

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE
DoD HOUSING AND AGING INFRASTRUCTURE

STATEMENT OF
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BEFORE THE

HOUSE ARMED SERVICES COMMITTEE
DoD HOUSING AND AGING INFRASTRUCTURE

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Introduction:

Chairman Waltz, Ranking Member Garamendi, and distinguished members of the Committee, thank you for the opportunity to testify on the Department of the Navy's (DON) Housing and Infrastructure. It is an honor to have the opportunity to work on policy and programs that are foundational to making sure that our Sailors, Marines and their families enjoy a high standard of quality of life allowing them to be ready and able to do all that our Nation asks them to do. As I lead our efforts across Energy, Installations and Environment (EI&E), I do so in partnership with my Marine Corps and Navy teammates and in service to the dedicated women and men of our Department. I remain focused on our work to improve unaccompanied housing, continue to improve Family Housing, prioritize infrastructure and facilities, and provide safe and healthy conditions for our people.

On behalf of the Department of the Navy (DON), the women and men who serve in our Marine Corps and Navy, I thank this committee for your unwavering support and attention to the importance of safe, healthy, reliable homes and facilities, and for your prioritization of quality of life for all members and their families who reside on our installations. Since 2019, the DON has made steady improvements in oversight processes, customer service, staffing, operations and maintenance and continues to prioritize improvement for housing of all types. DON Leaders at all levels of the Navy, Marine Corps, and the Department remain steadfast and focused on improving unaccompanied housing for service members on the installations and we will not lose sight of the importance of continuing to improve the Military Housing Privatization Initiative (MHPI) that supports housing the accompanied Sailors, Marines and their families.

The Department of the Navy works to provide every single Sailor and Marine living in military housing with a safe and reliable living space. This is assured through the support of military and department leadership, and high-quality services provided throughout the entire residency process. Department leadership is aligning policy and programming through focused programs like the Marine Corps' Barracks 2030 plan and the Navy's Infrastructure Investment Plan. The DON is continuing to focus on housing through leadership emphasis and advocacy, providing rigorous oversight of ourselves, or our companies that provide privatized housing by

implementing reforms; and we are seeing results from our efforts to bolster our installation housing offices.

Additionally, while housing is a key focus area, the Navy and Marine Corps infrastructure portfolio as a whole continues to age. A significant number of facilities across the enterprise have exceeded their planned useful life, and deferred maintenance and sustainment have compounded risk in this critical portfolio. To fight and win the DON requires ready, reliable, and resilient systems and assets, and the DON is redoubling its efforts to take action not only to prevent, remediate, or mitigate the risks resulting from vulnerabilities of our shore portfolio, but also to restore and sustain our infrastructure, including housing, core utility infrastructure, and operational facilities. The Navy and Marine Corps are taking steps to improve how they resource these critical requirements, through their Installation Investment Plan (IIP) and the Facilities Investment Strategy (FIS), respectively. This coupled with the ramp up of development of the DON's 30-year infrastructure plan intends to refocus the department on these concerns.

Strategic Priorities:

Secretary Del Toro set forth guiding principles for the DON team to strengthen maritime dominance, build a culture of warfighting excellence, and enhance our strategic partnerships. These objectives support our National Defense Strategy and are the drivers of all that we do. In my capacity as the Assistant Secretary of the Navy for Energy, Installations, and Environment, I support Secretary Del Toro's guidance by focusing on three cross-cutting areas: Critical Infrastructure, Communities, and Climate Action. Across all three of these areas, Safety provides the foundation for all of our work. As the DON's Designated Agency Safety and Health Official, I am focused on reducing and eliminating occupational and off-duty accidents, injuries and illnesses while cultivating a learning culture that anticipates needs and enhances our safety culture, highlights programmatic shortfalls, and manages risk at the proper level.

These three focus areas all intersect in housing and aging infrastructure. Critical infrastructure includes not only our power projection platforms, but also includes all essential warfighting, readiness, and quality of life support that naval facilities provide. The focus on

communities includes those facilities that our Sailors, Marines, and families live, train, work, and operate from, and we recognize and take seriously that this is a shared home with those outside the fence line, which include residents, businesses, and the environment. And for Climate Action, climate readiness is mission readiness. The DON is operating under *Climate Action 2030* to create a force that can operate and succeed in any environment – and this includes the infrastructure we rely on to fight and win which is vulnerable to these threats. We are focused on building resilience and reducing the national security threat of climate change, and we view climate readiness as a tactical, operational, and strategic enabler for our Sailors and Marines.

Housing Overview:

MHPI Family Housing: The DON MHPI inventory contains approximately 62,000 family housing units which makes up the vast majority of the family housing in the United States. The DON is currently engaged in business agreements with seven parent companies comprising 15 public-private venture (PPV) entities. In each agreement, the DON transferred ownership of our existing housing units to the MHPI Company and entered into a long-term lease for the underlying real property or constructed housing on privately owned land. The DON has made significant improvements to our privatized housing portfolio by continuously assessing ourselves for areas of improvement and the changing needs of our Sailors, Marines, and their families to update our policies and performance measures.

Government-Owned Family Housing: The DON's government controlled inventory of over 8,500 homes is primarily located in overseas locations, areas such as Japan, Guam and Cuba, except for a few locations in the United States. The DON continues to fund the operations, oversight and sustainment, and modernization of these homes while bringing 186 additional homes to Guam in 2022 and 2023 with additional new construction planned for this year. We have seen the efforts and self-improvement techniques, for example, increased communication with the service members, their families and third-party inspections, utilized in privatized housing, work for Government owned housing oversight and service member engagement.

Government-Owned Unaccompanied Housing: Unaccompanied Housing (UH) supports

Navy and Marine Corps Readiness by providing eligible single Sailors and Marines with housing and related services in support of the DON's mission and readiness. The DON is focusing on targeted investments and policy changes to improve the condition of inadequate UH and identification of a sustainable, optimized UH program to ensure safe, reliable housing for all Sailors and Marines. The DON's current government owned UH inventory consists of approximately, 268,329 beds in 1,347 UH buildings (Navy = 689 & USMC = 658) throughout the DON's installations. At the end of Fiscal Year (FY) 2022, 60% of Navy UH and 84% of Marine Corps UH have a Condition Index (CI) of less than 80. The department of Defense (DoD) performance goal is to maintain 90% of UH bedrooms at a facility CI above 80. While the DON continues to focus on bringing all facilities up to the DoD standard, we have more work to do. The Navy and Marine Corps increased investment in the UH program as part of their President's Budget 24 (PB24) submission, and will be addressing this in the upcoming PB25 submission in order to significantly reduce the current inventory of Q3 and Q4 barracks across the upcoming FYDP.

Privatized Unaccompanied Housing: The Navy has two privatized UH projects consisting of 6,080 beds located in the San Diego and Hampton Road fleet concentration areas. The DON is very proud of these UH projects, and they have demonstrated the value of this approach to UH. We were proud to see the results in the recent Government Accounting Office (GAO) report on Military Unaccompanied Housing that noted that service members living in privatized barracks consistently told them that they were satisfied with the condition of their housing, and that this led to quality-of-life improvements. Currently, the Navy is looking to further expand UH privatization in these areas and potentially continue to review the feasibility of expanding into to other installations inside the DON.

Leadership Focus:

DON leadership, from the Secretary of the Navy, to the Installation Commanding Officer, to senior unit noncommissioned officers are focused on ensuring quality-of-life for Sailors and Marines. The DON has seen numerous examples of Installation Commanders engaging with residents and MHPI partners to improve communications and help the relationships for all parties involved in MHPI housing. The Navy's and Marine Corps' training courses for

Installation Commanders now include more focused training on housing oversight. Installation Commanders now receive detailed metrics on housing including MHPI partner performance and have seen the benefits of increased interactions with the Government Housing offices. Additionally, Installation Commanders are required to engage in resident issues of all housing types to include providing input into the evaluation criteria used to incentivize our MHPI partners.

The DON has a team of auditors within the Naval Audit Service that is dedicated to the singular task of reviewing MHPI partner, project companies' performance and UH privatization impacts. This team of government employees review current MHPI performance now and assess the long-term viability of our agreements. This audit team has already completed inspections and continues to work with the Navy and Marine Corps Housing Offices and MHPI partners to provide an independent assessment of MHPI performance. The Naval Audit Service is currently setting to launch three additional audits this year evaluating long term sustainment, work order oversight and an evaluation on UH privatization.

In accordance with Section 3042 of the FY 2020 National Defense Authorization Act (NDAA), the DON Housing Council was established as a mechanism to ensure senior leadership is involved in identifying opportunities and resolving issues within all types of DON housing. This Council last convened on August 30, 2023, and, moving forward, the DON will continue to leverage this governance structure to continuously improve and to raise and resolve issues for all housing types.

Family Housing Reforms:

The DON has successfully implemented the reforms set out in the FY 2020-2023 National Defense Authorization Acts (NDAA). We have made significant progress to enhance our oversight of privatized housing to hold MHPI companies and DON controlled family housing offices accountable to provide safe, quality housing. Some examples of these congressionally mandated NDAA provisions that have been implemented throughout the DON include:

- Tenant Bill of Rights (FY 2020 NDAA Section 3011): All 18 rights contained in the Tenant Bill of Rights have been fully implemented at all MHPI DON installations and

the Tenant Bill of Rights has been incorporated into the MHPI landlord/tenant leases as part of the implementation of a common lease across the DON's portfolio.

- Additional Housing Staff (FY 2020 NDAA Section 3014): In response to many of the items included in section 3014 of the FY 2020 NDAA, the DON added an additional 293 housing staff which primarily include housing inspectors, and resident advocates providing additional oversight and communication with the tenants to ensure habitability during move-in, move-out, and throughout the service members and families' stay in privatized housing.
- Third-Party Assessments (FY 2020 NDAA Section 3051 for Privatized Housing & FY 2021 NDAA Section 2818 for Government Controlled): The DON has aggressively moved out on this requirement. The Navy has completed all 3rd party inspections of its privatized homes and the Marine Corps is currently 60% complete and anticipates completion by the end of FY 2024. The Navy has awarded and is close to completing the 3rd party inspections of its government controlled homes and the Marine Corps is planning on awarding and starting these inspections in FY24. The DON has received initial findings from these inspections and is analyzing the data and information. Initial inspection feedback from the third-party vendor indicates the homes are structurally fit with minimal identification of health safety concerns.
- Supplemental Government Payments. Using authority provided in the FY 2019 NDAA, and amended by subsequent NDAA's, the DON has established a process to identify and submit to the DoD Chief Housing Officer our "underfunded" housing privatization projects that are eligible to receive supplemental Government funds (i.e., "Section 606(a)(2) payments"). These funds have successfully been used by MHPI project companies specifically and exclusively for the future sustainment, recapitalization, and financial sustainability of projects.

We are also creating additional educational pieces to improve our existing material, including the Plain Language Brief all residents receive at lease signing. In collaboration with the other military departments, the DON has updated internal policy documents and brochures provided to residents to clearly define the roles and responsibilities of our resident advocates and housing professionals, including the Dispute Resolution Process. We are also updating our

educational materials for our families to explain the three-step resolution process. The housing professionals who work in our government Housing Service Centers are always available for residents. The Housing Service Center contacts new PPV residents at 15-days, and again at 60-days, after move-in to solicit any feedback from the resident and to answer questions.

Unaccompanied Housing Improvements:

Both the Marine Corps and the Navy have embarked on many initiatives to improve Unaccompanied Housing including the below:

- The DON has created for a Bill of Rights for our Sailors and Marines living in UH. In May 2023, Navy issued the UH Bill of Rights and Responsibilities (BOR&R) via NAVADMIN. The BOR&R ensures UH residents are knowledgeable of their rights and responsibilities regarding quality housing and fair treatment while residing in government owned and controlled UH as well as the UH residents' responsibilities while residing in UH. The Marine Corps also released its MARADMIN on "Unaccompanied Housing Guarantees and Responsibilities" in June 2023, similar to a BOR&R.
- The Navy rolled out a QR Code program across the enterprise to improve the maintenance reporting process for UH. Since the rollout, there has been a 24% increase in service calls with a quarter of all calls being generated via the QR Code; completion times have remained steady. The Marine Corps plans to continue growing this initiative out to more and more installations.
- The DON is reviewing operational metrics closely to determine optimal staffing requirements including the Marine Corps moving towards more government civilian UH management structure and developing a maintenance system interface to reduce manual data entry.
- An increased focus on the UH Inspection program with a Joint Services Standardized Inspection Form and mandatory reporting in enterprise Military Housing (eMH), the DoD housing management system. Increased inspections enhance communication between Unit Command leaders and UH management to proactively identify relevant maintenance, health, or safety issues.
- Navy will commence a free Wi-Fi pilot in February 2024. The pilot will provide free,

high-speed internet via a Morale, Welfare, and Recreation Category A, Virtual Single Sailor Program for ~4,000 Sailors living in permanent party UH at Naval Station Norfolk, Portsmouth Naval Medical Center, and Norfolk Naval Shipyard. Once complete, Sailor feedback will inform and guide future efforts to roll out access to free, high-speed connectivity Navy-wide. Currently, the Marine Corps Single Marine Program lounges provides free access to wired and WiFi broadband services to all UH Marines. Additionally, Marines in UH have access to free and pay for increased tiers of Wi-Fi service in their rooms.

The Navy Housing Learning Center has also updated the training courses for our Navy and Marines Corps housing professionals. We have focused on bolstering the training in dispute resolution, resident communication, and the improvement and standardization of the home inspection process for all housing. In coordination with the other military departments and the Office of the Secretary of Defense (OSD), the DON established detailed training for MHPI housing inspectors based on the International Property Maintenance Code inspection standards. The inspection standards and other training aids have been completed can be found on the enterprise Military Housing, or eMH, which is the authoritative military housing database.

UH GAO Findings:

The report highlighted 31 total recommendations to the DoD as a whole, with 10 primarily directed at the Navy and Marine Corps. The DON is utilizing the GAO report and the GAO recommendations for policy and standards review. These initiatives overlap with many of the previous DON initiatives on Barracks management which the DON has already underway. A good example of this is the Marine Corps moving towards civilian barracks managers following suit with the current Navy management structure and outlined in the Marine Corps' Barracks 2030 plan. The Navy and Marine Corps is reviewing its inventory and assignment standards to align with these concepts and recommendations outlined in the GAO report.

Additionally, the DON UH team has been coordinating with OSD at the Action Officer level to most senior levels and the other services for full DOD review where appropriate and implementation of UH working groups, including the Unaccompanied Bi-Weekly Review hosted

by ASD (EI&E). We look forward to working together at improving in these noted areas and other areas to improve inside this collaborative working group.

Military Housing Offices:

MHPI Family Housing: The DON remains dedicated to providing MHPI oversight, quality control, and support, and we are striving for continued improvement in the operation, maintenance, and customer service in privatized family housing. Increased staff has allowed for increased communication with the residents, increased home inspections, and increased oversight of our MHPI partner. Our government MHPI staff are located throughout the headquarters, regional and installation levels but the vast majority are located at our installations, working closely with our Marines, Sailors and their families. At the installation level, we focus on ensuring that resident advocates are available, trained and empowered to serve as the frontline contact for residents to raise and resolve issues they have with their housing experience.

Our installation housing offices also administer regular feedback loops and structured assessments to ensure families have the opportunity to provide real-time feedback on their experience with MHPI. In addition to annual satisfaction surveys, the Navy and Marine Corps use point-of-contact surveys for families to evaluate MHPI performance. These surveys are utilized at key moments of tenant interaction including move-in readiness of the home and service request satisfaction. Combined, these tools allow the DON to provide real-time accountability, if necessary, work with the MHPI companies on corrective action plans.

The DON continues to self-evaluate for areas that we can improve and to identify opportunities for us to better serve our Sailors, Marines and families. Navy and Marine Corps Housing policies and procedures continue to evolve, and the DON recently published an MHPI Housing Handbook to provide a comprehensive tool for the oversight and management our of MHPI program.

Government-Owned Family Housing: All installations have a Government Housing Office staffed with housing personnel ready to engage and help residents. A component of our

international bases, is these teams adds an extra layer of support for service members who may encounter new processes, requirements, or other considerations when obtaining housing outside of the United States. We continue to evaluate staffing and training to provide the required level of service for our military families.

Unaccompanied Housing: The DON is also reviewing current staffing at the installation level tasked with managing the day-to-day operations of the UH portfolio. The Navy maintains a full time civilian workforce to manage local UH operations, while the Marine Corps has traditionally assigned active duty Marines as Barracks Managers as a collateral duty. In light of recent GAO findings, the Marine Corps is moving towards hiring a cadre of full-time civilian personnel to execute those functions. This will allow the service members to focus on military mission and puts similar focus on this important quality of life component instead of keeping it solely as a collateral duty. These managers will serve as advocates and provide assistance for single service members residing in both government-owned and any privatized UH. These managers are also participating in inspections, accompanying maintenance teams, and engaging with installation leadership.

Long-Term Sustainability:

We are also taking steps to ensure the long-term viability of our MHPI projects, Government Owned Family Housing and focused efforts for UH including the Marines Corps Barracks 2030 plan, so quality homes are available to our service members and their families in the future. We have implemented improved processes for oversight, communication with all residents in UH, FH, and MHPI companies to address life, health, safety issues, and improve the quality of homes.

MHPI Family Housing: We have established a dedicated MHPI qualify assurance program to review the condition of homes. Finally, the DON monitors the financial health of each project through monthly financial reporting and a robust Annual Sustainment Plan review, which identifies near-term and long-term funding risks for work required to sustain the quality of homes through the term of the current ground lease. This formal plan review also ensures the DON is aligned with MHPI companies on the prioritization of work, especially when

funding shortfalls are projected. In recent years, the DON has worked through many challenges, such as several changes in force structure, changes in the Basic Allowance for Housing, and economic factors like rising insurance and labor costs.

The DON has developed a robust tool for assessing the health of the privatized housing portfolio ability to sustain itself in the future. While we anticipate many of the DON's MHPI will be able to sustain themselves in the future, there are some projects that may require different paths forward to ensure long-term financial viability. In addition, the DON is looking to increase our privatized housing inventory in locations where we have seen requirement to house families continue to grow, to include remote locations like Naval Air Station Fallon, Nevada and Naval Air Weapons Station China Lake, California. By taking a long-range view, we are able to work through challenges and find solutions that will ensure our families will have safe, high-quality homes today and in the future.

Government-Owned Family Housing: We continue to closely monitor the condition of the homes via multiple inspections, including third party inspections and prioritize improvement where necessary while keeping a close eye as requirements in the future as force structure continues to evolve.

Unaccompanied Housing: In order to provide long-term sustainability for our UH facilities, the Navy and Marine Corps is committed to recapitalizing substandard facilities and providing the proper level of sustainment funding to ensure that they remain in appropriate condition. It is not good enough to provide baseline repairs, we must raise up the overall condition of our inventory through targeted recapitalization of existing facilities, and demolition and reconstruction where economically beneficial. We also expect Senior leadership to take a hands on and personal approach to eliminate preventable and manageable distractions that unnecessarily increase stress or reduce the quality of life for our single Sailors and Marines, and we have empowered them to do so.

New FY 2024 NDAA Housing Provisions

The FY 2024 NDAA contained several new provisions to address shortcomings in the

housing portfolio, particularly when dealing with waivers to existing standards. We fully understand the intent behind these new provisions and while this will be a challenge to bring the entire DON portfolio into compliance, the DON team, in conjunction with the other Military Departments and OSD, are working to assess impacts of these new provisions and develop a way ahead to meet Congress's intent. Additionally, the DON appreciates the new pilot authority to allow for the use of facilities sustainment, restoration and modernization (FSRM) funding to conduct new construction of unaccompanied housing, this added flexibility will allow us to broaden the scope of our upcoming efforts.

Aging Infrastructure:

The Navy and Marine Corps infrastructure portfolio as a whole continues to age. The portfolio contains numerous individual facilities and utilities, which are beyond service life, in poor condition, inefficient, and not resilient to cyber threats and other kinetic and non-kinetic hazards. To fight and win the DON requires ready, reliable and resilient systems and assets. The DON must take action to not only prevent, remediate, or mitigate the risks resulting from vulnerabilities of our infrastructure, but also to restore and sustain core utility infrastructure including water, electricity and telecommunications. While it is important to ensure that proper sustainment funding is provided, it is impossible to "sustain" your way to improved infrastructure. Holistic recapitalization of our infrastructure is required to ensure that our forces, systems, and facilities can continue to operate in expected future environments

Prioritization and utilization of FSRM: The Navy and Marine Corps, through their Installation Investment Plan and the Facilities Investment Strategy, respectively, continue to focus on directing resources to where they will deliver the greatest benefit by providing transparency to infrastructure capital investment decisions, focusing on the highest priority capability gaps, and ensure that investments align with mission need dates, enabling a risk-informed prioritization. While the DON strives to ensure that all facilities are in good working order, those facilities aligned with quality of life or those that are critical to delivering key warfighting capabilities are of particular importance. This critical infrastructure must be in good working order so as not to negatively impact the Navy and Marine Corps' ability to execute their mission. The Marine Corps' Facilities Investment Strategy, via their newly

developed Readiness Maximization Tool (RMT), promotes a tier-based readiness approach to lifecycle management that reduces footprint while prioritizing investments for the Marine Corps' highest valued facilities. This new pilot program began in earnest at the start of FY23, and we are closely monitoring this initiative as a potential model for broader application. Early returns are promising, however the validation will be in the long-term improvement of facility condition over time. The DON is also beginning efforts on a 30-year infrastructure plan that anticipates and plans towards the needs, requirements, sustainment, and future of these key platforms in our enterprise and the missions we support. We envision a plan that incorporates many of our ongoing infrastructure initiatives across the organic industrial base and key and fleet concentration areas.

Additionally, while the Navy and Marine Corps are making strides in aligning funding to the most critical priorities, unforeseen events do impact our ability to proceed as quickly as we'd like. Extreme weather, earthquakes, and unforeseen issues continue to redirect resources, both in terms of money and manpower. Impacts from climate change, and the continued aging of our infrastructure greatly increase the future likelihood of damaging weather events, and unexpected failures of critical infrastructure requiring immediate attention. We are dealing with these issues today and Guam continues to recover from Typhoon Mawar. We appreciate Congressional efforts to date to support the DON with timely supplemental funding and targeted investments, including the rebuild of China Lake after the recent earthquake, the rebuild of Camp Lejeune after Hurricane Florence, and supplemental funding to address impacts from Hurricane Sally.

Demolition: The DON must take steps to reduce excess inventory. The FY 2024 DON budget request included \$228M (Navy) and \$112M (USMC) in demolition funding to reduce the current footprint, allowing the DON to better prioritize existing facilities sustainment resources across our most critical facilities. This effort will need to be sustained across future budgets to ensure that we right-size the current facility inventory. The new authority granted in the FY 2024 NDAA to allow for Unspecified Minor Military Construction funds to be used for demolition provides another option to get after this issue.

Conclusion

I would like to thank Congress and this Subcommittee for your continued focus on housing and quality of life, and the steadfast oversight of this program. I am grateful for the opportunity to discuss the DON's efforts and commitment to strengthening the resilience of our people and our mission through an essential component: our infrastructure. The DON remains focused on ensuring that we remain the world's most powerful naval force to meet both today's operational demands and the warfighting needs of the future.