

RECORD VERSION

STATEMENT BY

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BEFORE THE

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

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

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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.