medical care, and so many other things that our military families have had to incur as a result of the mismanagement and problems that these companies have caused.

Secretary MODLY. Representative, thanks for the question.

I don't know that we have been presented with opportunities to do that. However, once we are, I am quite certain we will look at those and figure out a way to compensate if there was a problem like that.

I just am not aware, and I will take that one for the record to find out exactly what has happened in the past with respect to those types of issues.

[The information referred to can be found in the Appendix on page 86.]

Secretary HENDERSON. Ma'am, for the Air Force, what we have done is ensured that the—in an effort to better communicate with our residents, make sure that they know that they have resources inside the Air Force and legal assistance resources inside the Air Force to request claims and make claims against the project owner for costs like mold testing, maybe damages to furniture or something because of negligence, or extended medical care costs. And so we have provided the information for them to better go about doing that.

[The information referred to can be found in the Appendix on page 86.]

Secretary BEEHLER. In the case of the Army, the project companies are reimbursing family. We will take further details for the record, but this has been ongoing at least over the past several months, if not longer.

[The information referred to can be found in the Appendix on page 87.]

Ms. HORN. Thank you.

And following up on a couple of other things from Ms. Gabbard and Mr. Scott, one, I want to echo—and I appreciate being on this committee and working with the concern across the aisle that these are not issues that should ever be partisan, and we should be placing the well-being of our service members above everything else.

So, to Mr. Scott's point, I just want to reiterate that the fact that we have lose-or-pay provisions and forced mediation from enlisted is something that I would like to say I think we need to address.

And, Mr. McMahon, I would like to know if there is any plans to begin to address those issues.

Secretary McMAHON. Congresswoman, as you look at the bill of rights that we are putting together that we have shared with the committee so we can get your specific input, next week we will sit with the family organizations, share it with them so they have the opportunity.



But that is exactly what we want to ensure we deal with with the bill of rights, that it is clear to both our private partners as well as to our members, what they can expect and set those expectations before we get into a situation where we are trying to resolve this.

Ms. HORN. And, finally, I want to circle back one more time to Ms. Gabbard's point about the incentive fees and if there has been a consideration that these fees could be recovered that were previously paid, if there is any pathway to recover some of those fees for these properties that were clearly mismanaged and are now requiring costs be outlaid for health care, for so many other things for our service members.

Secretary MCMAHON. Congresswoman, I will take it for the four of us.

I am unaware—I will go back and talk to our acquisition personnel to see if there is, but I am unaware of any tools since we have made the commitment at this point that they could be recovered.

[The information referred to can be found in the Appendix on page 86.]

Ms. HORN. Thank you. My time has expired.

Mr. GARAMENDI. Thank you.

Ms. Haaland.

Ms. HAALAND. Thank you very much, Chairman.

And thank you all so much for taking the time to be here today.

Like some of my colleagues, I was raised in military housing as well. My dad had a 30-year career in the Marine Corps, and so I spent my entire childhood growing up on military bases. And it is interesting that, back when I was a kid, before you could move out they would come in with a white glove and go in every corner and look in every vent, and, I mean, it was as disciplined as my father's career was.

And so it is a little disheartening to have learned about this over the past months. And it is happening, in fact, in my home State of New Mexico, where the climate is extremely dry. So I am disheartened, to say the least.

But in addition to everything that has been mentioned here today, I have heard reports that retaliation still persists against military families who are raising concerns about the conditions of their housing. This is extremely troubling as retaliation is a big part of the breach of trust between the Department of Defense and families that lead these families to come to the press and to Congress in the first place, and it must stop.

I realize that for some military wives one way they can communicate with other families is through social media. And so I realize that that is one way they have been trying to figure out who all is suffering from the same issues that they are.

So I wanted to ask each of you if you commit now to adopting and enforcing a zero-tolerance policy on retaliation against any families, any military families, who are raising concerns about the housing, including within the chain of command, on the bases where our service members live and serve and the housing offices that should be advocating for our military families and among the private contractors who we are paying to serve our families.

So if each of you could let me know if the zero-tolerance policy on retaliation is happening now and if it is being enforced.

Secretary MCMAHON. Congresswoman, I will tell you that we have zero tolerance for it, to the point of proactively giving out our email addresses, so if we hear of it, folks can reach out to us to take care of it. But absolutely a zero tolerance.

Secretary MODLY. And for the Department of the Navy, Representative, absolutely that is the case. We have made it very clear to our partners it is unacceptable, and it is also one of the key planks of the tenant bill of rights that we are developing.

Ms. HAALAND. Thank you.

Secretary HENDERSON. Ma'am, that has always been the policy of the Air Force, and this was an opportunity for us to reinforce that.

Secretary BEEHLER. Ma'am, the same with the Army.

And one step forward, the Army has an inspector general assessment going on that will be completed in about a month and a half, and that is one of the aspects that they are looking into, to see if there is any such activity reported and further investigate. So we will have confirmation of exactly the lay of the land. And if there is such activity, it will be dealt with appropriately within the particular channels involved.

Ms. HAALAND. Thank you. And I will ask that any of those contact emails or contact numbers be submitted to the record so that, in the chance that anyone from my district calls me and tells me they are being retaliated against, I can actually have some information where they can contact someone to remedy that situation. So thank you for that.

[The information referred to was not available at the time of printing.]

Ms. HAALAND. You might have already kind of answered this, but who is responsible for investigating claims of retaliation against families, whether internal or external, to the Department of Defense? Do we know that?

Secretary MCMAHON. Within the Department and with each of the services, ma'am, the inspector general has a responsibility of taking that on. Prior to that point, our leadership ought to be looking at those issues. And should it get to the level, it would be the DOD IG [Department of Defense Inspector General]. But each of the service inspectors general will look at that.

Ms. HAALAND. Excellent.

Does anyone else have anything to add to that? No? Okay.

And are there any consequences, and what are they, for anyone who retaliates against any military families trying to report these housing issues? And, to your knowledge, have those been enforced?

Secretary MCMAHON. Congresswoman, in terms of specific actions, I will tell you, because there is zero tolerance, if it is a military member, specific action is taken against that individual on a range of different actions. If it is a civilian member of the Department of Defense, action is taken against them, up to and including removal from service of the Nation. So it is taken very seriously.

Ms. HAALAND. Thank you.

And last on this issue, when and how will you communicate this policy, including resources for families and the consequences for those who engage in retaliation, to relevant parties?

Secretary MCMAHON. Congresswoman, across the board, each of our services have communicated that to their members and the families. Part of the town halls that you have heard alluded to is underscoring the fact that there is zero tolerance for retaliation.

I have personally shared that with all of the CEOs of the respective privatization partners that we have, so there is clear understanding of what our expectations are, and that is that we support our family members and our military members in terms of privatized housing.

Ms. HAALAND. Thank you very much.

And, Chairman, I yield back.

Mr. GARAMENDI. Thank you, Ms. Haaland.

We have completed the first round of questions.

Mr. Lamborn, if you would like to make some closing remarks, if you would, and then I will do the same.

Mr. LAMBORN. Thank you.

And this is an important hearing. Thank you all for being here. Thank you for the first steps that each of the services and that DOD-wide are making.

I can tell that the specificity is there, the metrics, the harnessing of incentives, the re-education or better education down to the garrison level of the leverage that we do have with the private contractors and for it to be reenforced to them of their obligations and responsibilities, contractually and morally.

So I am really happy that we are making progress. But we will be continuing to oversee this. This is something that is—like I say, good first steps, but it is only the first steps. And time will prove and tell that this is being successfully rectified, and I look forward to that.

Thank you, Mr. Chairman. I yield back.

Mr. GARAMENDI. I want to thank the committee members for their intense interest in this matter and, equally or perhaps more important, the family members who had the courage to bring this issue to the attention of Congress. You have done a great service for all of the members, all of the men and women who serve in our military.

And I want to really express to you, those people that had the courage to come forward, you have made a difference. Within, really, 2 months here, less than 2 months, the leadership of the Department of Defense and the services have stepped forward and have put in place a series of projects and programs that should, if carried out over time, resolve many of these problems.

I want to just follow up on some of those. First of all, each of the services and the Secretary, or the Office of the Secretary, have indicated that they have emails and telephone numbers that are available to receive complaints. I assume that those will be available, the committee will have those, and we will make those available to anybody that would like those.

Similarly, when the bill of rights is produced, I believe there is a draft that the committee has. I think it is being updated today and on into the days ahead. When that update is available, we will

pass it around to all the members of the committee and to any Member of Congress that is interested for their comment as to the effectiveness, the efficiency, or the sufficiency of it. And that will, I assume, have the various contacts within the garrisons, within the installations, as well as at headquarters.

Also, we noticed that each of the services are rebuilding the personnel necessary to monitor. That will be part of the work that we will do in the NDAA and the upcoming work that this committee has in that regard to make sure that that is in place. And we will, of course, beg our appropriators to fund those positions.

The lease contracts are under review. The information that I have received on some of the leases would indicate that the leases that are in effect would clearly be illegal in some States and communities—for example, Washington, DC. So those contracts are in process of being reviewed—that is, the contract between the owner of the housing and the tenant that is the military family. So that will be part of it.

And I would assume those leases will also have a—the new leases will have some sort of mechanism for complaints. The issue of retaliation has been raised by all the members and by the services. Those issues of retaliation are over, and we will be watching.

Finally, we will be following up. I want to commend and compliment the services and the Office of the Secretary for jumping on this issue, for laying out paths that will resolve these issues going forward. And heads up, folks, we are going to be coming back to this issue before this year is over. We will let a couple of months go by, we will see how things are going, and then you will all come back and we will have a conversation to see the progress that has been made.

With that, we are adjourned.

[Whereupon, at 10:15 a.m., the subcommittee was adjourned.]

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# **A P P E N D I X**

APRIL 4, 2019

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**PREPARED STATEMENTS SUBMITTED FOR THE RECORD**

APRIL 4, 2019

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**Statement of the Honorable John Garamendi  
Chairman, Readiness Subcommittee  
“Mismanaged Military Family Housing Programs:  
What is the Recovery Plan”**

**April 4, 2019**

Good morning. Ladies and gentlemen, I call to order this hearing of the Readiness Subcommittee of the House Armed Services Committee.

In February this committee heard from a panel of courageous military spouses who told us of the unhealthy and unsanitary living conditions they had experienced in privatized military family housing and the continuing impacts these conditions have had on the health of their families. In addition to our panelists, this committee and many of our Members have received thousands of emails and letters with similar accounts of mold and lead contamination, shoddy maintenance workmanship, and unprofessional property management staff. These accounts paint an unsettling picture of many of our privatized family housing developments. Equally disturbing is the fact that when these families reached out to their chain of command for help, instead of getting the support they desperately needed, they received shrugs of indifference and were told that there was nothing the military services could do to help them. That is the wrong answer for our military families.

In recent weeks, the military services have finally become energized about getting to the root causes of this crisis. We have heard encouraging news in the form of senior leader engagement, health and safety inspections, inspector general investigations into work order processing, and housing hotlines to expedite getting families the help they need. However, the efforts being performed at the headquarters level have not necessarily trickled down to the installations. We continue to receive large amounts of correspondence from families struggling today in privatized military family housing. We’ve heard that in some cases the very efforts headquarters put into place to try to improve the situation, have led to counterproductive practices like closing maintenance work orders too quickly and increased use of private partner non-disclosure agreements to keep services members and their families from speaking out about their housing concerns.

The Services must expeditiously move from assessment mode into implementation. They must use the best practices from the housing developments that are working well and quickly implement the fixes required to conduct effective oversight at the headquarters level and provide the necessary support to our military families at their installations. I expect that our witnesses will provide us with information on the steps they are taking today to make headway on these issues and a detailed roadmap of their mid and longer term plans to get the privatized military family housing program back on track. Our families deserve better and this committee will demand that the Services do better.

With that, I would like to turn to our Ranking Member, Congressman Doug Lamborn of Colorado, for any remarks he may have.

**Opening Statement**  
**Ranking Member Doug Lamborn**  
**Subcommittee on Readiness**  
**“Mismanaged Military Family Housing Programs:**  
**What Is the Recovery Plan?”**  
**April 4, 2019**

Thank you, Mr. Chairman, and thank you for calling this important hearing.

To begin, I want to commend the courage and persistence of military spouses for bringing this issue to our attention. Without the diligence of military families raising their voices on behalf of others, we might still be ignorant of these troubling problems. This was truly a grass roots effort in the best traditions of America.

Sadly, our collective management of military family housing was not in keeping with those proud traditions. This is no question that Congress and the military services were less than diligent in our oversight.

My colleagues will recall the compelling testimony we had from several military spouses last February. They described an unyielding bureaucracy unwilling to address health issues and closing work orders with no real resolution. The frustrations they faced in trying to resolve health and safety concerns for their families made a deep impression on all of us.

Thankfully, the military services now understand and accept that they have not provided adequate oversight over housing programs and are each taking steps to improve the situation. To be sure, not all housing programs suffered from mismanagement. Even so, the general disengagement of service leadership and evisceration of housing staff, particularly at installation level, left a void. That void led to mismanagement at too many projects.

By now, the military departments have assessed the situation. We are here to learn what needs to be done to fix the problems and maintain those fixes into the future. There is no more important work for this subcommittee to undertake.

Thank you, Mr. Chairman.

**HOLD UNTIL RELEASED**  
**BY THE COMMITTEE**

**Statement of  
Honorable Robert H. McMahon  
Assistant Secretary Of Defense  
(Sustainment)**

**Before the House Committee on Armed Services  
Subcommittee on Readiness**

**on**

**Mismanaged Military Family Housing Programs: What is the Recovery Plan?**

**April 4, 2019**

### **Introduction**

I want to thank you, Chairman Garamendi, Ranking Member Lamborn, and distinguished members of the subcommittee. I'm honored to appear before you this afternoon in my capacity as Assistant Secretary of Defense for Sustainment to discuss the Military Housing Privatization Initiative and the Department's commitment to supporting the housing needs of our Service members. Having lived in on-base family housing nine times during my active duty career, I understand the importance of safe, quality housing to our military families.

In return for the sacrifices they make in service to our nation, Service members and their families expect a safe and secure place to live, good schools for their children, access to good medical care, and a viable relocation process that respects their household goods. You have my pledge that the Department of Defense (DoD) is committed to fulfilling this sacred contract with Service members and their families, to include ensuring they have access to safe, high quality, and affordable housing where they will want and choose to live. I look forward to working with the Committee to support the priorities of the Department and the quality of life for our military members and family members who are called to sacrifice so much for public service.

### **Military Housing Privatization Initiative Overview**

Under the Military Housing Privatization Initiative (MHPI) legislation established in 1996, the Military Departments have privatized 99 percent (more than 200,000 units) of installation family housing in the U.S., with more than 80 MHPI projects currently in place across approximately 150 installations.

Housing privatization was the right thing to do. Privatization has dramatically improved the quality of on-base housing and has facilitated long-term investment necessary to maintain high quality housing. The MHPI allowed the Military Departments to leverage private sector expertise and funding to improve the quality of installation housing in the United States much faster than DoD could have done through traditional military construction and ongoing operation and maintenance funding. Before privatization, the housing on our U.S. installations had a \$20 billion maintenance backlog, which the DoD estimated would take more than 30 years to address using traditional military construction. The lack of sufficient Military Department funding to adequately maintain quality housing severely impacted Service member quality of life, creating recruitment and retention challenges, thereby impacting readiness. These realizations contributed to DoD's conclusion that housing management, not a core DoD mission, needed to be addressed through privatization.

Under the MHPI, Military Departments conveyed their existing government housing units to competitively selected privatization entities (i.e., the MHPI projects). MHPI projects operate under long-term (~50-year) ground leases and associated legal agreements with a Military Department, with one 25-year option period. In return, the MHPI projects assumed responsibility for operation, maintenance, construction, and replacement of the housing during the lease term, in accordance with the MHPI authorities as defined in Title 10, United States Code.

At present, 99 percent of the construction and renovation planned for the 5 to 10-year initial development phase (IDP) of the individual MHPI projects has been completed, to include construction of more than 75,000 new units and major renovations of more than 50,000 units. This represents more than \$32 billion in total development achieved with about \$4 billion in government funding as authorized under the MHPI authorities.

A crucial part of the housing privatization model is that Service members, except for a small number of key and essential personnel, are not required to live in privatized housing. Service members who choose to live in MHPI housing receive BAH, sign a lease, and use their BAH to pay rent just like Service members who choose to rent housing in the local community. The fact that Service member chose where to live (on or off-base), helps incentivize MHPI projects to maintain quality housing to attract and retain tenants, along with property management incentives that are built into the legal documents that established the individual housing projects.

Although the Military Departments retain certain rights under the project's legal documents MHPI partners are not DoD or Military Department contractors. The main role of the Military Department is to monitor the MHPI projects to ensure adherence to the terms of the project documents, as well as applicable legal and regulatory requirements. Additionally, the Military Departments monitor MHPI projects to ensure project financial performance can sustain quality housing over the life of the ground lease. To this end, the Military Departments monitor housing occupancy and resident satisfaction, as well as revenue, operating expenses, operating budgets, and the overall financial health of each MHPI project, to include the project's sustainment and recapitalization funding as compared to pro forma expectations and project needs. Depending on the particular structure of a given project, the Military Departments may also have approval authority for project budgets, certain major project expenditures, changes in property management companies, or other key project oversight decisions. DoD and the Military Departments are reassessing and enhancing our oversight roles and processes to confirm we are appropriately monitoring the projects and partner performance in providing a safe, healthy, and enjoyable living experience for military members and their families.

#### **The Office of the Secretary of Defense Oversight Role**

The Office of the Secretary of Defense (OSD) provides portfolio management of the MHPI program, meaning policy oversight, long-term program monitoring, and ensuring that the projects comply with the requirements of Office of Management Budget (OMB) Circulars A-11, A-129, and budget guidance. My office issues MHPI policy and program guidance, including guidance on MHPI project requirements for OSD and OMB review and approval, policy on financial restructuring involving federal credit or otherwise impacting budgetary scoring, and implementation guidance for legislative requirements such as section 606 of the John S. McCain National Defense Authority Act of Fiscal Year 2019 (Public Law 115-232) which requires payment to MHPI projects to make up for reductions in housing allowances as part of incorporation of an out-of-pocket component. My staff reviews and provides scoring documents and consultation necessary to obtain OMB approval of new MHPI projects or changes to project deal structures that could potentially impact project budget scoring or federal credit subsidies. These changes, that could revise government financial contributions or property conveyance or impact federal credit instruments, include restructures of government direct loans; changes to

private loans covered by government loan guarantees; and sales of projects or project assets and use of sale proceeds.

A key aspect of OSD's oversight is long-term monitoring of the financial health of the individual projects and MHPI portfolio as a whole. This includes implementing new or improved procedures to provide enhanced housing privatization reports on an annual basis to the congressional defense committees, to include an assessment of project sustainment; establishing and monitoring performance metrics and key project data elements; and conducting periodic program reviews to identify project or program issues that necessitate increased monitoring, additional guidance or assistance from OSD or by the Military Departments, or potential resolution through some other change to the project such as a financial restructure.

Under my leadership, OSD is increasing its oversight to ensure the Military Departments fully and effectively exercise their responsibilities to ensure that privatized housing is managed in a manner protective of human health and the environment. This includes OSD establishing new reporting requirements and programmatic reviews regarding Military Department monitoring of potential hazards in privatized housing, such as reporting on the number of child falls from windows in MHPI (or military-operated) housing.

Additionally, OSD is increasing its participation in meetings with MHPI partners to focus on privatized housing management, housing conditions, and project financial health from a portfolio perspective. On February 1, 2019, I hosted a meeting with MHPI partner and Military Department executives to review their oversight of housing conditions and discuss how we can work together to better ensure local privatization project housing managers are responsive to tenant concerns, remedy identified health or safety hazards, inspect housing for hidden hazards in need of resolution, and keep residents informed regarding any safety risks and associated mitigation or abatement measures. As a result of this summit, the DoD participants and MHPI partners collectively agreed that a way forward in addressing resident concerns will focus in three key areas...communication, engagement, and responsiveness.

The Department and our housing privatization partners are committed to working together to increase our collective communication with military families and better ensure they have a positive experience living in privatized housing.

Even before the February 13, 2019, hearing before the Senate Armed Services Committee on the hazards identified in privatized housing, the Military Departments began an intense campaign to conduct site visits and review privatized housing conditions of each home, meet with families one-on-one and hold town hall meetings, and conduct senior level discussions with their privatized partners to address property management issues and develop a plan that will make meaningful and lasting improvements.

After the February 13 hearing, OSD, the Military Departments, and the privatized partners have met several times and developed a series of corrective actions that we are putting in motion now. These actions include improving education and engagement with MHPI stakeholders; assessing and improving our resident satisfaction survey content and processes; implementing a Resident Bill of Rights; establishing resident "customer care" advocates; and ensuring work order status and progress is visible, timely and transparent for residents and government housing

staff. We are also enhancing education and customer service training for all housing and maintenance staff; providing guidance on the use of Non-disclosure Agreements; establishing a common adjudication process and standards for issue resolution; and clarifying processes for residents to raise health concerns and for health providers to report issues to installation medical and housing offices, and other agencies as appropriate.

A key part of the Department's path forward is enhancing communication with privatized housing stakeholders. I am developing a comprehensive communications plan for the near and mid-term that will ensure DoD keeps Congress, military families, and military family support organizations aware of the changes that are being made. As part of this plan, Military Department leadership joined me in a conference call with Military and Veteran Support Organizations on March 15, 2019, and I provided an update to the Military Family Readiness Council on March 19, 2019. The Department's communications plan will provide continued opportunities for us to consult with and receive input from Congress, as well as military families and the organizations that represent them, to include input on the draft Resident Bill of Rights.

I have asked the Air Force to lead DoD's effort to finalize our draft Resident Bill of Rights. This effort will require considerable discussion with our housing privatization partners and input from military family support organizations. The final Resident Bill of Rights will demonstrate DoD and our private partners' commitment to ensure privatized housing provides high quality, well maintained homes where military members and their families will want – and choose – to live. I anticipate finalizing this Bill of Rights in the next 60 to 90 days.

#### **Overall Health of the MHPI Program**

The overall health of the MHPI program is measured in three distinct phases: Initial Development, Sustainment, and Recapitalization.

**Initial Development Phase (IDP):** This phase is typically planned for the initial 5 to 10-year period after project financial closing. With 99 percent of the initial development complete, more than 62 percent of the MHPI portfolio is either newly constructed or has received a major renovation with the remaining housing receiving some investment (e.g., new cabinets, paint, new flooring) to ensure the housing is in good condition. The MHPI program has leveraged private sector capital by a ratio of 8 to 1, achieving more than \$32 billion in development scope with just \$4 billion in government funding. While the majority of IDPs are complete, the resulting leveraging of private sector investment is far in excess of the original internal DoD requirement to achieve projects with a 3 to 1 leverage, and represents a highly successful and a very healthy foundational start to the program.

**Sustainment Phase:** This phase begins after the IDP, concentrating on operation of the asset and planned capital repair and replacement is the norm as the project pays down the initial financing and begins to save for the next major recapitalization development period which will likely occur around year 25 to year 30 of the project. While the MHPI program is in the early stages of this phase, the program remains very healthy with strong occupancy across the portfolio, positive resident satisfaction and, for the most part, strong cash flows to support the initial debt taken down by the projects.



The projects of the most concern at this point are those that were highly leveraged at the outset, most notably the projects with government direct loans (GDL) in addition to their private debt. This leverage increases the risk that the project might lack sufficient cash flow to cover project debt in the event that project revenue is lower than expected. Given that debt service is generally a higher priority than sustainment and recapitalization reserves in the “cash waterfall”, higher leverage projects may have difficulty meeting these long-term needs if not monitored carefully. This can occur if housing occupancy or BAH rental income is lower than expected, for example, due to deployments, and/or if operating costs are higher than projected, for example, due to significantly increased utility rates. The focus of oversight in situations where the GDL is at risk is on restructuring or modifying the GDL to ensure, first and foremost, maximization of the total return to the Federal government while still supporting the sustainability of the project.

Recapitalization Phase: Recapitalization of the assets at the appropriate time in the life cycle is a bellwether measure of the overall success of the MHPI program. At this time, it is too early to determine if a project is able to meet recapitalization objectives as there is significant time remaining in the Sustainment Phase. Further, there are other changes occurring or affecting each project that impact the funds available at the time Recapitalization Phase begins. That said, prudent management of the projects includes frequent forecasting of funds available in relation to anticipated costs of the recapitalization. In addition, the MHPI authorities and the existing project structures provide tools to address potential funding shortfalls. As such, we cautiously, but reasonably, assert that the program will remain healthy as we approach and proceed through this phase.

To ensure continued health and success, long-term government oversight of the program and individual MHPI projects is critical. The private sector brings exceptional experience and expertise to perform a non-core function for the Department of Defense. However, we must recognize that the Government’s interests are not always aligned with the private sector; oversight and engagement is required and expected in a public-private partnership over the long term to ensure success.

#### **Health and Safety Conditions in Privatized Housing**

Although privatization has dramatically improved the quality of on-base housing, there is room for improvement, including in those areas raised in recent media coverage. DoD, the Military Departments, and our privatization partners take seriously any concerns about unsafe or unhealthy conditions in privatized housing and are committed to addressing such concerns. The health and safety of our Service members and their families is a top priority of the DoD. With that said, in some cases, we lost focus on delivering a positive experience to our residents.

While MHPI resident satisfaction surveys by an independent third party (with occupancy rates that exceed 93 percent for all MHPI projects) suggest the recently raised issues are not indicative of a systemic problem across the MHPI portfolio, the Military Departments and MHPI project partners continue to work together to review housing conditions. They are working together to address health and safety hazards, and to evaluate policies and procedures to ensure that any health and safety issues are addressed in a manner protective of human health and the environment, in compliance with all applicable federal, state, and local laws and regulations, and

applicable DoD and Military Department policies. In all cases, it is my expectation that the Military Departments and housing privatization partners keep residents informed about lead-based paint, mold, or other hazards, and associated mitigation or abatement measures. The Department of Defense will continue to assess privatized housing resident satisfaction through surveys obtained using an independent third party contractor and will incorporate the survey results into Military Department reviews of partner performance. As noted previously, we are reviewing our resident satisfaction survey questions and processes to ensure they provide the data we need to accurately assess privatized partner performance, including property management and delivery of quality, well-maintained homes.

MHPI project ground leases and associated legal documents address the requirement for projects to provide safe, quality housing and define required project compliance with Federal, state and local environmental and health standards. MHPI projects must comply with the same regulatory standards and inspection requirements as off-base rental housing and tenants of privatized housing have the same rights and protections as residents living off-base. While there are Federal regulations and standards related lead based paint, there are no Federal standards for mold. The Military Departments and their housing privatization partners consider all housing maintenance requests including those involving lead-based paint or mold as “urgent” and therefore requiring rapid response.

Each Military Department has procedures in place, supported by their respective housing offices, through which military tenants may seek assistance to resolve issues with their landlords, whether they live in private housing off-base or privatized housing on-base. Residents of privatized housing are encouraged to report any concerns to the housing property management office or the on-base, government housing office so that their concerns can be addressed in a timely manner. All resident complaints will be taken seriously and acted upon in a timely manner. Residents of privatized housing also have the option of filing an anonymous complaint with the Inspector General. In all cases, the installation commander is the resident advocate for any issue involving privatized or government-owned or leased housing and is always to act on behalf of the resident, without resident fear of reprisal. The Military Departments are taking steps to better communicate these procedures and processes to housing residents, and to better train installation staff about their role and responsibilities in representing and resolving resident concerns in a manner that enhances housing quality, resident satisfaction, and is free of reprisal.

Prospective tenants of any privatized (or government-owned or leased housing unit) built before 1978 are notified in writing of the health risks associated with damaged or deteriorating lead-based paint and what to do if any damage to paint occurs, consistent with EPA requirements. Before signing a lease and accepting residency, prospective tenants are: 1) provided with EPA-required information about the presence of lead-based paint, health risks associated with lead exposure, the steps they must follow to minimize those risks, the requirement to notify maintenance if any damage or deterioration to paint occurs while they are living in the home; and 2) required to review and sign a lead paint addendum that is consistent with EPA requirements. Because Service members are not required to live in MHPI housing, they can opt not to rent privatized housing, or a specific unit of privatized housing, for any reason. For example, a Service member might decline to rent a privatized housing unit that was built prior to 1978 due to concerns regarding potential lead-based paint.

However, we understand that some residents may be overwhelmed by the litany of forms they must sign during the chaos of a Permanent Change of Station (PCS) relocation, and they may not fully understand or appreciate the need for their vigilance that these standard documents seek to convey. Accordingly, the Military Departments are exploring a variety of educational programs, including 90-day post move-in visits and interviews to impress upon residents, in a time of more calm, the need to be watchful for and promptly notify management of any damaged or deteriorating lead-based paint.

The Government Accountability Office (GAO) has initiated a review of hazards in privatized housing. We welcome this review and stand ready to work with the MHPI partner companies to provide GAO with the data needed to make informed judgments on the management and benefits of this critical program.

### **Conclusion**

The Department of Defense understands that family is important and honors the sacrifice that Service members and their families make to serve our nation. The Department recognizes we have a moral obligation to military families to provide safe and quality housing, and we take that obligation seriously. We are committed to the long-term success of the MHPI projects and MHPI program, and will continue our oversight of the MHPI portfolio to ensure delivery of safe, quality, well-maintained housing for Service members and their families over the life of the projects. Bottom line, this includes a twin focus...ensuring our residents have a safe and positive experience living in privatized housing, and ensuring the long-term viability of the MHPI projects.

Thank you for the opportunity to testify on the Military Housing Privatization Initiative and for your continued support of Department of Defense's efforts to make sure that military families have safe, quality housing. Again, I look forward to working with you to support the priorities of the Department and the quality of life for our military members and family members who are called to sacrifice so much for public service.

**The Honorable Robert H. McMahon**  
**Assistant Secretary of Defense for Sustainment**

Mr. McMahon is the Assistant Secretary of Defense for Sustainment. He serves as the principal staff assistant and advisor to the Under Secretary of Defense for Acquisition and Sustainment, Deputy Secretary of Defense, and Secretary of Defense on sustainment in the Department of Defense, and is the principal logistics official within the senior management. Mr. McMahon provides oversight of logistics policies, practices, and efficiencies to enable readiness across the Department of Defense and manages over \$170 billion in logistics operations. Mr. McMahon provides budgetary, policy and management oversight of the Department of Defense's real property portfolio that consists of 28 million acres, over 500 installations, and more than 500,000 buildings and structures valued at \$1 trillion dollars. He is responsible for the Department's planning, programs, and capacity to provide mission assurance through military construction, facilities investment, environmental restoration and compliance, installation and operational energy resilience, and occupational safety programs. Mr. McMahon previously served as the Assistant Secretary of Defense for Logistics and Materiel Readiness from November 2017 to August 2018.

From 2015 to 2017, Mr. McMahon served as President of Fickling Management Services in Macon, Georgia. He led a team of commercial real estate professionals whose portfolio spanned eight states. Previously, he served as the Director of Field Operations and Site Lead (Warner Robins Air Force Base, Georgia) of the Boeing C-17 Globemaster III Integrated Sustainment Program (GISP), and as the CEO of the 21st Century Partnership in Warner Robins, Georgia.

Mr. McMahon retired from the Air Force as a Major General in 2012, after more than 34 years of service. Born in Toledo, Ohio, he entered active duty in the United States Air Force after graduation from the U.S. Air Force Academy in 1978. His command experience includes a maintenance wing, a logistics group and two maintenance squadrons. He has served as the Director of Maintenance for the Ogden Air Logistics Center, and as the Director of Propulsion for the San Antonio ALC. General McMahon was also the military assistant to the Assistant Secretary of the Air Force for Installations, Environment and Logistics, Headquarters U.S. Air Force. He has also served as the Director of Logistics, Deputy Chief of Staff for Logistics, Installations and Mission Support, Headquarters U.S. Air Force.

Immediately prior to retirement, General McMahon served as Commander of the Warner Robins Air Logistics Center, Robins Air Force Base, Georgia. He was responsible for worldwide logistics support for C-130 and C-5 transport aircraft, F-15 fighter aircraft, U-2 reconnaissance aircraft as well as support for remotely piloted vehicles, Air Force helicopters, air-to-air missiles, surface motor vehicles and high-technology airborne electronics, avionics and electronic warfare requirements. The center was one of three Air Force air logistics centers and the largest single-site industrial complex in the state of Georgia.

Mr. McMahon holds a Bachelor of Science degree from the United States Air Force Academy and a Master of Science degree in Maintenance Management from the Air Force Institute of Technology.

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THE HOUSE ARMED SERVICES COMMITTEE  
SUBCOMMITTEE ON READINESS

STATEMENT OF  
  
THE HONORABLE THOMAS B. MODLY,  
  
UNDER SECRETARY OF THE NAVY

APRIL 4, 2019

BEFORE THE HOUSE ARMED SERVICES COMMITTEE  
SUBCOMMITTEE ON READINESS

NOT FOR PUBLICATION UNTIL RELEASED BY  
THE HOUSE ARMED SERVICES COMMITTEE  
SUBCOMMITTEE ON READINESS

Chairman Garamendi, Ranking Member Lamborn, distinguished members of the readiness subcommittee, thank you for the opportunity to testify on the actions we are taking to improve the Department of the Navy's privatized housing. Before I detail the specific actions we have taken, and continue to take to address deficiencies in the management of our PPV housing projects across the Navy and Marine Corps, I think it is important for me to express on behalf of the Department of the Navy that we are both disappointed and embarrassed by the information that has emerged in the last several months. It is particularly difficult for us to learn of these issues because as an institution we love our Sailors and Marines, their families and we take our obligations to them seriously. More significantly, we ask a tremendous amount from them in terms of sacrifice in service to the nation and so to learn that in certain instances we have not lived up to our commitments to provide them with quality, safe housing has been alarming. We are committed to fixing this problem so that our people are provided the housing they deserve, and so to that they can focus on the important jobs we ask them to do. In fact, it was largely this motivation that drove the Department, with the support of Congress, to develop the PPV housing initiative in the first place. The overall objective was to improve housing for our servicemembers, not degrade it. Across the entire program, and taken as a whole, this objective has been largely accomplished as we have registered significantly higher average satisfaction scores from our tenants under PPV than we experienced when the Services managed housing themselves. In fact, our average satisfaction score of 84, using the same survey method and criteria we used prior to the PPV was has been consistently 10-15 points higher than it was before the PPV initiative went into effect. That being said, we are still discovering that despite this higher average score several thousand tenants were unsatisfied, and on a project of this scale and importance, this is an unacceptably high number and one that that is simply not good enough

for the Department of the Navy. As a result, in response to the concerns regarding this program, the Navy and Marine Corps are comprehensively reviewing the business systems, reporting mechanisms and oversight procedures governing the way housing maintenance issues are reported, remediated and verified in privatized housing. I have also directed the Naval Audit Service to perform a comprehensive review of the PPV program and report back to me within 90 days. The objective of this audit is to not only look backwards, but to provide insight into how we can better understand and assign accountability across the program.

In late February, the Chief of Naval Operations and the Commandant of the Marine Corps directed unit level leadership personal contact with every Sailor and Marine who lives in a PPV housing unit. The purpose being to: (1) to raise command awareness of family living conditions to ensure that they are safe, secure and environmentally healthy; (2) to personally observe any issues affecting the home and to understand any actions being taken to address them; and (3) if a problem is found, to help service members and their families resolve the problem and ensure that all families are aware of the help and resources available to them. Both the Navy and Marine Corps are also extending their inquiries to better understand how all Sailors and Marines feel about their current housing situations, whether they be in PPV, government run, or rental properties on the private economy.

As of March 5th the Navy has made 100% contact with all 44,522 tenants living in a Navy PPV or government run family housing project. Of those 44,522 contacts 2,179 identified an issue with their housing that required attention. Of those 2,179 tenants, only 825 requested a personal visit by the command to help remediate the problem, or problems. To date, the Navy has completed 346 of these visits. With respect to the Marine Corps, as of March 29 they had made contact with 58,731, or 76% of the 76,706 Marines living in either a PPV, government run, or

private rental housing unit. Of those 58,731 personnel, 7,685, or 13%, had a follow on phone call or a home visit. The Marine Corps expects to reach 100% contact by April 15<sup>th</sup>.

These ongoing reviews and discussions with tenants have revealed several systemic issues. Most significantly, it appears as though the burden for reporting and escalating a housing issue often falls on the service member, sometimes requiring multiple calls to achieve a satisfactory response. Once the need for corrective action has been established, the contractors hired by our private partners have too often failed to live up to their obligations to conduct satisfactory repairs in a timely manner. The Department of the Navy has too often failed to effectively exert the oversight needed to identify and correct isolated issues before they become systemic.

With respect to the nature of the complaints, many of them were based on repeated instances of poor customer service where problems were identified and then never corrected in a timely or professional manner and required multiple follow up visits and calls that still failed to remedy the original problem. These complaints were particularly distressing for the tenants when the problem related to issues of health and safety, such as moisture, mold, rodents, and electrical hazards. In response to these concerns, and in addition to the concerted effort to contact 100% of Sailors and Marines who are impacted by this issue, we are taking steps to address immediate problems as well as adjust our business processes to permanently correct systemic issues.

To date, the Navy has conducted 71 town halls to learn more about the state of affairs at each housing project and to better understand specific problems that need attention. It is also



streamlining its reporting process so that no Sailor has to exceed two calls before achieving resolution. The first call should be to the housing company, and the second, if necessary, to their chain of command, which will be required to advocate on their behalf with the government base housing office, base leadership, and Commander Naval Installation Command (CNIC) to ensure resolution. Simultaneously, families will continue to have an open channel to the base housing office.

Additional systemic improvements that are being implemented include the following:

- Privatized Housing Crisis Action Teams have been established at the Installations Command headquarters, as well as at each Regional Command to respond with greater urgency to housing complaints.
- Comprehensive reviews of all reporting mechanisms and oversight procedures that govern how discrepancies are reported, remediated and verified through our Public-Private Venture partners are in progress. Additionally, we are working with PPV partners to better address reporting, tracking, rating and resolution, to include the integration of mobile technology that not only allows tenants to contact and track their service requests, but also provides Navy and Marine Corps leadership with real time data about issues and trends.
- Weekly assessments will be conducted by Regional Housing Directors to provide comprehensive oversight and quality control on work orders, including database systems to track work orders and spot checks of individual work orders to ensure quality repairs.
- Increased outreach is being implemented in the form of periodic letters to include a more active social media present communications to all families in PPV housing.

- Regularly scheduled open forums on housing issues will be sponsored by the installations and will be delivered by the local base commanders with the authority to address issues that may arise.
- The out of cycle independent Resident Satisfaction Survey is being updated with specific questions added to ensure resident concerns have been captured fully.
- Quarterly meetings will be established with PPV CEOs and the Service Secretaries to address and monitor the satisfactory delivery of housing for our Sailors and Marines.

The Marine Corps is taking several of the same steps as listed above. Additionally, Marine Corps Commanders are using the Marine Housing Outreach program to increase their awareness and better advocate for military families. Commanders are leveraging appointed service member advocates and the base housing office to streamline communication with providers. Both Commanders and appointed advocates are ensuring effective oversight and remediation is in place, operating with the full authority and support of the chain of command.

We will also evaluate the existing business agreements with our Privatized Housing Partners to incentivize responsiveness, quality control, field management oversight and customer service to ensure that resident safety and satisfaction is improved measurably, and substantially. We are ensuring base officials are aware of the leverage they have to hold PPV partners accountable, including the adjustment of incentive fees, the authority to issue cure notices, and ultimately, the ability to replace the property management company if necessary. We are also developing ways to leverage mobile technology, upgrade our database systems, and improve tenant advocacy through the chain-of-command.

Finally, we are reaffirming that our PPV partners must remain an important component of the housing solutions offered to military families. Our agreements with them are designed as a partnership and not a traditional outsourced contractor relationship. We are also ensuring our military leaders understand that we have not “outsourced” their responsibility to be advocates for our service members who reside in PPV housing. It is an essential function of commanders and small-unit leaders to be engaged in the well-being of Sailors and Marines and their families. Commanders have a moral obligation to their Sailors and Marines, one that can have a profound impact on readiness. It is important that they understand that the PPV structure is a partnership in which their share of the responsibility of that partnership is to be an advocate for the tenants who the partnership serves. We cannot allow ourselves to take our eyes off the ball on this critical responsibility again, and we are taking every possible step to ensure that we don’t. I can assure you the Department of the Navy is “all hands on deck” in getting after this problem.

Thank you for your engagement and interest in this issue. We look forward to working with you to improve our privatized housing so that it meets both the expectations of our Sailors and Marines and achieves what it was intended to deliver.

**Thomas B. Modly**  
**Under Secretary of the Navy**  
**12/4/2017 – Present**

Honorable Thomas B. Modly of Ohio was sworn in as the 33rd Under Secretary of the Navy Dec. 4, 2017, and serves as Chief Management Officer and Chief Information Officer for the Department of the Navy. He is the son of Eastern European immigrants who escaped from behind the Iron Curtain after World War II. He was raised in Cleveland, OH.

Throughout his tenure, Secretary Modly has focused on increasing agility and accountability throughout the Department's workforce and in vital business operations, including information management, that support warfighting wholeness for Sailors and Marines.

Secretary Modly created the Office of the Chief Management Officer for innovative, engaged leadership of business processes, data systems, and risk management. He led the creation of the Department's first Business Operations Plan, a planning and execution tool designed for all Navy and Marine leaders, both uniformed and civilian alike. He orchestrated the efforts of many thousands of professionals who completed the first-ever audit of all Departmental resources, resulting in millions of dollars of recovered property and increased readiness.

As the Chairman of the Department of the Navy's Education for Seapower (E4S) Study, Secretary Modly, along with a blue-ribbon panel of national-level leaders undertook the most comprehensive review of naval education in over 100 years. This study informed key organizational, governance, and policy reforms which will elevate education as a true warfare enabler, and better support the development of strategic and critical thinking so keenly needed for naval leaders in an era of great power competition.

Prior to his current position, Secretary Modly was a Managing Director with PwC Public Sector practice and was the firm's Global Government Defense Network Leader. At PwC, he was the lead partner for the firm's NATO account and he led economic development teams in Iraq and Afghanistan in support of U.S. stabilization efforts. Prior to this, Secretary Modly was the Deputy Under Secretary of Defense for Financial Management, a role in which he drove broad business transformation efforts across the DoD. He also has over ten years of experience in corporate strategy and mergers and acquisitions in the aviation support and IT services industries.

Secretary Modly graduated from the U.S. Naval Academy in 1983 with a Bachelor of Science, with distinction. Upon graduation he joined the United States Navy and proudly served as an UH-1N pilot and an Assistant Professor of Political Science at the U.S. Air Force Academy. He left active duty in 1990 to attend business school and to pursue a career in the private sector. As a midshipman at the Naval Academy, Mr. Modly also attended Georgetown University where he began work on a Master of Arts in Government/International Relations. He completed this degree prior to starting flight school in Pensacola in early 1984. He also attended Harvard Business School from 1990 to 1992 where he earned a Master's in Business Administration with Honors with a concentration in Business, Government and Strategy.

*(Updated: 27 March 2019)*

**STATEMENT BY**

**HONORABLE JOHN HENDERSON  
ASSISTANT SECRETARY OF THE AIR FORCE  
(INSTALLATIONS, ENVIRONMENT, AND ENERGY)**

**BEFORE THE**

**SUBCOMMITTEE ON READINESS  
COMMITTEE ON ARMED SERVICES  
UNITED STATES HOUSE OF REPRESENTATIVES**

**FIRST SESSION, 116<sup>TH</sup> CONGRESS**

**MISMANAGED MILITARY FAMILY HOUSING PROGRAMS: WHAT IS THE RECOVERY  
PLAN?**

**April 4<sup>th</sup>, 2019**

**NOT FOR PUBLICATION UNTIL RELEASED  
BY THE COMMITTEE ON ARMED SERVICES  
UNITED STATES HOUSE OF REPRESENTATIVES**

**Introduction**

The United States Air Force endeavors to build, operate, and maintain installations which serve as power projection platforms, while providing safe and healthy communities for our Airmen and their families. The health and safety of our Airmen, their families, and the communities in which we serve is our priority, and the quality of life of our Airmen is key to meeting our recruiting and retention goals. A significant component to the quality of life of our Airmen is access to adequate housing. We share the concerns of our Airmen as well as the concerns of this Committee when we are confronted with instances where our housing objectives have not been met. When there are challenges, Air Force leadership owns it. We have intervened with the project owners, advocated for our residents, and supported installation commanders in our mission to take care of our Airmen and their families.

Currently, the Air Force provides 71,200 family housing units worldwide for use by our Service Members and their families. In 1996, Congress passed the Military Housing Privatization Initiative, giving the Services the authority to enter into agreements with the private sector to improve housing and quality of life for service members and their families. Since then, across the United States, the Air Force has privatized more than 55,000 homes in an effort to improve the quality of housing for the service members and families living on our Air Force bases. We sought to leverage private sector funding and expertise to provide quality housing for our members while shedding a non-core warfighting function. In the first 16 years, the Air Force completed 32 projects that privatized housing at 63 installations with a total end state of 53,237 homes. Of these, 18,028 existing adequate homes were conveyed at closing, and \$619 million in Air Force scored costs were used to obtain \$8.3 billion in total development through private partnerships to renovate 12,595 homes and construct an additional 22,219 homes. Of the 32 projects, 28 are now complete (42,786 homes) and four are still in development (10,451 homes).

Twenty-two years into this journey, we are focused on overseeing the long-term project health and sustainment of these projects with an emphasis on providing a quality housing experience for our service members. Airmen generally give high marks for their accommodations. A 2018 third-party survey found that nearly 82% of respondents reported their homes to be "Very Good." A recent review of military housing concerns by base commanders showed similar findings that nearly 86% of residents are satisfied with the health and safety of their homes. While this is a significant improvement over the past 22 years, these results also mean that we have thousands of residents still living in unsatisfactory conditions.

as our challenges to adequately address them, especially at some of our bases where privatized housing project owners have not met expectations. These media reports, as well as the concerns expressed by our Airmen and their families during the recent Air Force reviews of privatized housing, have reinforced these challenges as well as several opportunities to improve the housing experience for our residents. We are listening to our Airmen. They have a right to openly report housing problems without fear of reprisal, and we are committed to improving trust and transparency between our Airmen, the housing management teams, and base leadership to resolve issues quickly and fairly, and to help our Airmen thrive.

#### **How the Air Force Manages Housing**

The Air Force has a comprehensive portfolio management process including housing offices at each of our installations that work for the wing commanders to serve as advocates for our families. They engage daily with the project owners' on-site management staff and residents, inspect housing units, and assess compliance with transactional documents for privatized housing. Airmen are encouraged to address housing issues with their local housing office. These housing offices play a critical role to ensure healthy and safe living conditions for our residents as well as keeping the command chain informed of challenges and disputes. Our recent review of our housing management program showed that our housing management offices face challenges in adequately performing these duties due to personnel cuts over the past several years and lack of authority to address shortcomings in project owner performance. The Air Force is looking at options to address these challenges.

Above the installation, the Air Force established a centralized organization within the Air Force Civil Engineer Center to manage business agreements with privatized project owners and work directly with our installations and project owners to address concerns with both individual projects and the broader portfolio. When local housing management offices are unable to resolve residents' housing issues within the chain of command, they can elevate those issues directly to the Air Force Civil Engineer Center. The Air Force Civil Engineer Center then works directly with project owners, including their senior-level business representatives, wing commanders, and our office to resolve those programmatic concerns.

Through these Air Force resources, we conduct oversight of the 32 projects across 63 installations where housing has been privatized. We focus on proactive interventions in an effort to identify and prevent problems before they happen. Each quarter, the Air Force Civil Engineer Center conducts project reviews with installation leaders, project owners, and local housing offices. Corrective action plans can be

Force Civil Engineer Center also conducts annual site visits to each installation, visiting a sample of the housing units and assessing compliance with project requirements. The Air Force Civil Engineer Center and the Deputy Assistant Secretary of the Air Force for Installations conduct regular program management reviews to address a wide range of issues across the entire portfolio of privatized projects and work closely together on an almost daily basis with installations to resolve resident concerns. Finally, the Air Force Civil Engineer Center, the Deputy Assistant Secretary of the Air Force for Installations, and the project owners meet twice a year to share best practices, discuss lessons learned, and conduct one-on-one feedback sessions with the partners. Through this process, the Air Force works diligently with installations, residents, the chain of command, and project owners to resolve concerns to ensure that our service members have a positive family housing experience and that any challenges they have are resolved quickly and fairly.

#### **Immediate Actions to Address Airmen Concerns and Maintenance Challenges**

The health and safety of our Airmen and their families is a leadership imperative. At the direction of the Secretary and Chief of Staff of the Air Force, we conducted a health and safety review of our military housing. Wing commanders with responsibility for military and privatized housing on their installations led the reviews with their subordinate unit commanders and senior enlisted leaders. Our office created a standard checklist and sent it to each installation housing office. Commanders used the checklist to personally contact military residents of privatized housing and document their health or safety concerns. We established an action team at the Air Force Civil Engineer Center to support our wing commanders to provide guidance, advice, and assistance, and to gather the data collected during this review. The Air Force also completed an Air Force Inspector General review and assessment of policies and procedures for handling resident health and safety challenges.

The Secretary of the Air Force, the Under Secretary of the Air Force, the Chief of Staff of the Air Force, and the Assistant Secretary of the Air Force for Installations, Environment and Energy have all personally conducted visits to our most troubled installations to see the housing issues firsthand and to interact directly with Airmen and their families, installation leaders, and, in some cases, the project owners. They also participated in listening sessions with Airmen and their families to better understand what was working and where we need to better focus our attention.



The data reported through 1 March included responses from 50,991 military residents out of a total of 57,500 military personnel residing in government-owned, government-controlled, and privatized housing. There were 44,097 responses for privatized housing. Our commanders have continued working to meet with the other eleven percent of military residents which could not be reached during the limited time of the review for various reasons including personal and work travel.

At joint bases, Air Force, Army, and Navy commanders worked to avoid redundant reviews and to ensure sharing of information among all commanders of housing concerns identified by their members. Overall, 14.1 percent of military members contacted expressed a life, health, or safety concern with their home. The percentage was much lower in government-owned and leased homes, where only 1.5 percent expressed concerns vice 15.4 percent for privatized housing. Common issues include mold and moisture, insects, or mice. Some military residents also expressed concerns about other areas for further investigation, like peeling paint that could potentially contain lead, or the potential presence of radon or asbestos.

Of the 50,991 military housing residents who responded, 9,861 members requested visits. Leadership visited those homes and found:

- 2,421 had mold and moisture issues,
- 482 had chipped or flaking paint,
- 1,254 had droppings, or other evidence of vermin, and
- 7,009 presented other maintenance concerns.

Resident concerns with housing have been communicated to project owners and commanders. The Air Force Civil Engineer Center is tracking through completion the maintenance work orders created by the project owner to address those concerns. This is a start. While we work to resolve the immediate concerns of military residents, we will also follow through to address the larger programmatic issues at each of our installations that are the root causes of these concerns.

The results of the wing commander's reviews and Air Force senior leadership visits highlighted five important concerns:

- Project owners need to ensure the qualifications, staffing, and responsiveness of their maintenance crews is adequate
- Housing management offices are too small and require additional skill sets to perform adequate quality assurance of work by project owners

in resolving concerns with their housing or disputes using their chain of command

- Project owner performance incentive fees are not driving desired outcomes
- The Air Force needs to provide better moisture and mold policy/guidance to installation commanders and project owners

#### **Our Path Forward**

The Air Force has taken a number of near-term actions to address these challenges, including the ongoing Inspector General assessment of policies, procedures, and best practices for handling resident complaints and protecting residents from potential health and safety hazards. Additionally we are drafting a letter to all commanders from the Secretary of the Air Force and Chief of Staff of the Air Force reiterating chain of command responsibilities with regard to the health and safety of residents in privatized housing. Lastly, we are conducting a review of the staff size and authorities in the housing management offices which are so important in supporting our residents and keeping the chain of command informed of challenges.

Also, we are taking steps to improve our communication and expand the resources available to Airmen and their families. We established a toll-free call center where residents can report concerns with privatized housing, and we are crafting policy to implement a tenant council for both privatized and government-run housing across the Air Force enterprise. The Air Force Judge Advocate General has provided guidance to legal offices to educate tenants about the services available through military legal assistance, tenants' rights under leases and state law, and the process for filing claims. Finally, we are working in coordination with the Office of the Secretary of Defense, the other military services, our project owners, and stakeholders on a joint service Resident Bill of Rights and common Military Housing Privatization Initiative tenant lease which will inform military families living in privatized housing of their rights and establish consistent expectations with the landlord-tenant relationship and responsibilities.

We have also initiated a number of medium and long-term efforts to address shortcomings in privatized housing, which include automated systems to improve maintenance work order visibility, maintenance quality assurance, performance incentive fee structure, and enhancement of the Air Force Civil Engineer Center annual site visits to include additional feedback from commanders and residents.

some privatized homes. Senior Air Force leaders have conducted multiple privatized housing site visits in the last month and I will continue inspecting base housing projects during each installation visit I make. My next base visits will be to Joint Base Langley-Eustis and Joint Base Charleston in early April.

**Conclusion**

The Air Force is committed to providing safe and healthy housing for our residents living on our installations. While a majority of our Airmen are satisfied with their housing, we have some privatized housing project owners who are not meeting expectations. We will hold those project owners accountable for performance and provide the necessary resources to our wing commanders to ensure that our Airmen living in safe and healthy conditions. We are addressing the housing issues we know about and taking steps to improve each Airman's access to get help quickly and fairly. As we move forward, we look forward to working with the Congress on an enforceable Resident Bill of Rights, as well as any other needed improvements.

**John W. Henderson****Assistant Secretary of the Air Force for Installations, Environment and Energy**

The Honorable John W. Henderson is the Assistant Secretary of the Air Force for Installations, Environment and Energy. He is responsible for the formulation, review and execution of plans, policies, programs and budgets to meet Air Force installations, energy, environment, safety and occupational health objectives. Mr. Henderson was commissioned in the U.S. Army Corps of Engineers in May 1994, upon graduation from the South Dakota School of Mines, and retired in the grade of colonel in 2017 after a 23-year career. Mr. Henderson commanded an engineer battalion during operation Enduring Freedom and deployed with the 25th Infantry Division and U.S. Army Corps of Engineers during two tours supporting operation Iraqi Freedom. He held multiple command and staff positions throughout his career, to include five assignments with the U.S. Army Corps of Engineers, culminating as the Omaha District Commander. Mr. Henderson is registered as a licensed professional engineer in the state of South Dakota.

**EDUCATION**

1994 Bachelor of Science, Civil Engineering, South Dakota School of Mines and Technology, Rapid City  
 2002 Master of Science, Civil Engineering, South Dakota School of Mines and Technology, Rapid City  
 2006 U.S. Army Command and General Staff College, Fort Leavenworth, Kansas  
 2015 National Security Fellowship, Massachusetts Institute of Technology, Cambridge

**CAREER CHRONOLOGY**

1995-1996, Platoon Leader, 44th Engineer Battalion, 2d Infantry Division, Camp Howze, Republic of Korea  
 1996-1997, Executive Officer, 82d Engineer Company, 2d Infantry Division, Camp Edwards, Republic of Korea  
 1997-1998, Company Commander, Engineer Brigade, 2d Infantry Division, Camp Howze, Republic of Korea  
 1999-2000, Company Commander, Charlie Company, 864th Engineer Battalion, Fort Wainwright, Alaska  
 2000-2001, Aide-De-Camp to U.S. Army Alaska Commanding General, Fort Richardson, Alaska  
 2001-2002, student, South Dakota School of Mines and Technology, Rapid City  
 2003-2004, Hydraulics/Hydrological Engineer, U.S. Army Corps of Engineers, Vicksburg, Miss.  
 2004-2004, Operations Officer, U.S. Army Corps of Engineers, Multi-National Forces – Iraq, Baghdad, Iraq  
 2004-2005, Resident Engineer, U.S. Army Corps of Engineers, Vicksburg, Miss.  
 2005-2005, Deputy District Commander, U.S. Army Corps of Engineers, Vicksburg, Miss.  
 2006-2007, Operations Officer, 25th Infantry Division, Tikrit, Iraq  
 2007-2008, Battalion Executive Officer, 25th Infantry Division, Multi-National Division-North, Tikrit, Iraq  
 2008-2010, Honolulu District Deputy Commander, U.S. Army Corps of Engineers, Schofield Barracks, Hawaii  
 2010-2011, Pacific Ocean Division Chief of Staff, U.S. Army Corps of Engineers, Fort Shafter, Hawaii  
 2011-2013, Battalion Commander (OEF), 864th Engineer Battalion, Joint Base Lewis-McChord, Wash.  
 2013-2014, Corps Executive Officer, I Corps, Joint Base Lewis-McChord, Wash.  
 2015-2017, Omaha District Commander, U.S. Army Corps of Engineers, Omaha, Neb.

**AWARDS AND HONORS**

Legion of Merit Bronze Star Medal with two oak leaf clusters  
 Meritorious Service Medal with silver and bronze oak leaf cluster  
 Humanitarian Service Medal  
 Combat Action Badge

**PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS**

Society of American Military Engineers  
 American Society of Civil Engineers  
 National Society of Professional Engineers

(Current as of March 2018)

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**RECORD VERSION**

**STATEMENT BY**

**MR. ALEX BEEHLER  
ASSISTANT SECRETARY OF THE ARMY  
(INSTALLATIONS, ENERGY & ENVIRONMENT)**

**BEFORE THE**

**SUBCOMMITTEE ON READINESS  
COMMITTEE ON ARMED SERVICES  
UNITED STATES HOUSE OF REPRESENTATIVES**

**FIRST SESSION, 116TH CONGRESS**

**MISMANAGED MILITARY FAMILY HOUSING PROGRAMS: WHAT IS THE  
RECOVERY PLAN?**

**APRIL 4, 2019**

**NOT FOR PUBLICATION UNTIL RELEASED BY THE  
COMMITTEE ON ARMED SERVICES**

**Introduction**

Chairmen Garamendi, Ranking Member Lamborn, and distinguished members of the Subcommittee, thank you for this opportunity to testify on the current state of the Army's Military Housing Privatization Initiative (MHPI), and to answer any questions you may have. I want to begin by thanking the committee members for their continued support and commitment to the Army's Soldiers, Families, and Civilians. I look forward to working with you to achieve our mutual goal of improving the condition of the housing on all of our Army installations, which directly impacts the welfare and quality of life for our Soldiers and Families.

**Providing Safe, Quality Army Family Housing**

First, I'd like to emphasize that the safety and well-being of our Soldiers and their Families is paramount. The recent reports of substandard conditions in some of our military housing units is deeply disturbing. On all of our installations, the Army is committed to providing safe and secure family housing that meets or exceeds health and safety standards, which includes preventing exposure to environmental hazards. It is unacceptable for any of our Families who sacrifice so much for our country to endure these hardships in their own homes. We are fully committed to determining the scope of the problem and, more importantly, taking corrective preventative actions to avoid a repeat of the conditions we have seen in some of the homes. Since the issues came to light, we have initiated a number of actions to ensure our Soldiers and their Families have access to safe and secure military housing across all of our installations.

The Army currently has 104,000 family homes, of which 87,000 are privatized under the Residential Communities Initiative (RCI) program. The privatized homes are managed by seven private companies across 49 installations. The transition to privatized housing in 1998 marked a dramatic improvement in living conditions for our Soldiers and their Families but we need to do better. Our RCI companies have failed to uphold their end of the bargain and we have failed to provide sufficient program oversight. We are determined to investigate these problems and to hold our housing companies and our military and civilian chains of command accountable. The Army is actively working to rectify the current deficiencies and implement long-term solutions to

ensure that our service members' Families are afforded a safe, secure, and quality living environment.

**Actions Underway**

The Army has taken immediate action to fully understand the scope and scale of conditions of our military housing and to remedy the current housing deficiencies. Army senior leaders have travelled and continue to travel to installations to see the housing, talk with families, and press housing CEOs to take immediate action to resolve outstanding issues. Each installation Garrison Commander has established hotlines for housing concerns and has conducted town hall meetings, providing residents the opportunity to voice their concerns to Army leadership. At these town hall meetings, poor customer service, lack of work order transparency, and the inability of residents to hold the housing companies accountable for deficient conditions were common themes. Additionally, we recently required Installation Commanders to visit all Family Housing to ensure no Family resides in a home with life, safety, or health deficiencies, and we are currently evaluating the results. We will also conduct follow-on meetings with housing CEOs to review these findings, and a redefined Army satisfaction survey will be issued to residents in the weeks ahead.

All of our companies are committed to working with us to address issues to restore faith and trust back to our residents.

The Service Secretaries recently introduced a Tenant Bill of Rights as one of the many steps taken to ensure the safety and well-being of our Soldiers and their Families. We welcome your input as we jointly pursue courses of action that will rectify these issues into the future. The reforms will not stop there. All companies have agreed to ensure that sufficient trained technicians and staff will be available at each installation to address problems in a timely manner, improve work order tracking for the residents, and give the Army the tools necessary to assess resident satisfaction with the services provided and work performed. The incentive fee structure and project metrics will also be reviewed and changed to ensure the company's focus is on the residents. Going forward, it will be our task to take these commitments and codify them into the project documents, along with the Tenant Bill of Rights, so they can be enforced hereafter.

We also need to review best practices among the housing companies and among the other Military Departments. The housing companies' main objective, which coincides with the Army's expectations, is to ensure that MHPI projects continue to be sustainable, that housing remains attractive, quality, and safe to our Soldiers and their Families; and that housing remains competitive with the local, off-post market. Ensuring the sustainability of MHPI projects, however, requires balance. In MHPI projects, rental revenue not used for operating expenses is not company "profit." Rather, it is used to fund reinvestment in the homes.

While we expect our MHPI companies to be prudent financial managers, they must ensure that operating expenses are managed but not at the expense of the health, safety, and peace of mind of our residents. Maintenance must be focused on preventative measures and solving the root cause of deficiencies, not reacting to them after the fact. Reinvestment accounts must be managed to allow for long-term recapitalization of homes and neighborhood. This is why we implemented the MHPI program.

We are keenly aware that these challenges are not isolated to only RCI homes. We are working to evaluate the conditions holistically including, Army-owned homes as well as other facilities on the installation where Soldiers and their Families work and train.

### **Conclusion**

Our mission is to provide safe high quality homes and living experiences for those who choose to live on our installations, whether the housing is Army-owned or privatized. We remain committed to providing safe, quality, and secure housing for our Soldiers and their Families, but we need to do better. It is clear that we have let some of our Army Families down, and moving forward we are committed to applying the resources necessary to oversee and fully address these issues. Our Soldiers and their Families deserve no less. Thank you for your interest in this matter, as well as your continued support to the Army.



**Mr. Alex A. Beehler**  
**Assistant Secretary of the United States Army (Installations, Energy and Environment)**

Mr. Alex A. Beehler was confirmed by the U.S. Senate on Jan. 2, 2019, and sworn in as the 16th assistant secretary of the U.S. Army for Installations, Energy and Environment (ASA(IE&E)) on Jan. 10, 2019.

As ASA (IE&E), he is the primary advisor to the Secretary of the Army and Chief of Staff of the Army for all matters related to Army installation policy and oversight, and coordination of energy security and management. In addition, he is responsible for policy and oversight of sustainability and environmental initiatives; resource management, including design, military construction, operations and maintenance; Base Realignment and Closure (BRAC); privatization of the Army real estate portfolio and installations' Safety and Occupational Health programs.

Mr. Beehler previously served from 2004 to 2009, in the Office of Under Secretary of Defense for Installations and Environment, first as the Assistant Deputy for Environment, Safety and Occupational Health (ESOH), then Principal Deputy, and Acting Deputy Under Secretary. In those capacities, Mr. Beehler served as the principal assistant and advisor for all environmental, safety and occupational health policies and programs in the Department of Defense (DoD). Those programs included cleanup at active and closing bases, compliance with environmental laws, conservation of natural and cultural resources, pollution prevention, environmental technology, fire protection, safety and explosive safety, and pest management and disease control for defense activities worldwide. He also was the first Chief Sustainability Officer (CSO) of the Department of Defense.

Mr. Beehler also has extensive experience in private industry, where he served as a director of environmental and regulatory affairs. Mr. Beehler has maintained a strong background in federal environmental policy, having served in the Department of Justice as a senior trial attorney for environmental enforcement and at the Environmental Protection Agency as a special assistant for legal and enforcement counsel. He also served as staff counsel on the U.S. Senate Judiciary Committee.

Mr. Beehler is a member of the bar of Maryland, Virginia and the District of Columbia. He received a bachelor's degree from Princeton University in public and international affairs and a law degree from University of Virginia.

Mr. Beehler and his wife Stephanie have two adult children.



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**DOCUMENTS SUBMITTED FOR THE RECORD**

APRIL 4, 2019

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**STATEMENT FOR THE RECORD**

**THE MILITARY OFFICERS ASSOCIATION OF AMERICA  
(MOAA)**

**before the**

**House Armed Services Committee  
Subcommittee on Readiness**

**On**

**Mismanaged Military Family Housing Programs: What is the  
Recovery Plan?**

**April 4, 2019**

CHAIRMAN GARAMENDI AND RANKING MEMBER LAMBORN. On behalf of the Military Officers Association of America (MOAA), we are grateful for this opportunity to express our views and appreciate the subcommittee for hosting this hearing on mismanagement of military family housing.

MOAA does not receive any grants or contracts from the federal government.

We are truly grateful for your unwavering commitment to not just the men and women who defend our fine nation, but to their families as well.

#### **Executive Summary**

Along with military families and other military service organizations, MOAA has concerns over proper management and abatement of health and safety hazards in military housing, barracks, and facilities. Specific issues include:

- **Quality and Responsiveness of Maintenance:** Concerns of improper or temporary fixes to maintenance issues, incomplete work orders being closed out and marked complete, and responsiveness of maintenance workers to health and safety hazards in both older and new homes.
- **Limited Oversight Authority:** Military services purportedly not having control over public private partners (P3s) due to lease agreement restrictions.
- **Tenant Rights:** Restrictive military installation tenant rights including barriers to seeking legal action and to access for state and local health officials.
- **Out-of-Pocket Expenses:** Servicemembers and their families paying out of pocket for hazard remediation and additional health care, or for moving costs to escape unsafe or unhealthy housing.
- **Communication with Health Officials:** Unclear communication and data collection between housing officials and military treatment facilities to address health issues brought on by environmental factors.
- **Insufficient Staffing and Funds for Government Owned Housing/Barracks:** Reports of insufficient manpower to complete work orders timely and properly, and a lack of funding to take on major renovations or extensive abatements.

We recognize there are many families who have great experiences with living on military installations and realize this may be reflected in tenant satisfaction surveys and successfully completed work orders. We commend the services and partners for the satisfaction they provide in these cases. However, because of the large scale of housing provided on installations (approximately 206,000), even a small dissatisfaction rate can mean thousands of families' housing issues are not receiving proper attention.

This statement will include a brief history of the Military Housing Privatization Initiative (MHPI) and government reports on the initiative. Additionally, it will address the above bullet points with regard to both privatized and government-owned housing/barracks.

### **Military Housing Privatization Initiative**

A full 99 percent of DoD's domestic housing on military bases is part of the military housing privatization initiative (MHPI). This initiative, leasing out home construction and maintenance on military installations to public private partners (P3s), started as a pilot program in 1996 and has continued to this day in order to recapitalize and modernize base housing at a faster rate with lower overall costs than could be achieved by previous military construction programs.

#### *Congressional Research Service Report*

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"During the past four decades, housing for military personnel and their families has been a relatively low priority component of military construction." – CRS report 2001

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In 2001, the Congressional Research Service developed a report to Congress ([CRS order code RL31039](#)) to provide a general background on, and issues with, MHPI. Prior to MHPI, DoD found it difficult to keep up with "the effects of natural deterioration and changing societal definitions of adequate housing," which led to approximately 60% of government-owned family housing not meeting standards for adequate housing.

The intention of MHPI, according to this report, was to build quality housing at a faster rate, but the report cautioned that the program "cannot be the 'silver bullet' remedy to substandard housing." Authorized in the 1996 NDAA, MHPI was originally "a five-year pilot program within a 10-year plan to resolve the general military housing problem." The target solution date was extended from 2006 to 2010 after a slow start to contract negotiations, and the pilot program was renewed multiple times in order to determine viability. Now, over 20 years into the initiative, it is evident to MOAA that the intention of the project to build quality housing and keep up with deterioration has not been met.

Privatization of military housing was attempted prior to MHPI through the Wherry and Capehart projects. However, these projects were terminated due to concern of "windfall profits" by Wherry and the impact the projects had on service budgets. Based on knowledge of these previous attempts at privatization, MHPI was designed to have the

advantages of private business while enjoying the flexibilities similar to DoD. MHPI was designated “twelve alternative authorizations” to operate within.

These authorizations are the framework for lease agreements/contracts made between DoD and public private partners. Of concern to MOAA are authorizations that take authority and control away from DoD, including: conveyance of real property, relaxation of federal specification of housing construction, and payment of rent by allotment. See the CRS report for a list of all twelve authorities, and for details on the contracting and budget scoring process.

#### *DoD IG Report*

In 2016, the DoD Office of the Inspector General (OIG) issued six reports from 2013-2016 that detail deficiencies in health and safety hazards in **military housing**, ranging from electrical system safety, fire protection systems, and environmental issues ([DODIG-2017-004](#)). The report found these deficiencies stemmed from “a lack of adequate preventative maintenance and inspections being performed at the installations”. OIG recommended that each military service conduct two annual inspections of installations to verify compliance with health and safety requirements, and that they create a joint-department working group to discuss findings from inspections and best practices. Despite these efforts being agreed to by the respective services, health and safety issues continue to run rampant.

#### *Government Accountability Office Reports*

A 1998 GAO report ([GAO/NSAID-98-178](#)) scrutinized the cost analysis methodology of the privatization initiative and raised concerns that actual savings would not be as large as DoD had originally claimed. Two years later, a 2000 GAO report ([GAO/NSAID-00-71](#)) concluded there were no measures for progress or effectiveness in place at that moment and there wasn't enough data to determine if the initiative would reach the goal of ending substandard housing more economically and faster than traditional military construction. Despite these well-informed concerns, the initiative moved forward without much thought regarding alternatives should the project not be as effective as intended.

A March 2018 GAO report ([GAO-18-218](#)) on monitoring, reporting, and risk assessment of MHPI flagged even more areas of concern that could impact quality control and tenant satisfaction. Major issues highlighted in the report include late reports on financial



condition of housing projects to Congress and projected financial shortfalls for future projects — shortfalls that have forced housing offices to cut corners to reduce expenses.

Options to reduce expenses, cited by military departments and P3s, included measures that potentially would reduce the quality of housing and increase health and safety hazards. For example, to save money, projects could reduce or eliminate services such as landscaping or a 24-hour service desk, and could defer routine maintenance. Deferring routine maintenance can create problems such as mold, dangerous inconsistencies in heating and cooling, and leaks that can directly affect the health and well-being of servicemembers and their families.

Ironically, these findings on financial shortfalls and deferred maintenance run counter to the original reason MHPI was created: Expediting quality housing with less cost due to DoD's inability to prioritize funding for personnel and family housing, and completing renovations and construction in a reasonable timeframe.

The 2019 Defense Appropriations conference report included a measure for GAO to conduct a study on how the services handle hazards involving lead-based paint in privatized housing. Subject matter experts at GAO expanded this study to include all health and safety hazards in privatized housing due to an overwhelming amount of evidence suggesting the issue goes well beyond lead-based paint. The report is expected to be finished in September 2019.

#### **Quality and Responsiveness of Maintenance**

Concerns regarding quality and responsiveness of maintenance include improper or temporary fixes to maintenance issues, incomplete work orders being closed out and marked complete, "red tape" associated with historic homes, and responsiveness of maintenance workers to health and safety hazards. These issues are persistent in reports from servicemembers and families out of both privatized and government-owned housing. Government-owned housing will be addressed in a later section.

Many families report improper or temporary fixes being made to maintenance issues. For example, one of the recurring issues mentioned by families included pervasive mold that would reappear even after following recommended abatement. When placing work orders, the maintenance team would repeat the cleaning already done by family but not address the root cause of the recurring mold. Families identified causes such as a lack of proper ventilation/broken HVAC, improperly sealed windows, and other infrastructure

flaws that contribute to mold and other hazards in their homes, but these issues often were not properly addressed, or took very long to address.

On top of recurring issues, many families have reported feeling brushed off or blamed for the health and safety hazards in their homes despite their constant efforts to remediate the hazards. While families have the opportunity to do a walkthrough of the home prior to moving in, a number of hazards may not be identifiable with an initial walkthrough but are discovered as they live in the homes (mold being painted over, last time carpet was replaced, roof leaks, etc.). P3s shifting blame to families for hazards has led to families seeking legal action against P3s.

Families also report temporary fixes being used in place of long-term abatement of issues. For example, maintenance workers typically encapsulate (glaze over) chipping lead paint, a procedure that is suggested as a temporary solution by the environmental protection agency (EPA). The numerous encapsulations are evident in housing where windows are sealed shut (a fire hazard) and doors are difficult to close because of the layers of encapsulation glaze. It is unclear what the long term abatement plans are for lead-based paint and whether they are being actively pursued.

Another quality control issue arises when maintenance workers are in the process of abating hazards. For example, at a town hall at Fort Belvoir, one family expressed their frustration with the lead paint abatement process at her home. While chipping away lead paint, the subcontractor, APEX, did not follow proper EPA guidelines to contain the paint chips, allowing them to fly into neighborhood yards. The family was apprehensive to walk their dog for fear the animal might eat the paint chips. Despite negligence in abatement and reporting of the concern, the subcontractor is still employed by the P3 at Fort Belvoir.

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*"An upstairs bathtub leaked into our laundry room. Soaking the walls and ceiling. It took several weeks for them to fix the issues. They told me that 'mold doesn't grow in Arizona' when I voiced concern over the leak." – Military Family in Michaels Housing*

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### **Limited Oversight Authority**

#### *Garrison Level Oversight*

According to [DODI 4165.63](#), the Garrison Commander (GC) is to act as the servicemember and families first advocate with regard to disputes over housing. If a family's issue is not resolved at the housing office level, families are instructed to go to

their GC with the issue. The GC can then advocate on behalf of the family, but this does not mean the GC has the authority to make the P3s do anything or hold them accountable. It is MOAA's understanding that GCs determine whether a P3 receives any monetary incentives, however this seems to be the only measure of authority given to them.

At the February 2019 hearing, the Marine Corps emphasized the importance of local commanders directly question Marines about their satisfaction to help keep track of the issues, however, servicemembers and families have reported they are uncomfortable going to their chain of command or GC to address housing issues. This can be for several reasons including fear of reprisal, issues being documented in performance evaluations, or feeling intimidated to approach senior leadership. It is unclear whether GCs have a clear understanding of housing issues on their installations if families are not reporting these issues to them.

Additionally, MOAA is concerned about whether GCs are using data on work orders and information given to them by P3s to determine incentives. This information may not be accurate due to reports (mentioned above) of work orders being closed out without fixing an issue, giving the appearance of a successfully run maintenance program.

It is also unclear what GCs are doing to escalate trends in issues on their installations to senior service leadership.

*DoD/service level oversight*

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*"Plettner contacted the Navy's hotline in Washington D.C. The Inspector General replied in a letter that, under the Navy's contractual relationship with the housing managers, the Navy 'has limited authority' to intervene in business affairs." – Reuters*

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While the Assistant Secretary of Defense for Energy, Installations and Environment (ASD EI&E) is the program manager for all DoD housing, whether government owned or privatized, and each service has an assistant secretary responsible for housing, it is evident their ability to resolve housing issues is limited due to the nature of these lease agreements, which are 50-year contractual relationships.

It is unclear how DoD can provide oversight and accountability of P3s with the restrictive nature of the lease agreements or whether agreements can be amended to allow for more oversight. It is also unclear what repercussions P3s face if they breach the agreement, are sued by families, or provide substandard services.

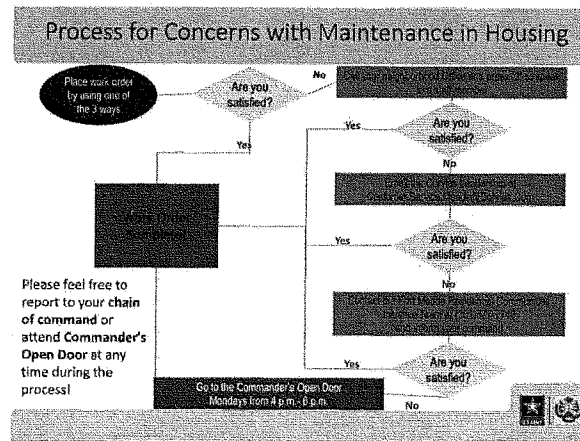
For example, a federal jury recently awarded \$350,000 to the family of a Marine who filed a lawsuit in 2011 against Mid Atlantic Military Family Communities for negligence in mold abatement. Additional lawsuits are expected, with at least 19 already filed against this company. However, the company still holds lease agreements with DoD and continues to operate military housing.

### **Tenant Rights**

When military families finally become fed up with living among these health and safety hazards, tenant regulations on military installations prevent them from pursuing the basic rights most tenants receive. In most states, tenants can get out of their leases due to unsafe housing, deduct incurred repair costs from rent, and enlist local health officials to test their home and enforce health codes. These rules do not apply to military base tenants.

While a tenant typically can withhold rent from a landlord until a housing dispute is resolved, that is not the case for tenants in privatized military housing, whose BAH is transferred directly from DoD to the P3s. If families do have the option to work with DoD to withhold rent for a housing dispute, this information is not well known.

While GCs and P3s have been clear on the process families can go through to escalate housing concerns (see chart below), this does not mirror how tenants can address issues in civilian housing on the local economy. While a tenant on the economy can address disputes in ways listed above, a tenant in privatized military housing has to jump through a number of hoops — three housing offices, their chain of command, and their garrison commander — to say they've done their due diligence. A tenant on the economy does not have to go to their boss at work to resolve housing disputes, nor should a tenant in privatized military housing.



With regard to seeking legal recourse when housing disputes are not addressed by the above process, many families are confused when it comes to getting legal advice or counsel. Many remain confused as to whether they can go to state court for claims on federal land, or whether their servicemember can even sue, based on the Feres Doctrine. Even when seeking advice from attorneys or JAG officers, these experts seem not to know exactly what legal recourse families have. While there may be answers to these concerns, this process is not clear and many families seeking a way forward are left in the dark.

### Out-of-Pocket Expenses

Many servicemembers and their families have reported paying out of pocket for hazard remediation, additional health care costs brought about by housing conditions, and for moving out of unsafe or unhealthy housing. When families conduct regular maintenance/cleaning of their home, they often find some hazards are augmented by previous infrastructure issues. This makes regular maintenance expensive and time intensive for families/servicemembers.

As mentioned in the Fort Meade example previously, despite families taking preventative measures to conduct routine maintenance and cleaning, root causes of the issues continue to remain unfixed, which increases the time and money families spend on preventative maintenance for health and safety hazards.

In addition to expenses related to abating everyday hazards, families pile up additional expenses once they decide it is in their best interest to move off post. These include any move out charges, new rental deposits, hotel stays/eating out, mover charges, replacing furniture/personal items ruined by hazards such as mold and vermin, etc.

Family members who have experienced negative health impacts due to health and safety hazards in their homes report additional expenses incurred through doctor visits and medical supplies.

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*"My family is over \$20,000 in debt from living in a hotel 5 months and from paying [a] specialist not covered by Tricare to treat mold exposure. That does not include what we spent to replace almost everything in our house." – Enlisted Navy Family, Naval Base San Diego*

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*"\$475 for an expedited mold test, 7 air purifiers (between \$80-300 each depending on size), hepa replacement filters plus carbon replacement filters (changing out every two weeks or more) about \$500 maybe more actually, 5 large dehumidifiers \$170-\$269 (each; some are brand name others are not), six one-gallon jugs of Mold Control at \$37.50 each, spray bottle \$14.59, face masks for going into the attic and treating the basement \$6.95 (2-pack) bought at least 6 packs \$83.40, new shelves to replace moldy linen closet shelves \$44, Kilz paint to paint moldy laundry closet (after we treated with sporicide) \$75, laundry detergent (have been moved to temp quarters and have to wash everything I own) \$50, vinegar (\$2.75/gallon easily 50 gallons or more) for constant, CONSTANT, cleaning \$137.50, \$25 in co-pay for medication to treat sinus infection and lower respiratory infection... I'm sure there is more than just that mentioned. Oh, hours and hours of my husband's time away from his work and my time wasted getting stood up or dealing with these people. We are easily into the thousands of dollars since we received keys to this place on June 30, 2018. We are currently in temp quarters. Another meeting today to see how we are supposed to proceed forward ..."*

*– Officer Family, Fort Meade, MD*

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*"We had to move off base because our baby was diagnosed with reactive air way disease... Treatable with an inhaler and pack machine, which may have now jeopardized his own military future ... the year we lived on base delayed his speech and communication due to the constant URI and ear infections leading to him needing to have tubes in and his tonsils and adenoids out... then the developmental milestone delays started... I'm a child psychologist and I can tell you his development before moving on base was right on schedule ... we had to break the lease, pay back pa, y and then invest around \$5000 to move out and secure a new house off base... we also lost around \$7000 worth of furniture, clothing, and baby items due to*

*inadequate storage and rodents in the sheds provided... never again will we live on base. I'd rather go broke." – Anonymous*

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#### **Communication with Health Officials**

On top of additional medical expenses incurred, families report unsatisfactory experiences with military treatment facilities.

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*The spouse of a USMC E-7 noticed her health start to deteriorate in 2015 after dealing with soil/water contamination in previous housing in Hawaii and mold in her 2015 home at Camp Lejeune. The symptoms were similar to those of a patient with multiple sclerosis. After seeing multiple providers at an MTF at Camp Lejeune, she was told they weren't sure what her symptoms were coming from but that it was "impossible" they came from environmental factors such as toxic mold. The woman was never referred to an allergist or respiratory doctor. After not receiving thorough care on Tricare Prime, the family took on the additional expense of Tricare Select in hopes of getting proper medical treatment. Like many other families, this spouse turned to functional medicine, an alternative holistic medicine doctor, to try and get some answers to her medical issues. This doctor was not covered by Tricare and the family spent \$1,000 for two doctors' visits which included tests and supplements. This doctor detected an autoimmune condition, Chronic Epstein Barr, which is made worse by toxins such as mold. The family makes approximately \$4,000 per month. She has stopped seeing the functional medicine doctor due to cost, but spends over a quarter of their monthly income to purchase supplements to mitigate flare-ups, maintain an air/water purification system, and stock cleaning supplies to abate the mold themselves.*

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It is evident there is unclear communication and data collection between housing officials and military treatment facilities to address health issues brought on by environmental factors. The Tricare for Kids Coalition, of which MOAA is a member, sent a letter to the Defense Health Agency on January 17, 2019, requesting a meeting on this issue and providing a list of questions regarding DHA's role in addressing health and safety hazards in military housing. We are still awaiting a response.

It is also unclear what role state and local health officials play in ensuring military installations are following health codes and their ability to provide expert advice. Some families report access barriers to allow health officials onto base to test homes for hazards.

### Government-Owned Housing/Barracks

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*"Lessons learned in MHPI can be applied in standard military housing construction and maintenance" – GAO Report*

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MOAA has received similar reports on health and safety hazards in government-owned buildings on military installations, and concerns have been raised as to the last time some of these buildings have undergone renovations.

A 2014 GAO report ([GAO-14-313](#)) reviewed how the services determined whether to privatize unaccompanied servicemember barracks. The Navy and Army determined privatization could be used for specific circumstances at specific installations, but the Air force and Marine Corps determined "privatization was not suitable for meeting any of their housing needs." From MOAA's understanding, the majority of barracks are still government-owned and -operated.

As the 2001 CRS report (CRS Order Code RL31039) alluded to, housing for military personnel has been a low priority for funding for 40 years. The 2016 DoD IG Report also identified deficiencies and health/safety hazards in government-owned housing. Servicemembers have identified root causes of health and safety hazards ranging from lack of manpower to insufficient funds to conduct regular maintenance and major renovations. These findings have left MOAA with one overarching question: How can DoD provide oversight and accountability of private partners if government owned facilities have similar hazards brought on by negligence in maintenance?

For example, one alarming scenario exists at Virginia's Fort Myer. A servicemember notified MOAA of health and safety hazards in the barracks, where he oversees 26 buildings including barracks that house over 600 soldiers in the 3D Infantry Regiment, better known as "The Old Guard" – a prestigious military unit responsible for escorting the president, laying servicemembers to rest at Arlington, and protecting the Tomb of the Unknown Soldier.

This soldier brought to our attention a number of alarming issues happening at Fort Myer and at barracks around the country. Ninety percent of the buildings he oversees are in a severe state of disarray. Health assessments conducted by the Army Corps of Engineers describe the uninhabitable nature of the barracks. The Installation Safety Requirement (ISR) rating has rated most buildings as failing to meet standards with recommendations to remove the servicemembers from the living quarters, which has not



happened. The issues seem to stem from years of neglect and not enough money or manpower given to abate the issue. Currently the department of public works (DPW) on Fort Myer is operating below 35% manpower and has difficulties fulfilling work/service orders, which has led to lower quality service and work orders not being fulfilled in a timely fashion. Worse, many of the larger facility issues require work that is beyond the DPW level of work and there is difficulty finding money to contract out the large renovations.

This is just one example of lack of funds and manpower to address health and safety hazards in federally or state-owned military housing. While funding for military construction for personnel housing has not been a priority for the past few decades, it can no longer go neglected as the health impacts can affect mission readiness of servicemembers and impact recruitment and retention.

#### **DoD/Services Response**

After a number of news articles highlighted health and safety issues in military housing, the Army's Garrison Command teams hosted town halls at military installations across the country along with their P3 counterparts. Many of these town halls were made public through online live streaming or recordings. While the town halls were meant to answer questions and ease families minds, generally, military families left with more questions than answers. It was and still is unclear what the private partners, the services, and DoD are doing to actively mitigate the hazards at a systemic level.

MOAA has reached out to several DoD leaders to learn more about the issue, to offer recommendations/information we are hearing from our membership, and to inform our membership of measures being taken. Oftentimes, our inquiries were met with no response or surface-level responses that did not answer our questions. After congressional hearings DoD and the Department of the Army scheduled conference calls to update MSO's/VSO's on progress and field any questions; however, these organizations have not played an active role in the recovery plan. MOAA believes recovery plans would be more successful if the services included MSO's in the creation and implementation of new policy and changes.

In a February 8, 2019 hearing before the House Appropriations Subcommittee on Military Construction, Veteran Affairs, and Other Related Agencies on quality of life in the military, senior enlisted leadership addressed the concerns of health, safety, and security in military housing. Sergeant Major of the Army Dailey detailed plans to eliminate poor and failing government owned housing by 2026, removing tenants from those units by FY 2021. However, in privatized housing the Army suggests they are

better educating families on what is entailed with moving into older units, but it is unclear if any systemic issues or issues with new units are being addressed.

Chief Petty Officer Smith suggested the Navy does not have the same systemic issues as the Army; relying on results from satisfaction surveys. The Air Force reports an 80% satisfaction rate of their 55,000 privatized homes, which suggests that 20% or 11,000 homes are considered unsatisfactory by the respondents of the survey, a considerable amount.

MOAA is unable to confirm the validity of these surveys or whether the response rate is representative of the population. MOAA also understands that while the majority of housing may be satisfactory, there are still broad systemic issues that require additional exploration and oversight.

In the recent release of the President's FY 2020 budget request, funding for military construction increased, however specific funding lines for major/minor/new construction, operations, and maintenance generally decreased defense wide. This is concerning to our organization due to the issues we have uncovered with not just privatized housing, but in government owned housing. It appears the trend continues to fund family and personnel housing at a lower priority than other military accounts which has gone on for decades according to congressional research services.

While the Army reports a goal of removing tenants from Q3/Q4 housing by FY2021 and eliminating these units by FY 2026, we are concerned the current funding requests would not adequately cover this intended project and additional operation and maintenance costs. Also, it is unclear what the plans are for the other services to address their poor and failing government owned housing and associated health concerns of tenants.

At the most recent military family readiness council meeting in March 2019, Robert McMahon, Assistant Secretary of Defense for Sustainment briefed the council on the recovery plan for military housing. McMahon indicated the performance metrics such as satisfaction surveys, occupancy rates, and financial condition indicated a successful program despite GAO reports indicating declining occupancy rates and financial condition. McMahon admitted these metrics weren't an accurate picture of what is actually occurring. MOAA asks DoD and Congress to review these performance metrics and consider new metrics such as real time anonymous public reviews of housing units rather than one annual survey.

When asked by a councilmember how the DoD will address government owned housing McMahon's response was "I don't even know how to deal with that yet" and intends to use best practices from their response to MHPI issues to address government owned housing. This is a disturbing response.

Our organization believes government owned housing requires a unique response and approach because the two systems are structurally different. MOAA believes MHPI has enough money to conduct operations, maintenance, and renovations, while government owned housing funding has been neglected for decades and needs to be increased. However, management and health hazard best practices for maintenance teams in both systems could be applied across the board.

While the services report they are renegotiating contracts to restructure incentive programs, our organization believe more enforcement and oversight needs to happen other than incentive fee implications. While the services currently have the right to terminate contracts if partners are not upholding the standards set forth, it seems as though there is apprehension to follow through on this mechanism of enforcement for a number of reasons. While we believe this should be used as a last resort, it is unclear if this is a viable enforcement method since there doesn't seem to be a contingency plan in place if the services had to terminate a contract. A disruption in lease agreements would mean a disruption in maintenance and operation services that could potentially impact tenants. What long term plans do the services have in place if termination were to happen? If P3s are under the impression the services won't terminate an agreement, it gives the impression they do not need uphold the standards of the agreement.

#### **MOAA's Recommendations**

- Review lease agreements and contract language to determine whether changes can be made to give DoD more oversight and accountability capabilities over P3s.
- Appropriate sufficient funds to military construction in order to address needed renovations in government-run military personnel and family housing.
- Provide informational materials on how to seek legal recourse for housing disputes, and provide training for JAG officers to assess proper action within the military organizations or through referral services.
- Include MSO's in the recovery plan, including the creation and implementation of a military tenant bill of rights so tenants understand what their rights are before they move into such housing, and how they are different from tenants on the economy in that state.
- Improve communication between state/local health officials, military treatment facilities and housing officials to address environmental health concerns families

bring up at doctor's appointments with a goal of identifying certain conditions that must be reported to the GC or possibly the Inspector General.

- Create a registry documenting families affected by health and safety hazards in military housing to include previous residents.
- Cover financial and health impacts on families affected by health and safety hazards in military housing to extend beyond their duty status if necessary.
- Review performance metrics for military family housing including surveys, incentive structures, and consideration of other enforcement mechanisms.
- Improve and standardize the tenant satisfaction survey at military service level for comparability to eliminate respondent bias. Considering new methods of surveying tenants such as real time reviews.
- Rebuild trust by hiring military spouses in housing oversight roles and MSOs and spouse networks to help facilitate communications with military and families in base housing or contemplating such housing.

### US Army Bi-Weekly Housing Action Plan Update- 28 MAR 19

#### Actions completed to date:

- Town Halls led by senior commanders completed at every installation.
- 100% chain of command Barracks inspections and Family home visits completed.
- Army housing command maintenance hotlines were established at every installation.
- Residential Communities Initiative (RCI) companies suspended non-refundable pet fees.
- RCI companies suspended the Residential Community Energy conservation program.
- Army suspended garrison command approval of incentive fees; authority now at HQDA.
- RCI companies provided work order visibility to all garrison housing leadership.
- Enhanced training curriculum for garrison commanders on housing oversight implemented on 11 Mar 19.

#### Actions ongoing:

- **Nondisclosure Agreements (NDA)**: Three NDAs noted resulting from legal settlements. Army has found no NDAs required as part of a lease agreement or work order process.
- **Tenant Bill of Rights**: Service Secretaries drafted a Tenant Bill of Rights. Formal feedback from Congress is requested.
- **Reprisals/Retaliation**: Not tolerated by the Army. Allegations being collected through DAIG assessment and as Critical Command Information Reports.
- CG AMC conducting monthly meetings with all RCI companies.
- Scheduling quarterly BoD with Service Secretaries and MHPI CEOs; 16 May 19 is 1<sup>st</sup> mtg.
- Army Inspector General completing assessment of privatized housing by 14 May 2019.
- Evaluating incentive fee structures, metrics and authorities to ensure compliance with Army customer service objectives.
- Hiring additional personnel (114) to provide quality assurance (QA) oversight for all housing.
- Reviewing staffing to ensure effective oversight of RCI performance. Supporting now with Logistics Readiness Center staff to conduct QA on 100% of LHS work orders; 5% of others.
- Conducting 100% "change of occupancy" inspections at every garrison.
- RCI companies establishing work order systems that provide on-line real status tracking and the ability for residents to provide feedback – prototype roll out on 1 April.

#### Future actions:

- Completion and analysis of visit/inspection assessments; development of strategy and action plan to address maintenance work order trends.
- Incorporation of Tenant Bill of Rights into leases.
- Development of a registry to track environmental hazards in Army housing.
- Assessment of health of the RCI portfolio; compare reinvestment account balances against recapitalization and development plans.
- Development of metrics to measure the condition of privatized homes. Metrics will assess LHS issues, performance of homes and investment required to improve quality over time.
- Inspection of RCI companies' management and operations.
- Evaluation of options to designate a "voice of the customer" ombudsman, at installations.
- Conduct of quarterly housing-focused Town Hall at each installation.
- Exploration of options to use an independent 3d party to conduct pre-move-in/post departure home inspections.
- Update of the RCI Portfolio Asset Management Handbook (guidance to commanders on privatized housing asset management).
- Implementation of DAIG assessment recommendations.



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**WITNESS RESPONSES TO QUESTIONS ASKED DURING  
THE HEARING**

APRIL 4, 2019

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## **RESPONSES TO QUESTIONS SUBMITTED BY MS. GABBARD**

Secretary HENDERSON. The Air Force has initiated five lines of effort to specifically address the problems we are facing in privatized housing. These efforts include: empower residents, improve oversight, integrate leadership, improve communications and standardize policy. Each of these lines of effort have a number of tasks we are actively working. We concur that ensuring that our chain of command and leaders are actively involved with privatized housing is critical. To that end, the Air Force recently sent a letter signed by the Secretary, Chief of Staff, and Chief Master Sergeant of the Air Force to each installation commander reemphasizing their roles and responsibilities regarding oversight in privatized housing and the protection of the health and safety of military members and their families. Additionally, to integrate leadership, we are currently doing the following:

- Increasing commander involvement in Management Review Committees and performance incentive fee determinations to drive compliance with closing documents
- Adding resident councils that will communicate directly with commanders
- Adding a tenant advocate position at the installation level to act for the commander in assisting residents when issues arise
- Adding additional manpower to our Air Force housing offices which support the commander in increasing quality assurance inspections of work orders and other maintenance tasks
- Providing commanders information on the outcome of inspections, any health and safety concerns, and maintenance and leasing metrics during monthly and quarterly updates

All of the above actions will inform commanders along the chain of command and empower Air Force leaders to rectify any negative trends. We believe these actions in concert with others in our lines of effort will address the underlying root causes, integrate our commanders and ensure the program is delivering safe and high quality housing our military members deserve. [See page 19.]

Secretary BEEHLER. Safe and secure family housing is a key function of Army installations and, ultimately, Soldier readiness. To provide long-term oversight the Army has realigned Installation Management Command under Army Materiel Command, which improves advocacy within the Army for all installation requirements. This realignment establishes unity of command and effort on Army installations, improves the readiness of our Soldiers and formations, and strengthens the well-being of our Soldiers, Civilians and their Families. An immediate change in March 2019 to improve accountability over Army's MHPI Residential Communities Initiative (RCI) partner performance was to elevate the approval of all incentive fee awards to the HQDA level. The Army continues to review incentive fee metrics with the RCI companies with an eye to enhancing garrison commanders' involvement in the incentive fee decision process. These metric changes are intended to shift focus to achieving positive housing outcomes for our military families, quickly and with quality workmanship. The Army is also rebuilding its expertise in exercising oversight at the installation level, to include hiring additional quality assurance personnel, gaining access to RCI partner work order data to improve responsiveness, and continuously improving garrison commanders' housing oversight training. Additionally, the Army, in conjunction with the other Services, is working to codify the methodology for residents to withhold rent when RCI partners do not meet their obligations. [See page 19.]

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## **RESPONSE TO QUESTION SUBMITTED BY MR. KIM**

Secretary BEEHLER. The Army conducted 100% visits to all privatized and Army owned family houses. We immediately set up a Housing Crisis Action Team to monitor and track homes with life, health and safety issues. We established a Hot Line phone number at every installation which can be accessed by any housing resident should they prefer privacy to report any housing issue. The Army is hiring 114 Quality Assurance and Quality Control personnel across its installations over the next two months to increase its oversight, and we have enhanced our Quality Assurance Program and oversight to ensure maintenance trends are captured and addressed. The enhanced quality assurance procedures are conducted by Army Housing careerists; 100% inspection of all homes are completed between occupancy main-

tenance; 100% physical inspections of all life, health or safety issues work orders; we contact 5% of all residents with recently-completed work orders to determine satisfaction and Army Housing Management staff visits those expressing dissatisfaction with the maintenance conducted. The Army is also working to empower residents through a smartphone/web application that will streamline customer feedback submissions and enhance quality assurance and quality control for work orders. [See page 13.]

#### RESPONSES TO QUESTIONS SUBMITTED BY MS. HORN

Secretary McMAHON. The housing privatization projects own, operate, and maintain the privatized housing under the Military Housing Privatization Initiative and, therefore, are the entities responsible for timely and properly remediating any issue in a privatized home. If a project fails to timely and properly remediate an issue, the existing deal structures provide the mechanisms for the Military Departments to hold the MHPI private partners accountable for substandard housing. In addition to withholding of incentive fees, the Military Departments have certain rights regarding major decisions made by the privatization project, to include the right to require replacement of the housing management and maintenance service providers if warranted based on overall poor performance as defined in the deal structure documents. In a small number of cases, a Military Department has required the housing privatization project to replace the property management service provider. As ASD(Sustainment), I am working closely with the Military Department Assistant Secretaries who directly oversee their respective privatized housing projects to establish near-term, mid-term, and long-term actions that the Department needs to take to address current conditions in privatized housing and restore the program to the success that it enjoyed in its first 20 years. [See page 20.]

Secretary McMAHON. The existing legal documents do not provide a mechanism to recover fees previously paid to a service provider of a project. However, as mentioned previously, I have been working closely with the Military Department Assistant Secretaries to ensure that they are taking steps to reinvigorate their oversight of privatized housing projects, to include quality assurance, monitoring, enforcement of performance requirements by privatization projects, withholding of incentive fees, and other action forcing mechanisms provided for in the existing legal deal structures. I am also working with my staff to implement new performance metrics to better monitor Military Department oversight and privatization partner performance to help ensure that the Department addresses housing concerns raised by residents and keeps this commitment over the long-term. [See page 21.]

Secretary MODLY. The Department of the Navy is committed to working with our private partners and installation commanders to remedy systemic Military Housing Privatization Initiative issues. We are working diligently with the other military services to develop a Resident Bill of Rights, which will better describe problem resolution options for families when dealing with private housing companies. Military members and their family members are eligible for care through the military medicine network including military treatment facilities and network providers. Treatment provided by these services is covered under normal military medical benefits with TRICARE, as the medical insurance provider. Care from out of network providers is not covered and will not be reimbursed without valid pre-authorization. Tests not approved by the Food and Drug Administration, other non-approved tests, and treatments are not covered. Validated clinical tests exist for very few environmental exposures, and Navy Medicine has established processes for reporting and response. These include lead, drinking water quality, lead in drinking water in priority areas (i.e., schools, day care centers), and perfluorochemicals. Many more environmental exposures, such as mold and radon, have no validated clinical tests or findings to support a direct linkage between environmental exposures and clinical symptoms or physiologic changes in patients that are exposed. With respect to mold testing, Navy Medicine's policy reflects Environmental Protection Agency and Centers for Disease Control recommendations to not routinely sample for indoor mold. Reimbursement for testing in private homes or privatized housing falls outside the scope of Navy Medicine and would need to be addressed to the landlord. However, no mechanism or funding source has been identified to reimburse service members or their families for unauthorized expenses pertaining to this matter. [See page 20.]

Secretary HENDERSON. Air Force military members who are seeking reimbursement for the costs of mold testing within the home and any associated property damage due to mold in privatized housing have several avenues for remedy. First, they should first file a claim directly with the privatized housing owner. If the mem-

ber is not satisfied with the resolution of that claim, they may then file a claim against any private renter's insurance policy they have, and then finally file a claim with the Air Force (through the Air Force Claims Service Center). Congress enacted the Personnel Claims Act to lessen the hardships of military life by providing payment for certain types of property loss. However, it is not insurance coverage and is not designed to make the United States an insurer of the personal property of claimants. The Air Force cannot prejudice whether such claims will or won't be payable, but the Claims Service Center will review the claims individually in light of the Personnel Claims Act and the associated regulations. The Personnel Claims Act does not authorize the Air Force to approve claims made by civilians or retirees for the cost of home mold testing or other personal property damage. Reimbursement for costs associated with medical care is dependent upon the individual's status. TRICARE covers active duty members and their dependents and they could receive their care free of cost at a military medical treatment facility. Retirees could also be covered by TRICARE and treated at military medical treatment facilities at no additional personal cost. Civilians who live in privatized housing do so of their own choice. Any medical costs they incur as a result of the negligence of the privatized housing contractor could result in a tort claim against the contractor, not the Department of Defense or the United States Air Force. There is no legal authority that would allow the United States Air Force to pay a claim to civilians in this instance. [See page 20.]

Secretary BEEHLER. Families who have paid out of pocket costs for things such as mold testing can seek reimbursement from the Army's MHPI Residential Communities Initiative (RCI) Project Company. Families can use the installation established housing Hot line to discuss any concerns they have regarding the home to include reimbursement. Families also have an Army advocate at each installation housing office from whom they can seek assistance. [See page 20.]

#### RESPONSES TO QUESTIONS SUBMITTED BY MS. HOULAHAN

Secretary HENDERSON. *Question 1. How many children under 6 years of age have encountered developmental delays from lead and/or mold?* Children are screened for developmental delays at regular intervals according to the American Academy of Pediatrics. The etiology of developmental delays in children is diverse and evaluation for risk factors for, or a causal etiology of, developmental delays is dependent upon the individual clinical scenario. There is insufficient evidence to link mold exposure as a causal risk factor for developmental delays in children. There is sufficient evidence to link lead exposure as a causal risk factor for developmental delays in children. Further investigation is required to understand how many children under 6 years of age may have developmental delays from lead exposure and we would be happy to provide you with that information.

*Question 2. What has AF/DOD done to educate parents, teachers, daycare providers, etc. on lead and mold-related developmental delay symptoms?* As previously mentioned, there is insufficient evidence to link mold exposure as a causal risk factor for developmental delays in children. Pediatric patients are screened for lead exposure at intervals according to the American Academy of Pediatrics and local requirements. Additionally, education for patients and parents is provided based on the individual clinical circumstance. Per Air Force Policy, all children with an elevated blood level, as defined by the Center for Disease Control (see CDC Fact Sheet), are referred to Public Health. Public Health initiates a lead toxicity investigation and tracks and follows-up results for children younger than 6 years of age. The USAF School of Aerospace Medicine Public Health provides surveillance and maintains a historical database of past pediatric blood lead screening results from each installation. We are not aware of a communications campaign specifically directed to non-parents on lead and mold-related symptoms. A pediatric medical advisor from the Medical Treatment Facility is assigned as liaison to Child and Youth Programs on base for assistance with medical issues and training. [See page 16.]

Secretary BEEHLER. Army senior leaders have directed and led the effort to ensure command oversight of Army's MPHRI Residential Communities Initiative (RCI) housing. Roles and responsibilities at every echelon are being codified in policy, and the Army is incorporating training specific to housing oversight in our Command courses. The Army is also working closely with Navy and Air Force officials to finalize the Resident Bill of Rights, which will be incorporated into a revised, standardized tenant lease framework. [See page 16.]



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**QUESTIONS SUBMITTED BY MEMBERS POST HEARING**

APRIL 4, 2019

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## QUESTIONS SUBMITTED BY MR. SCOTT

Mr. SCOTT. I have heard from several sources that there are no plans to touch any of the housing or billeting funds for either disaster relief or border wall funding. Is this accurate? What constraints will you be faced with if we are unable to come to an agreement on budget caps and sequestration kicks in this fall?

Secretary MCMAHON. As the Acting Secretary has testified, no military housing, barracks, or dormitory projects will be used to fund disaster relief or, in the event the Acting Secretary decides to undertake or authorize military construction under section 2808, to fund the border barrier construction under that section. At the beginning of 2017, the Department had suffered from unstable budgets and devastating sequestration cuts that had eroded readiness and exacerbated our challenges. Over the past two years, this Administration, with Congress's support, has made investments to undo this damage and we are already seeing significant benefits to readiness across military services. As we move forward, we must work together to protect these gains while building a military to meet the challenges of the future.

Mr. SCOTT. The timeliness and quality of work performed by partner subcontractors and maintenance personnel is of great concern to families. How will each service perform oversight required to increase the transparency and effectiveness of work order tracking to ensure that residents get the service they deserve?

Secretary MODLY. Navy and Marine Corps housing offices at installations have access to the partner's electronic maintenance database system (e.g., YARDI) and review work orders for potential environmental concerns and other issues. The Department of the Navy (DON) is implementing a series of partner and government metrics, as well as associated spot checks to improve transparency in tracking work order status. The DON maintains the right to inspect Public Private Venture Housing under the terms of the ground lease and associated project legal agreements, to include short notice inspections for environmental matters. We remain committed to working with our private partners and installation commanders to address housing oversight issues, including improved transparency in tracking work order status.

Mr. SCOTT. The timeliness and quality of work performed by partner subcontractors and maintenance personnel is of great concern to families. How will each service perform oversight required to increase the transparency and effectiveness of work order tracking to ensure that residents get the service they deserve?

Secretary HENDERSON. The Air Force has initiated five lines of effort to specifically address the problems we are facing in privatized housing. These efforts include: empower residents, improve oversight, integrate leadership, improve communications and standardize policy. Each of these lines of effort have a number of actions we are actively working. Specific to improving oversight and work order tracking, we are doing the following:

- Working with project owners to provide complete work order transparency to the residents
- Adding additional manpower to increase quality assurance inspections of work orders and other maintenance tasks
- Adding a tenant advocate position at each installation with privatized housing that will assist residents when issues arise to connect them with the resources to help resolve them
- Establishing resident councils and improving feedback tools to detect issues earlier.
- Increasing commander involvement in Management Review Committees and performance incentive fee determinations to drive compliance
- Placed Regional Construction Managers at our most troubled locations with specific training in mold remediation to assist the local Housing Management Offices and ensure our privatized partners are carrying out work properly and are employing an effective quality control team
- Established a toll-free line for residents to elevate concerns, including work order issues, and have them addressed directly by the Air Force Civil Engineer Center

We believe these actions in concert with others in our lines of effort will address the underlying root causes and ensure the program is delivering the safe and high quality housing our military members and their families deserve.

Mr. SCOTT. The timeliness and quality of work performed by partner subcontractors and maintenance personnel is of great concern to families. How will each serv-

ice perform oversight required to increase the transparency and effectiveness of work order tracking to ensure that residents get the service they deserve?

Secretary BEEHLER. The Army will increase oversight by enhancing our quality assurance inspections of all homes between occupancy to ensure Families are moving into homes that have no outstanding maintenance issues. The Army is increasing the number of Quality Assurance and Quality Control personnel across its installations to improve oversight of housing maintenance tasks. The Army is also working to empower residents through a smartphone/web applications that will streamline work order requests, monitor progress, and provide immediate customer service feedback for a service request.

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#### QUESTIONS SUBMITTED BY MS. STEFANIK

Ms. STEFANIK. Secretary McMahon, given the complex nature of mold and the lack of a national standard for removing and detecting it, do you believe the Department is equipped to satisfactorily establish a testing and remediation standard for mold contamination? Follow-up: Would it be fair to say guidance from public health experts would be beneficial to developing, implementing and enforcing standards for acceptable levels of mold and clean-up procedures?

Secretary McMAHON. The Military Departments and MHPI project partners continue to work together to review housing conditions, address health and safety hazards, and to evaluate policies and procedures to ensure that any health and safety issues are addressed in a manner protective of human health and the environment, in compliance with all applicable federal, state, and local laws and regulations, and applicable DOD and Military Department policies. In all cases, it is my expectation that the Military Departments and housing privatization partners keep residents informed about lead-based paint, mold, or other hazards, and associated mitigation or abatement measures. As health concerns continue related to exposure to mold, which is a natural hazard, Federal regulations may become necessary to provide consistent standards for both remediation as well as treatment for exposure. My office is working with the Office of the Assistant Secretary of Defense for Health Affairs [OASD(HA)] to ensure military families who have health concerns that may be related to housing receive appropriate health care services, and that there are clear processes in place for medical and public health officials to raise concerns about housing conditions to installation housing offices for investigation and remediation, as appropriate. My office is also working the OASD(HA) to ensure processes are in place for DOD medical or public health officials to share information about potential housing-related health conditions with other health officials, as appropriate.

Ms. STEFANIK. The Army Housing Action Plan includes adding curriculum on military housing to the garrison commander course. Is the Army certain that this is appropriate level of command preparation to insert this particular training requirement? How will you measure the training effectiveness? And what comparable actions are the other services taking?

Secretary McMAHON. As ASD(Sustainment), I am working closely with the Military Department Assistant Secretaries who directly oversee their respective privatized housing projects to establish near-term, mid-term, and long-term actions that the Department needs to take to address conditions in privatized housing, to include the need for Military Departments to reinstate quality training for installation commanders and housing staff regarding their responsibilities in connection with privatized housing so that they are able to provide quality assurance, and monitor and hold privatized housing projects accountable for providing timely, responsive, high-quality service and housing for service members and their families. This includes understanding their authority to withhold incentive fees and other forcing mechanisms provided for in the existing legal deal structures, or to raise significant concerns to high leadership, as appropriate. Effectiveness will be measured over the long-term based on both the financial sustainment of the program and improved resident satisfaction. We are fully committed at the leadership level to ensuring that the success enjoyed over the first 20 years of the program is reestablished and sustained over the remaining life of the program.

Ms. STEFANIK. How are the services making modifications to the current lease military privatized house agreements to integrate mechanisms for improved oversight and responsiveness to housing problems, such as a tenant bill of rights or customer satisfaction incentives? How will this be enforced? What is the level of oversight within the Department?

Secretary McMAHON. The health and safety of our Service members and their families is a top priority for the DOD. Although privatization has dramatically improved the quality of on-base housing, there is room for improvement, including in



those areas raised in recent media coverage. Under my leadership, working together with the Military Departments and the Military Housing Privatization Initiative (MHPI) partners, inspections of individual homes are underway, resident communication has increased, and development of an MHPI Resident Bill of Rights, with input from families and family advocates, is underway. We are committed to improving communication with residents, without fear of retribution, and to quickly identify and address health and safety issues going forward. As ASD(Sustainment), I have met three times with the housing privatization partner CEOs to ensure their commitment to the shared goal of providing safe, quality, and affordable housing where service members and their families will want and choose to live. Additionally, I have been working closely with the Military Department Assistant Secretaries to ensure that they are taking steps to reinvigorate their oversight of privatized housing projects, to include quality assurance, monitoring, and enforcement of performance requirements by privatization projects, and withholding of incentive fees and other forcing mechanisms provided for in the existing legal deal structures. I am also working with my staff to implement new performance metrics to better monitor Military Department oversight and privatization partner performance to help ensure that the Department addresses housing concerns raised by residents and keeps this commitment over the long-term.

Ms. STEFANIK. Specifically how are the services making modifications to the current lease military privatized house agreements to integrate mechanisms for improved oversight and responsiveness to housing problems, such as a tenant bill of rights or customer satisfaction incentives? How will this be enforced? What is the level of oversight within the Department?

Secretary MODLY. The Department of the Navy (DON) and Military Housing Privatization Initiative (MHPI) partners are collaborating on the development of a uniform set of key lease provisions to be included in every MHPI resident lease across the Services. Lease provisions will be written to clearly identify tenant rights and responsibilities and integrate mechanisms for improved responsiveness to housing concerns. In addition, the DON has been working to strengthen the business agreement oversight processes, property maintenance metrics on responsiveness, strategic communications, and incentive fee criteria. The DON has requested additional resources to enable hiring personnel at installation, region, and headquarters levels to provide additional oversight of MHPI housing and execution of the program.

Ms. STEFANIK. How are the services making modifications to the current lease military privatized house agreements to integrate mechanisms for improved oversight and responsiveness to housing problems, such as a tenant bill of rights or customer satisfaction incentives? How will this be enforced? What is the level of oversight within the Department?

Secretary HENDERSON. The Air Force has initiated five lines of effort to specifically address the problems we are facing in privatized housing. These efforts include: empower residents, improve oversight, integrate leadership, improve communications and standardize policy. Each of these lines of effort have a number of actions we are actively working. Specific to empowering residents, we are currently doing the following:

- Working with our sister Services and privatized partners to develop a Tenant Bill of Rights that will identify basic housing rights of military members and their families residing in privatized housing to ensure they receive quality housing and fair treatment.
- Adding a tenant advocate position at each installation with privatized housing that will assist residents when issues arise to connect them with the resources to help resolve them
- Working with our sister Services and privatized partner to develop a common lease to inform residents of their rights and establish consistent expectations with the landlord-tenant relationship
- Evaluating the current CEL & Associates housing survey for possible alterations to the survey tool or its implementation to better assess customer satisfaction

There are also several other measures underway to improve oversight and ensure responsiveness of project owners. We are currently doing the following:

- Working with project owners to provide complete work order transparency to the residents
- Adding additional manpower to increase quality assurance inspections of work orders and other maintenance tasks
- Adding a tenant advocate position at each installation with privatized housing that will assist residents when issues arise to connect them with the resources to help resolve them

- Establishing resident councils and improving feedback tools to detect issues earlier.
- Increasing commander involvement in Management Review Committees and performance incentive fee determinations to drive compliance
- Placed Regional Construction Managers at our most troubled locations with specific training in mold remediation to assist the local Housing Management Offices and ensure our privatized partners are carrying out work properly and are employing an effective quality control team
- Established a toll-free line for residents to elevate concerns, including work order issues, and have them addressed directly by the Air Force Civil Engineer Center

With respect to enforcing the requirements of our agreements, the Housing Management Office verifies the performance of project owners at the local level. We expect improved project owner quality and responsiveness by increasing oversight resources at the local housing office level. Validation of specified performance requirements and contractual metrics (work order responsiveness, for example) rests with the Air Force Civil Engineering Center. Enforcement should not be confused with day-to-day responsibility for the protection and well-being of the residents of privatized housing. This responsibility resides with the installation commander and was reinforced through a recent letter from the Secretary of the Air Force and Chief of Staff. We believe these actions in concert with others in our lines of effort will address the underlying root causes and ensure the program is delivering safe and high quality housing our military members and their families deserve.

Ms. STEFANIK. Secretary Beehler, I had the opportunity to review the Army Housing Action Plan. How will you ensure the positive Command-led changes that are taking place right now are enduring solutions, opposed to short-term fixes that may not last beyond the current leadership?

Secretary BEEHLER. Primary prevention involves minimizing exposure to environmental hazards. Facilities managers and housing contractors identify and mitigate potential hazards through routine inspections, response to specific complaints, and scheduled turnover maintenance before a new leaseholder moves in to a vacant unit. Housing offices educate incoming residents about user-level upkeep and processes for reporting any concerns. Secondary prevention involves screening for potential issues before any clinical symptoms develop. To prevent lead toxicity, Army healthcare providers screen children according to the American Academy of Pediatrics/Bright Futures guidelines during routine check-ups at 6, 9, 12, 18, and 24 months, and annually from ages 3 to 6 years of age. Healthcare providers use screening to assess for risk of lead exposure. Children at increased risk undergo blood testing to determine exact blood lead levels. Healthcare providers also use standard questions to screen for other environmental hazards and provide recommendations to address them. Examples include screening for second-hand smoke exposure and use of carbon monoxide detectors. A portion of the screening questions prompt providers to ask general questions about home and daycare issues, but it does not contain specific questions about asbestos or mold. Finally, tertiary prevention includes treating conditions to prevent them from getting worse. For example, healthcare providers treating a patient with moderate asthma typically prescribe medicines to control the condition and prevent wheezing episodes. In cases where mold triggers a patient's asthma attacks, healthcare providers work with parents, preventive medicine teams, and facilities managers to help reduce exposure to mold.

Ms. STEFANIK. The Army Housing Action Plan includes adding curriculum on military housing to the garrison commander course. Is the Army certain that this is appropriate level of command preparation to insert this particular training requirement? How will you measure the training effectiveness? And what comparable actions are the other services taking?

Secretary BEEHLER. Yes, the additional curriculum in the Garrison Commander and Senior Commander Courses is targeted at the appropriate level. Installation Management Command initiated a comprehensive retraining session in early spring for current and incoming garrison commanders on family housing oversight. This training was used by the Commanders during the 100% home visits that took place in March. It is my understanding other Military Departments have implemented similar refresher training programs.

Ms. STEFANIK. How are the services making modifications to the current lease military privatized house agreements to integrate mechanisms for improved oversight and responsiveness to housing problems, such as a tenant bill of rights or customer satisfaction incentives? How will this be enforced? What is the level of oversight within the Department?

Secretary BEEHLER. The Army, is working closely with Navy and Air Force officials to finalize the MHPI Resident Bill of Rights. The intent is to incorporate these

tenets into a revised, standardized lease framework. The Army's oversight of housing management and maintenance is provided at three levels: HQDA performs RCI project and program portfolio performance oversight management, and monitors each privatized project through reviews of monthly, quarterly, and annual reports as well as compliance visits and special purpose reviews; tactical day-to-day level oversight is performed by the Army Material Command and its subordinate, Installation Management Command.

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#### QUESTIONS SUBMITTED BY MR. KIM

Mr. KIM. Military families have a right to make informed decisions about whether to move in to the homes that are offered to them in privatized family housing. Are you looking at creating a publicly accessible database for housing that would contain environmental health issues related to specific homes and steps taken to remedy these concerns?

Secretary MCMAHON. Providing our members with the information they need to make informed rental decisions, on an as requested basis is something that the Department can and will facilitate with its privatization partners immediately. As for a publically accessible database, that is something we will have to consider carefully, to ensure it can be reliably operated and maintained so as to serve as an accurate and complete resource.

Mr. KIM. Military families have a right to make informed decisions about whether to move in to the homes that are offered to them in privatized family housing. Are you looking at creating a publicly accessible database for housing that would contain environmental health issues related to specific homes and steps taken to remedy these concerns?

Secretary MODLY. The Department of the Navy (DON) is not creating a public database populated with remediated repair issues. Instead, the DON is implementing systemic improvements to its business processes and metrics to improve reporting mechanisms and oversight procedures that govern how discrepancies are reported, remediated, and verified. This includes use of government and Military Housing Privatization Initiative partner database systems to track, rate, and resolve issues to ensure quality repairs.

Mr. KIM. Military families have a right to make informed decisions about whether to move in to the homes that are offered to them in privatized family housing. Are you looking at creating a publicly accessible database for housing that would contain environmental health issues related to specific homes and steps taken to remedy these concerns?

Secretary HENDERSON. The Air Force agrees military families have a right to have access to environmental health information to make informed decisions about the homes offered them in privatized family housing, but believes a publically accessible database is not the best solution. Instead, we are looking to better empower our residents through a Tenant Bill of Rights. A Tenant Bill of Rights will ensure tenants are present for move-in inspections of homes offered to them for rent. The Air Force will inspect 100% of units prior to occupancy with a focus on the health and safety aspects of the home. The privatized owners are required to make the same disclosures required by all landlords prior to lease signing. These disclosures provide test results and other data specific to the home, mitigations in place, housekeeping recommendations, and guidance on what to do if they have concerns. The Air Force will ensure these disclosures are taking place in 100% of leases signed with military residents. In those areas where mold is more prevalent, project owners will provide residents a mold addendum as part of their lease and handouts on what to do if they find any mold.

Mr. KIM. Military families have a right to make informed decisions about whether to move in to the homes that are offered to them in privatized family housing. Are you looking at creating a publicly accessible database for housing that would contain environmental health issues related to specific homes and steps taken to remedy these concerns?

Secretary BEEHLER. The Army understands residents need information to make informed decisions about their housing choices. The Army's MHPI Residential Communities Initiative (RCI) Project Companies will report on homes being offered that could contain the age of the home, possible environmental hazards, steps to remedy the environmental hazards, and what the resident should do if they encounter any maintenance concerns.