

Testimony on Housing  
Senate Armed Services Committee  
Secretary of the Air Force Dr. Heather Wilson  
Chief of Staff General David Goldfein

March 7, 2019

**Introduction**

The United States Air Force is committed to the health and safety of our Airmen and their families. Our people are our most important resource. Airmen are executing warfighting missions for our nation around the world, twenty-four hours a day. Our ability to conduct these operations is affected by the well-being of our Airmen, their families, and the communities that host our installations. We project combat power from these installations, which also serve to house and protect our Airmen and their families. Inadequate housing reduces the quality of life for our Airmen. Morale declines, retention suffers, and the Air Force pays a price in readiness. Since we began privatizing Air Force housing twenty-two years ago, we have proactively sought feedback from Airmen and implemented better ways to manage the system. Where there are challenges, Air Force leadership owns it. Access to high-quality, safe, and healthy housing is the right thing to do for our Airmen and for the readiness of our force.

**Protect Airmen and their Families' Health**

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. Installation housing occupancy is at about 96%. 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."

While the overall ratings may be good, some privatized housing project owners have not met expectations. We have retained Performance Incentive Fees for poor performance, and implemented corrective action plans to fix systemic problems where we have identified them. However, these actions have not been sufficient, in some cases, to fix the problem.

Our Airmen have a right to openly report housing problems without fear of reprisal. 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. At the base level, each installation has a local housing office that does the daily work of engaging with Airmen and their families, visiting their homes, working with project owners' staffs, and ensuring paperwork is correct. Capacity at the unit level is likely adequate when the privatized housing owner is performing well. It is likely insufficient when a privatized housing owner is not performing well. This is an area where the Air Force has a lack of capacity to support base commanders when things are off track.

At the next level up, the agreements for privatized housing project owners are centrally managed by the Air Force Civil Engineer Center (AFCEC). This Center is focused on broader community concerns and works directly with our installations and privatized project owners. In some instances, the Civil Engineer Center has not been able to provide sufficient support and analysis when things are off track at the base level.

Airmen are encouraged to address housing issues with their local housing office first. If the housing office can't resolve the issue, they are either directed through the Airman's chain of command or, in some cases, directly to the Civil Engineer Center. At that level, the Civil Engineer Center interacts daily with the Deputy Assistant Secretary for the Air Force for Installations and can elevate an Airman's housing concern for consideration with Air Force leadership.

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 established, if needed. Each year, the Air Force Civil Engineer Center visits every Air Force installation to inspect homes and ensure project owners are complying with requirements. Our review is showing that this is insufficient when there are serious problems in privatized housing.

The Air Force Civil Engineer Center and the Deputy Assistant Secretary for the Air Force for Installations, Environment, and Energy conduct Program Management Reviews on a regular basis to evaluate housing activities across the Air Force. Twice each year, they meet with the project owners to share best practices, discuss lessons learned, and conduct one-to-one feedback sessions. Again, this is insufficient where we have an underperforming location.

## **Leadership Review**

The health and safety of our Airmen and their families is a leadership imperative. Over the past two weeks, the Air Force implemented a 100% 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. The Assistant Secretary of the Air Force for Installations, Environment, and Energy created a standard checklist and sent it to each installation housing office. Commanders used the checklist to document any health or safety risks they found. The Assistant Secretary also established an action team to support our Wing Commanders, provide guidance, advice, and assistance, and gather the collected data for this review.

### ***Wing Commander Review Findings***

The review included responses from 50,991 military personnel out of 57,500 (89%) military personnel living in government-owned, government-controlled, and privatized housing. There were 44,097 responses for privatized housing and 6,894 responses for government-owned and government-controlled housing. Eleven percent could not be reached during the limited time of the review due to personal and work travel, or being assigned under a Joint commander.

At Joint bases, Air Force, Army, and Navy commanders worked to avoid redundant reviews and to ensure other service commanders were aware of identified issues with their members. Commanders report that 14.1% of members expressed a life, health, or safety concern in their homes. The percentage was much lower in government owned and leased homes, where only 1.5% expressed concerns vice 15.4% for privatized housing. Common issues include mold and moisture, insects, or mice. Some 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 housing members who responded to our review, 9,861 members requested visits. Leadership visited those homes and found:

- 25% had mold and moisture issues,
- 5% had chipped or flaking paint,
- 13% had droppings, or other evidence of vermin, and
- 71% presented other maintenance concerns.

Commanders continue to make contact with the Airmen that have not yet been reached and to conduct all of the visits requested by our members. For identified issues, commanders are overseeing and tracking work orders created by the project owner for the housing maintenance crews through actual completion. Each commander is also working with Army and Navy commanders to ensure issues are addressed for service member without duplication of effort.

This is a start. We will follow through to address the systemic issues at each of our installations.

### ***Air Force Leadership Visits***

We personally conducted visits to our most troubled installations to see the issues and talk to the Airmen, the installation leaders, and, in some cases, the project owners. They participated in listening sessions comprised of Airmen and their families to get a better understanding of what was working and what still needed to be done.

The results of the Wing Commander's reviews and Air Force leadership visits reviews highlighted five things:

- An inability to do adequate quality assurance on maintenance crews
- Housing Management Offices are too small and lack authority
- Airmen do not fully understand their rights and responsibilities
- Project owner performance incentive fees are not driving desired outcomes
- Persistent mold issues caused by poor construction quality

The quality of local project-owner leadership and management of privatized housing matters. At one base, where local leadership was weak, there were widespread complaints of unqualified staff, poor or no repairs, poor communication, lack of responsiveness, and deep frustration. A base in the same climate, under the same project owner company, with good local management was complimentary to staff who were competent and responsive and "went the extra mile" to take care of Airmen.

Unlike normal renting relationships on the commercial market, military renters have less leverage to get a response when service is poor. This is why we want to create a Tenants Bill of Rights with local third-party arbitration built in to assure proactive and competent responses by the project owner maintenance teams for deficiencies.

### **Specific Construction Deficiencies**

#### ***F.E. Warren Air Force Base***

Some of the 13,426 homes conveyed privatized housing projects were built before 1978 and may still contain lead paint or materials. Each installation has a program to track and manage lead-based paints. We randomly visit homes every year to ensure project owners are complying with all documentation and statutory requirements. To date, we have only found some documentation issues. Where we have found elevated levels of lead in homes, like at F.E. Warren Air Force Base, the project owners have responded

quickly and worked with our Airmen to ensure their safety, and the safety of their families, within their homes.

### ***Keesler Air Force Base***

In 2010, 1,028 homes were built for Keesler Air Force Base. Poor quality workmanship during construction of the air conditioning systems and building envelope caused condensation and recurring problems with mold. The project was bought in 2015 on the condition that original work defects be fixed. The new Moisture Remediation Plan has three phases. The Test Pilot Phase and Immediate Response Phase have both been completed. The Sustainment Phase is comprised of three stages of work. During Stage 1, all 1,028 homes had some work done to them. Stage 2 is 33% complete and involves 255 homes. The third and final stage will look for any residual moisture issues that need to be fixed. The Sustainment Phase is due to finish in June 2020. In the meantime, the Air Force Civil Engineer Center is monitoring compliance.

### ***MacDill Air Force Base***

The Air Force conveyed 241 homes at MacDill Air Force Base to a project owner. The homes had systemic moisture problems due to breaches in or lack of a vapor barrier. In 2017, the project owner reclad 94 homes. Last year, they repaired stucco siding and interstitial spaces under floors. They also added dehumidifiers to homes with inadequate air conditioning and treated homes for mold. This year, they have 68 homes scheduled for recladding.

### ***Tinker Air Force Base***

Many homes at Tinker Air Force Base were built using cross-linked polyethylene plumbing lines. These lines had a manufacturing defect that caused pinhole leaks, and 398 homes showed signs of mold growth inside the walls. Last May, the Air Force moved all affected families into furnished homes while the faulty water lines were replaced. In June of last year, mold growth was discovered in the mechanical rooms of 200 newly-constructed homes. A third-party engineering service was hired to assess the room design and identify the root cause the of moisture problems. Both projects are due to complete by May 2019.

## ***Tyndall Air Force Base Rebuild***

On October 10, 2018, the strongest hurricane ever recorded on the Florida panhandle made landfall near Tyndall Air Force Base. All 876 privatized homes were damaged in the storm ranging from roof and siding to complete losses. Tyndall's enduring missions didn't stop, and the Air Force has been working to secure housing for the Airmen in those units. Tyndall is also one of four bases in the Air Education Training Command Group 1 Housing Privatization Project that also includes Sheppard, Altus, and Luke Air Force Bases. The damage at Tyndall was so severe, the entire project requires financial restructuring. The Office of the Secretary of Defense and Office of Management and Budget would have to approve this course of action, so we are working with each office, along with the project owner and its private lender to provide long-term housing for our Airmen at these four bases.

## **Way Ahead**

### ***Immediate actions***

For identified healthy and safety issues, we are taking immediate action to ensure they are addressed. In response to Air Force leadership observations, we will ensure qualified expertise is in place to address quality assurance requirements.

To improve communication with residents the Air Force, the Army, and the Navy have developed a draft Tenant Bill of Rights to improve tenant-landlord communications, collaboration, and expectation management. It would also provide Airmen financial leverage during housing disputes.

It is a draft. We want to engage with you to finalize this effort. A Tenant Bill of Rights would allow Airmen to withhold rent or break leases if project owners weren't fixing significant problems.

Within the next two weeks, the Air Force is completing an Air Force Inspector General review and assessment of policies and procedures for handling resident health and safety challenges. We're taking all allegations or indication of fraud very seriously. Our AF Office of Special Investigations (AFOSI) will carefully assess, and as warranted, pursue such concerns.

To improve the housing management offices, we have already begun increasing the capability and capacity of the workforce through a broader Infrastructure Investment Strategy. This strategy is focused on developing and retaining civil engineering expertise, while adding enough trained staff to manage our housing management offices effectively. We have also established a nationwide call center in order to provide residents with an alternate channel to elevate their housing concerns.

Of the four installations where mold is an endemic issue, we have had corrective action plans in place for about two years. All projects are scheduled for completion over the next six to eighteen months.

### ***Next steps toward enduring improvement***

The Air Force will increase oversight by Wing leadership and the chain of command. Nothing can substitute for a commander on site with the appropriate level of authority. We will also ensure that the medical leadership and installation leadership are sharing information properly.

We will likely need to renegotiate agreements with privatized project owners to implement the Tenant Bill of Rights. We will need to revise the incentive fee structure to provide more leverage to the services to address systemic lack of performance. In particular, we want to give the base commander significant input on the award of incentive fees and move away from formulas that can always be “gamed”. Doing so, we believe, will make the privatized housing owner more responsive to the local commanders who have “eyes on”. In some cases we will retain incentive fees for poor performance and establish corrective action plans to fix systemic technical and leadership challenges.

We will continue to strengthen housing management offices and structure support from the Air Force Civil Engineer Center so that troubled projects get sufficient focus and attention. While we will continue our quarterly reviews and annual audits, that pace of engagement is not sufficient for projects under corrective action.

We also are concerned that some Airmen feel that they don’t have a voice with their landlord and they don’t know who to call when they have problems. While the Tenant Bill of Rights will help, and will give them locally arbitrated financial leverage, we think we need to increase training and information to families about privatized housing. The Air Force already does training with Wing Commanders about civil engineering support and privatized housing in our Wing Commander’s course. We believe we need to extend that training to senior non-commissioned officer and first sergeant courses. We also need to educate Airmen on options and support available to them, likely from the local housing management office sometime after the chaotic first days when an Airmen moves in.

### **Conclusion**

The Air Force has a responsibility to provide safe and healthy living conditions to our Airmen their families, and joint teammates living on our installations. We will hold project owners

accountable for performance. While the majority of our Airmen are satisfied with their living conditions, we have some privatized housing project owners who are not meeting expectations. We are addressing the housing issues we know about and taking steps to improve each Airman's access to get help quickly and fairly. Air Force, Army, and Navy commanders will continue to communicate to take care of all joint members and their families. These steps will improve consistency across installations. Our services are stronger together. We live on each other's bases. The draft Tenants Bill of Rights is intended to start a conversation with the U.S. Congress, Air Force families, and our advocates in order to refine the document. We look forward to working with you on an enforceable Tenants Bill of Rights, as well as any other needed improvements.