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UNTIL RELEASED BY THE  
SENATE COMMITTEE ON ARMED  
SERVICES

STATEMENT OF

THE HONORABLE RICHARD V. SPENCER,  
SECRETARY OF THE NAVY

ADMIRAL JOHN M. RICHARDSON,  
CHIEF OF NAVAL OPERATIONS

GENERAL ROBERT B. NELLER,  
COMMANDANT OF THE U.S. MARINE CORPS

MARCH 7, 2019

BEFORE THE  
SENATE ARMED SERVICES COMMITTEE

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ARMED SERVICES

Chairman Inhofe, Ranking Member Reed, distinguished members of the committee, thank you for the opportunity to testify on this critical issue. The people of the Navy Marine Corps Team will always be our greatest resource, and the safety and well-being of our Sailors and Marines and their families is a top priority for each of us. Trust and confidence are the bedrock upon which effective command rests, and the Sailors and Marines in our care must be confident that when they bring a problem to their chain of command, their leadership will advocate tirelessly on their behalf.

On top of the considerable demands of service, no military family should ever have to contend with chronic maintenance issues or concerns such as mold, pests and intrusion in their home. In order to fulfill our obligations to our military families and ensure the strength and readiness of our force, we must demand excellence and responsiveness from all concerned, including the Public-Private Venture (PPV) partners who provide 39,384 housing units to the Navy and 23,329 to the Marine Corps.

It is clear that in some cases we have fallen short of this obligation, and we are determined to take corrective action with a sense of urgency. In response to the concerns that have come to light regarding the PPV Housing 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.

These ongoing reviews have revealed several systemic issues. For example, the burden for reporting and escalating a housing issue too often falls on the servicemember, sometimes

requiring multiple calls to achieve a satisfactory response. Once the need for corrective action has been established, our private partners have too often failed to live up to their obligations to conduct satisfactory repairs in a timely manner. And 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. There is culpability around the table.

In response to these concerns, we are taking steps to address immediate problems as well as adjust our business processes to permanently correct systemic issues. General Neller and Admiral Richardson have each issued orders requiring commanding officers to afford the opportunity for every family in military housing to receive a voluntary visit by 15 April 2019. The purposes of these visits are: (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 servicemembers and their families get the problem resolved, and ensure that all families understand the help and resources available to them.

Marine Corps Commanders will use the Marine Housing Outreach program to improve their awareness of concerns and better advocate for military families. Commanders will leverage appointed service member advocates and the base housing office to streamline communication with providers. Both Commanders and appointed advocates will ensure effective oversight and remediations are in place, operating with the full authority and support of the chain of command.

The Navy will streamline its reporting process so that no Sailor has to exceed two calls before achieving resolution – the first to the housing company, and the next to their chain of command, which can then properly 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 include:

- Privatized Housing Crisis Action Teams at the Installations Command headquarters, as well as each Regional Command to respond with alacrity to housing complaints.
- Comprehensive reviews of all reporting mechanisms and oversight procedures that govern the way privatized military housing discrepancies are reported, remediated, and verified through our Public-Private Venture partners. We have been in discussion with PPV partners about available apps to address reporting, tracking, rating and resolution.
- Weekly assessments 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.
- Outreach letters to all families in PPV housing as well as social media communication.
- Open forums sponsored by installations and delivered by the local base commanders.
- Out of cycle independent Resident Satisfaction Surveys with specific questions added to ensure resident concerns have been captured fully.
- Quarterly meetings with PPV CEOs and Service Secretaries to address and monitor the satisfactory delivery of housing for our Sailors and Marines.

These are just a few examples of the actions being taken by the Navy Marine Corps Team. We will continue to improve oversight procedures. We will evaluate and modify as needed the 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 paramount. We will also leverage mobile technology, upgrade our database systems, and improve chain-of-command advocacy.

Our PPV partners will remain an important component of the housing solutions offered to military families, however our military leaders must never outsource their role as advocates for our servicemembers and their families. It is an essential function of commanders and small-unit leaders to effectively advocate for the Sailors and Marines they serve.

We must empower these leaders to navigate the constellation of relationships that govern PPV Housing, and provide the authority and opportunity to take corrective action before it impacts the safety and wellbeing of our military families, and the readiness and effectiveness of our force.

We're ensuring base officials are aware of the leverage options available 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 educating leaders on how they can forcefully and effectively assist when established processes are not providing our servicemembers and their families with satisfactory results in PPV housing.

We have also made clear the expectation that command teams shall not be satisfied until housing issues are resolved, and have invigorated the relationship between deployed servicemembers and the installations enterprise. Finally, we are expanding the scope of engagement between commands and servicemembers regarding off-base housing.

The Navy Marines Corps Team will continue to pursue improvements in military housing with a sense of urgency to deliver the services our military families deserve, the value the American taxpayers expect, and the readiness our global force requires. We will continue pursuing solutions to correct the issues that have been identified and provide lasting systemic improvements to prevent their recurrence. We look forward to working with this committee to do everything in our power to protect the health, well-being and safety of our Sailors, Marines and military families wherever they call home.