



April 2023

# MILITARY HOUSING

## DOD Can Further Strengthen Oversight of Its Privatized Housing Program

Revised April 19, 2023 to correct page 10 (Table 1). The corrected section should read: 'As of the end of March 2023, 11 of the 14 private housing companies have voluntarily agreed to fully implement all 18 rights, and the remaining three have voluntarily agreed to implement 16 of the 18 rights'.

# GAO Highlights

Highlights of [GAO-23-105377](#), a report to congressional requesters

## Why GAO Did This Study

Private companies own and operate 99 percent of family housing at domestic military installations, totaling approximately 203,300 units. Since 2019, questions have been raised about assistance available to residents, poor housing conditions, and private company performance. Legislation has included requirements aimed at improving DOD's oversight of the privatized housing program.

GAO was asked to review DOD's oversight of the privatized housing program. This report evaluates the extent to which DOD has (1) implemented statutory requirements to improve assistance to residents, (2) improved oversight of privatized housing, and (3) the authorities and processes in place to hold private housing companies accountable for poor performance.

GAO analyzed DOD policies and guidance; and interviewed DOD housing officials and private company representatives at five installations selected for variation in service and experience with initiatives. GAO met with a nongeneralizable sample of residents currently living in privatized housing and solicited views from private housing companies.

## What GAO Recommends

GAO is making 19 recommendations, including that DOD clarify guidance and training on efforts to increase assistance to residents and improve home inspection standards and training. DOD generally concurred with the recommendations and described some related actions.

View [GAO-23-105377](#). For more information, contact Elizabeth A. Field, (202) 512-2775 or [FieldE1@gao.gov](mailto:FieldE1@gao.gov).

April 2023

## MILITARY HOUSING

### DOD Can Further Strengthen Oversight of Its Privatized Housing Program

## What GAO Found

The Department of Defense (DOD) has taken steps to implement statutory requirements from the Fiscal Year 2020 National Defense Authorization Act (2020 NDAA). These statutory requirements were designed to increase assistance to residents of privatized housing, ensure DOD has adequate personnel to conduct oversight activities, and improve DOD's oversight of the condition of private housing units. DOD has taken steps to implement these requirements, but gaps in guidance and training remain. For example, GAO found a need for

- **More detailed formal dispute resolution guidance.** The 2020 NDAA required DOD to provide residents the right to enter into formal dispute resolution processes to resolve issues with private housing companies. The Office of the Secretary of Defense issued guidance establishing a formal dispute resolution process and directed the military departments to work with private housing companies to implement it. However, the guidance provided to residents on the process lacks detailed information, such as how and when they can file a formal dispute. Also, military housing officials have not received adequate guidance or training for assisting residents in the process.
- **Improved guidance on the role of the tenant advocate.** The 2020 NDAA required DOD provide residents with access to a tenant advocate. Each military department has designated personnel to act in this capacity. However, the military departments have not clearly identified the roles and responsibilities for these personnel, or communicated useful information to residents about how they can and cannot use the tenant advocates.
- **Better oversight of the condition of private housing units.** The 2020 NDAA required that DOD conduct inspections of privatized homes prior to resident occupancy. GAO found that, although each of the military departments is conducting these inspections as required, DOD has not developed clear or consistent inspection standards and the military departments have not provided adequate inspector training. This has contributed to inconsistencies in how inspectors rate homes, resulting in homes with similar issues receiving different ratings and, according to private housing company representatives, has increased project costs.

By addressing these implementation weaknesses, DOD could enable personnel to more effectively perform their duties, reduce residents' confusion and frustration, and more fully meet the congressional intent of improving the privatized housing program.

DOD has authorities and processes in place to hold private housing companies accountable for poor performance or misconduct, including fraud. Specifically, according to DOD officials, it can place companies on performance improvement plans, withhold performance incentive fees, or terminate and replace specific project stakeholders. DOD can also fully terminate a project, but has never identified the need to do so. Officials stated that such need would be unlikely, in part because the projects are structured to allow the military departments to address poor performance without disrupting the entire project. Moreover, private companies have typically shown a willingness to step out of projects due to poor performance when under pressure from DOD to do so.

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## **Abbreviations**

DOD Department of Defense  
OSD Office of the Secretary of Defense  
NDAA National Defense Authorization Act

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April 6, 2023

The Honorable Andy Kim  
Ranking Member  
Subcommittee on Military Personnel  
Committee on Armed Service  
House of Representatives

The Honorable John Garamendi  
Ranking Member  
Subcommittee on Readiness  
Committee on Armed Services  
House of Representatives

In 1996, Congress enacted the Military Housing Privatization Initiative (hereafter, the privatized housing program) in response to Department of Defense (DOD) concerns about the effect of inadequate and poor-quality housing on service members and their families.<sup>1</sup> Since the mid-1990s, DOD has worked with private-sector developers and property management companies (hereafter referred to as private housing companies) to construct, renovate, maintain, and repair housing at domestic military installations through partnerships known as privatized housing projects.<sup>2</sup> These private housing companies currently own and operate 99 percent of military family housing in the continental United States, Alaska, and Hawaii. At the end of fiscal year 2022, 14 private housing companies were responsible for 78 privatized housing projects—34 for the Army, 31 for the Air Force, and 13 for the Navy and the Marine Corps.<sup>3</sup> See appendix I for a current list of all privatized housing projects.

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<sup>1</sup>National Defense Authorization Act for Fiscal Year 1996, Pub. L. No. 104-106, §§ 2801-2802 (1996), *codified as amended* at 10 U.S.C. §§ 2871-2894a.

<sup>2</sup>The military departments refer to private housing companies as project owners, private partners, and managing members. Private housing companies may also be referred to as lessors of privatized homes in their capacity as landlords to the service members who rent privatized housing. In this report, we focus on privatized family housing projects and not housing for unaccompanied military personnel.

<sup>3</sup>Almost all DOD family housing in the United States has been privatized. However, DOD continues to own, operate, and maintain (1) family housing overseas and (2) most housing for unaccompanied military personnel in the United States.

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The Office of the Secretary of Defense (OSD) and each of the military departments exercise oversight and monitoring responsibilities to ensure that military members and their families are provided with safe, affordable, and suitable housing and that private housing companies are able to meet those goals over the duration of the agreements.<sup>4</sup>

In recent years, reports of hazards in privatized housing—such as mold, pest, and rodent infestations—as well as concerns about the financial condition of these projects have raised questions about DOD’s management and oversight of privatized housing. We have issued multiple reports examining DOD’s oversight of the privatized housing program and, since March 2018, have made 30 recommendations to improve the program.<sup>5</sup> As of February 2023, DOD has implemented 24 of our recommendations. See appendix II for the implementation status of recommendations related to privatized housing.

In December 2019, the National Defense Authorization Act (NDAA) for Fiscal Year 2020 established requirements intended to reform various aspects of the privatized housing program.<sup>6</sup> In March 2020, we reported that DOD and private housing company representatives cited several challenges that could affect their ability to implement these initiatives. Such challenges included the timeliness with which DOD implemented the initiatives; a lack of resources—specifically, military department staff with targeted expertise—needed for implementation; and concerns that implementation could have unintended negative effects on the financial viability of the privatized housing projects. Our report made several

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<sup>4</sup>For purposes of this report, use of the term “military departments” refers to the Army, Air Force, and Navy, to include the Marine Corps. While the Department of the Navy maintains management and oversight over all privatized housing business agreements, the Marine Corps Installation Command has oversight of military housing offices at Marine Corps installations. As such, when applicable, we provided information specific to the Marine Corps. We did not include Space Force in our scope because at the time of this review, the Air Force had not delegated any privatized housing responsibilities to Space Force.

<sup>5</sup>See GAO, *Military Housing Privatization: DOD Should Improve Oversight of Property Insurance and Natural Disaster Recovery*, GAO-21-184SU (Washington, D.C.: Feb. 18, 2021); *Military Housing: Actions Needed to Improve the Process for Setting Allowances for Servicemembers and Calculating Payments for Privatized Housing Projects*, GAO-21-137 (Washington, D.C.: Jan. 25, 2021); *Military Housing: DOD Needs to Strengthen Oversight and Clarify Its Role in the Management of Privatized Housing*, GAO-20-281 (Washington, D.C.: Mar. 26, 2020); and *Military Housing Privatization: DOD Should Take Steps to Improve Monitoring, Reporting, and Risk Assessment*, GAO-18-218 (Washington, D.C.: Mar. 13, 2018).

<sup>6</sup>Pub. L. No. 116-92 (2019).

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recommendations aimed at strengthening oversight of the privatized housing program, including a recommendation that the Secretary of Defense assess the risks of proposed statutory initiatives on the financial viability of the projects. However, at the time our report was issued in March 2020, it was too early to assess DOD's progress implementing the NDAA requirements.

DOD has since implemented several of our recommendations and taken steps to complete a number of the Fiscal Year 2020 NDAA requirements. These steps have included developing standardized policies and changes in the staffing levels within OSD and each of the military departments that oversee privatized housing projects. Given the importance of quality housing in maintaining morale, retention, and readiness of service members, Congress has maintained its focus on examining the privatized housing program, and subsequent NDAAs have included additional requirements intended to further improve DOD's oversight of the privatized housing program.<sup>7</sup>

You asked us to examine issues related to the resources and structures that DOD has put into place to oversee the privatized housing program, to include how the structure of privatized housing projects facilitates this oversight. This report examines the extent to which DOD has (1) implemented Fiscal Year 2020 NDAA requirements to improve assistance to privatized housing residents, (2) improved oversight of the condition of privatized housing since 2019, and (3) authorities and processes in place to hold private housing companies accountable for poor performance.

For our first two objectives, we identified Fiscal Year 2020 NDAA requirements aimed at improving assistance to residents of privatized housing. We also reviewed OSD and military department policies and guidance related to these requirements, as well as the oversight of the condition of privatized housing. We interviewed OSD and headquarters Army, Navy (to include Marine Corps), and Air Force housing officials to discuss implementation of these policies and guidance. We also discussed these issues with military housing officials and private housing company representatives at a non-generalizable sample of five

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<sup>7</sup>Pub. L. No. 116-283 (Jan. 1, 2021), Pub. L. No. 117-81 (Dec. 27, 2021), and Pub. L. No. 117-263, § 2807 (*codified* at 10 U.S.C. § 2851a(a)).



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installations.<sup>8</sup> We met with representatives from two military family advocacy groups who assisted us in organizing two discussion groups with eight and three residents, respectively, to obtain anecdotal perspectives about their understanding of DOD's initiatives to increase oversight of privatized housing. To obtain private housing company views about DOD's oversight efforts, we developed and administered an online questionnaire to each of the 14 private housing companies, of which nine responded.

For our third objective, because the size, structure, and complexity of privatized housing business agreements differ from project to project, we focused our review on sections of selected privatized housing business agreements from each of the military departments that included language related to DOD's authorities and processes for holding private housing companies accountable. We also reviewed documents prepared by DOD and military department attorneys, including written comments DOD attorneys and other officials submitted in response to a question set we provided, in which they outlined DOD's legal authorities and processes for holding private housing companies accountable. We also held in-depth discussions with DOD and military department attorneys and other officials to discuss DOD's legal examination of and views regarding the authorities and processes it has in place to hold private housing companies accountable. Further details on our objectives, scope, and methodology can be found in appendix III.

We conducted this performance audit from August 2021 to March 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>8</sup>The five installations in our nongeneralizable sample included one installation with an Army project—Fort Meade, Maryland; one installation with a Navy project—Joint Expeditionary Base Little Creek-Ft. Story; one installation with a Marine Corps project—Marine Corps Base Camp Lejeune, North Carolina; and two installations with Air Force projects—Joint Base Andrews, Maryland and Joint Base Elmendorf-Richardson, Alaska.

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## Background

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### Military Housing Privatization

DOD's policy is to ensure that "eligible personnel and their families have access to affordable, quality housing facilities and services consistent with grade and dependent status," and that the housing generally reflects "contemporary community living standards."<sup>9</sup> From inception of the privatized housing program in 1996, the military departments were provided with various authorities to obtain private-sector financing and management to operate, maintain, repair, renovate, construct, and recapitalize military housing in the United States and its territories. These authorities included the ability to make direct loans to and invest limited amounts of funds in projects for the construction and renovation of housing units for service members and their families.<sup>10</sup> The projects were generally financed through both private-sector financing, such as bank loans and bonds, and funds or federal credit in the form of government direct loan or loan guarantees provided by the military departments. The Army and the Navy generally structured their privatized housing projects as limited liability companies or limited partnerships in which the military departments formed partnerships with the developers and invested funds in the partnership.<sup>11</sup> The Air Force generally provided direct loans to the developers and did not become a member of the project's limited liability company.<sup>12</sup>

The military departments have flexibility to structure their privatized housing projects, but typically the military departments lease land to private housing companies for a 50-year term and convey existing housing located on the leased land to the developer for the duration of the lease. The developer then becomes responsible for operating, maintaining, renovating, repairing, and constructing new housing and for the daily management of the housing units.

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<sup>9</sup>DOD Instruction 4165.63, *DOD Housing* (July 21, 2008) (incorporating Change 2, Aug. 31, 2018).

<sup>10</sup>The authorities also provided DOD with the ability to provide loan and rental guarantees, make differential lease payments, and convey or lease property or facilities to eligible entities, among other things.

<sup>11</sup>A limited liability company is a company in which the liability of each shareholder or member is limited to the amount individually invested.

<sup>12</sup>The Air Force is an equity member in three of its 31 projects.

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Each privatized housing project is a separate and distinct entity governed by an overarching ground lease and a series of legal agreements that are specific to that project, hereafter referred to as business agreements.<sup>13</sup> These agreements include, among other things, an operating agreement, a property management agreement, and an agreement that describes the management of funds in the projects, including the order in which funds are allocated within the project. While each project is distinct, there are some elements in common to how projects invest and use funds. Every project takes in revenue, which consists mostly of rent payments; service members' rent is paid with basic allowance for housing payments.<sup>14</sup> Projects use this revenue for capital repairs and replacements as well as for operating expenses, including administrative costs, day-to-day maintenance, and utilities, among other things. After that, projects generally allocate funds for taxes and insurance, followed by debt payments.

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## DOD Roles and Responsibilities in the Privatized Housing Program

OSD and each of the military departments have roles and responsibilities to oversee the privatized housing program. Specifically, the Fiscal Year 2020 NDAA directed the Secretary of Defense to establish a Chief Housing Officer, and the James M. Inhofe NDAA for Fiscal Year 2023 clarifies that this position is to be held by the Assistant Secretary of Defense for Energy, Installations, and Environment.<sup>15</sup> The Chief Housing Officer is responsible for the oversight of privatized housing, including the creation and standardization of housing policies and processes.<sup>16</sup> According to DOD documents, the Deputy Assistant Secretary of Defense for Housing supports the Chief Housing Officer in all statutorily defined duties. In this capacity, the Deputy Assistant Secretary is to provide both

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<sup>13</sup>Business agreements are alternately referred to as transaction documents or closing documents.

<sup>14</sup>DOD does not require service members, other than certain key personnel and junior unaccompanied personnel, to live on an installation and, thus, in privatized military housing. Service members are provided with a basic allowance for housing to cover their living expenses.

<sup>15</sup>Pub. L. No. 116-92 (2019) and Pub. L. No. 117-263, § 2807 (*codified* at 10 U.S.C. § 2851a(a)).

<sup>16</sup>10 U.S.C. § 2851a.

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guidance and general procedures related to housing privatization, as well as required annual reports to Congress on privatized housing projects.<sup>17</sup>

The military departments have responsibility to execute and oversee privatized housing projects, including conducting financial management and monitoring their portfolio of projects. Each military department is to use the Enterprise Military Housing information management system to track and document oversight of privatized family housing. In addition, each military department has issued guidance that outlines its responsibilities for privatized housing, such as which offices are responsible for overseeing privatized housing projects. Figure 1 describes each military department's roles and responsibilities in the privatized housing program.

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<sup>17</sup>Section 2884(c) of Title 10 of the United States Code requires the Secretary of Defense to report semiannually an evaluation of the status of oversight and accountability measures for housing privatization projects, including, among other things, information about financial health and performance and the backlog of maintenance and repair. According to DOD officials, although the statute requires semiannual reporting, due to the effort involved, DOD aims to produce one report for each fiscal year, rather than two.

**Figure 1: Military Departments' Roles and Responsibilities in the Privatized Housing Program**

<p><b>Department of the Army</b></p>  <p><i>The Army Portfolio and Asset Management Handbook 6.2<sup>a</sup></i></p>	Deputy Assistant Secretary of the Army for Installations, Housing and Partnerships, Capital Ventures Directorate	Formulates policy objectives and portfolio oversight as well as transaction management.
	Deputy Chief of Staff, G-9	Administers and monitors asset management objectives for the Army's Military Housing Privatization Initiative (MHPI) program, referred to as the Residential Communities Initiative (RCI) program.
	Army Materiel Command/Installation Management Command	Performs daily oversight at the installation level of RCI housing, ensures that installation resources are available to support RCI staffing, and projects.
	U.S. Army Corps of Engineers	Administers RCI ground lease and provides advice on real estate compliance, acquisition, and conveyance.
	Garrison Commander	Serves as the Secretary of the Army's local representative for RCI projects.
	Director of Public Works	Supports the U.S. Army Garrison Housing Manager to ensure utilities, fire and emergency services are provided to RCI housing.
	Garrison Housing Manager	Monitors ground lease compliance, performs installation-level program reporting and legal compliance oversight, and coordinates with the private partner and chain of command.
<p><b>Department of the Navy</b></p>  <p><i>The Department of the Navy Public-Private Venture (PPV) Housing Handbook<sup>b</sup></i></p> <p><i>CNIC Note 11101, Navy Privatized Family Housing Oversight<sup>c</sup></i></p> <p><i>MCO 11000.22, Marine Corps Bachelor and Family Housing Management<sup>d</sup></i></p>	Assistant Secretary of the Navy, Installations, Energy and Facilities	Provides policy oversight for the overall program.
	Deputy Assistant Secretary of the Navy, Installations, Energy and Facilities	Executes agreements under the provisions of the MHPI authorities, oversee MHPI initiatives and provide support in the approval process, establish and implement private housing company portfolio reviews among other things.
	Commander, Navy Installations Command	Provides management, control, and performance oversight of housing programs.
	Naval Facilities Engineering Systems Command	Manages portfolio, executes business agreements, ensures compliance with business agreements during operations, and manages the contracts between the MHPI projects company and the Department of the Navy.
	Regional Commanders	Provide oversight and assistance to installations in implementation of privatized housing program; ensure consistency of program; assist installations in development and implementation of privatized housing training and promotional efforts; monitor progress, usage and effectiveness of program.
	Installation Commanding Officers	Implements privatized program oversight procedures, touchpoint for day-to-day project oversight, coordination and compliance monitoring, and reviews and submits recommendations to the region on privatized actions.
	Navy Housing Office	Serves as primary point of contact for Sailors, Marines and their families who live in privatized housing. Serves in the primary advocacy role at the installation.
	Deputy Commandant of the Marine Corps for Installations and Logistics	Serves as the single point of contact for the Commandant and Assistant Commandant for all matters pertaining to installations and logistics functions, to include installations management. Serves as the single advocate within Headquarters, Marine Corps, for all installation management functions.
	Commander, Marine Corps Installations Command	Oversees Marine Corps housing programs, and keeps Marine Corps Regional and Installation Commanders informed of all policy guidance and congressional restrictions.
	Regional Commanders	Consolidate and establish priorities for all family housing programs under their purview.
Installation Commanding Officers	Ensure all service members, their families, and eligible civilians have access to suitable housing and services.	
Marine Corps Family Housing Office	Monitors compliance with and provides oversight of project business agreements for privatized housing.	
<p><b>Department of the Air Force</b></p>  <p><i>Department of the Air Force Instruction 32-6000, Housing Management<sup>e</sup></i></p>	Deputy Assistant Secretary of the Air Force for Installations	Serves as the authority for all matters relating to the management of Air Force housing. Approves housing privatization initiatives and changes to project transaction documents.
	Air Force Civil Engineering Center	Serves as the Air Force Portfolio Manager and execution agent with specific roles and fiduciary responsibilities for the military housing privatization program as delegated. Responsible for long-term oversight of the financial performance of the privatized housing project, including monitoring all aspects that impact the financial health of the project during its life cycle, reporting the status of project requirements, reporting project status and facilitating problem resolution.
	Director, Air Force Civil Engineers	Provides project approval and attend Housing Oversight Board forums semiannually. Develops housing policy guidance and standards, conducts privatized housing oversight, advocates for resources, and oversees housing career field including training.
	Major Commands	Ensure Installation Commanders understand their authorities to oversee and protect the health and safety of residents. Review quarterly project summary reports for bases within their command.
	Installation Command	Establishes and co-chairs with the Privatized Housing project owner, the Installation Management Review Committee for each base in a grouped privatized housing project. Establishes privatized housing Resident Advocate and Resident Councils.
	Housing Management Office	Monitors and analyzes trends using privatized housing reports as outlined in transaction documents, identifies areas of concern, and ensures status is provided to installation leadership. Identifies opportunities to improve project performance, including installation practices, policies and transactional requirements, and coordinates development and implementation of solutions.

Source: GAO analysis of Department of Defense information. | GAO-23-105377

<sup>a</sup>Department of the Army, Portfolio and Asset Management Handbook (Version 6.2) (June 2022).

<sup>b</sup>Department of the Navy, Public-Private Venture (PPV) Housing Handbook, (Sept. 6, 2022).

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<sup>c</sup>Commander, Navy Installations Command Note 11101, Navy Privatized Housing Oversight (Feb. 4, 2020).

<sup>d</sup>Marine Corps Order 11000.22, Marine Corps Bachelor and Family Housing, (change 1, Jan. 22, 2018).

<sup>e</sup>Department of the Air Force Instruction 32-6000, Housing Management (Mar. 18, 2020) (incorporating Department of the Air Force Guidance Memorandum 2022-01, Mar. 8, 2022).

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## DOD Has Taken Steps to Implement Requirements to Improve Assistance to Residents, but in Doing So Experienced Challenges

### DOD Has Taken Steps to Implement Fiscal Year 2020 NDAA Requirements Designed to Improve Assistance to Residents of Privatized Housing

We found that DOD has taken steps to implement six Fiscal Year 2020 NDAA statutory requirements we identified as specifically aimed at increasing assistance to residents of privatized housing.<sup>18</sup> These requirements include the development of a universal lease, standardized move-in and move-out inspections, and the creation of a Tenant Bill of Rights. Table 1 shows a summary of the six Fiscal Year 2020 NDAA requirements we identified and DOD actions to implement them.

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<sup>18</sup>In addition to the six provisions discussed in this report directly aimed at providing assistance to residents of privatized housing, the Fiscal Year 2020 NDAA included provisions related to other elements of privatized housing, such as the identification of environmental hazards and evaluation of medical issues, use of nondisclosure agreements, and others.

**Table 1: Summary of National Defense Authorization Act (NDAA) Requirements and Department of Defense Initiatives Aimed at Improving Residents' Experience**

NDAA Requirements	Status of DOD Initiatives
<p><b>Tenant Bill of Rights.</b> The NDAA required the military departments to provide residents with 18 rights related to safe, quality, and well-maintained housing and fair treatment from the private housing companies.</p>	<p>In February 2020, DOD issued the Military Housing Privatization Initiative Tenant Bill of Rights with 15 of the 18 rights set out in the NDAA. DOD issued an updated Tenant Bill of Rights that was effective on August 1, 2021, which provided all 18 rights.</p> <p>As of the end of March 2023, 11 of the 14 private housing companies have voluntarily agreed to fully implement all 18 rights, and the remaining three have voluntarily agreed to implement 16 of the 18 rights.<sup>a</sup></p>
<p><b>Universal Lease.</b> The NDAA required DOD to develop standardized documentation, templates, and forms related to privatized housing, to include a universal lease to be used at all privatized housing projects.</p>	<p>In July 2020, the Office of the Secretary of Defense (OSD) issued initial guidance directing the use of a universal lease at privatized housing projects, and in February 2021, OSD issued an updated policy that superseded the previous guidance. This updated policy directed military departments to provide the universal lease to all private housing companies for their voluntary use and required that the template be used for all new or renewed legal documents entered into after December 20, 2019.<sup>b</sup></p>
<p><b>Move-In/Move-Out Inspections.</b> The NDAA required DOD to develop a uniform checklist for private housing companies to use to inspect a home upon resident move-out and provide the resident a list of any move-out charges the private housing company seeks to collect.</p>	<p>In February 2021, OSD issued guidance to the military departments, which included template language for the universal lease. This language includes a standardized move-in/move-out checklist and states that the tenant and private housing company representatives shall conduct a walk-through inspection of a home at move-in and move-out, and the tenant may elect to be accompanied by military housing office personnel.</p> <p>Each of the military departments has established guidance implementing this requirement and use of the standardized checklist.</p>
<p><b>7-Year Maintenance History.</b> The NDAA required private housing companies to provide prospective residents with all information regarding maintenance and renovations conducted in a home during the prior 7 years before the resident moved into the home.</p>	<p>In February 2021, OSD issued guidance directing all military departments to seek private housing companies' voluntary agreement to retroactively apply this 7-year maintenance history policy to existing projects, and it required private housing companies who enter into legal documents after January 1, 2021, to provide this information in accordance with the NDAA requirement.</p> <p>Each of the military departments has issued guidance to the private housing companies regarding this requirement and 13 of the 14 companies have agreed. The only private housing company that has not implemented this initiative cited cost of implementation. According to OSD officials, this company has been working with the Air Force regarding its concerns about implementation, including cost.</p>
<p><b>Plain Language Brief.</b> The NDAA provided residents with the right to a plain-language briefing before signing a lease and 30 days after move-in.</p>	<p>DOD included this requirement as part of the Tenant Bill of Rights, and each of the military departments has developed plain language briefings that military housing offices provide to new residents. Military department plain language briefings include (1) information on all resident rights and responsibilities associated with tenancy of the housing unit, (2) contact information for military housing office officials, private housing company representatives, and (3) information on other housing related services.</p>

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**NDAAs Requirements****Status of DOD Initiatives**

**Military Housing Office Check-ins.** The NDAA required the military housing office to reach out to residents regarding their satisfaction with the home 15 and 60 days after move in.

The Navy and Air Force developed policy requiring military housing offices to conduct outreach with new residents 15 and 60 days after move-in. The Army's plain language brief establishes this as a responsibility of the military housing office, but has not provided policy requiring these check-ins.

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Source: GAO summary of Fiscal Year 2020 NDAA language and Department of Defense (DOD) information. | GAO-23-105377

<sup>a</sup>As discussed further in GAO-23-105377, certain rights are not available at three Air Force installations. According to OSD officials, 16 of the 18 rights are available at these three installations, and the Air Force continues to seek voluntary agreement with the privatized housing companies to make the remaining rights available.

<sup>b</sup>According to OSD policy, a legal document is "renewed" when either party exercises a specific provision for a renewal period (e.g., exercises a ground lease option to extend the ground lease beyond the initial term); amends the legal documents to extend the effective period; amends them to provide for an additional government contribution; or amends them to provide for a restructure, modification, or renegotiation of an existing government direct loan or loan guarantee. Assistant Secretary of Defense for Sustainment Memorandum, *New or Renewed Project Definition for Privatized Military Housing Projects* (Aug. 20, 2020).

In some cases, implementing these requirements required DOD to negotiate directly with the private housing companies because the actions involved revisions to the business agreements. Because the business agreements are legal contracts, neither party (whether DOD or the private housing companies) can unilaterally make changes to the agreed-upon terms. According to the Deputy Assistant Secretary of Defense for Housing, there is a risk of litigation if DOD departs from the legal documents governing these projects. For example, in order to ensure residents were provided the rights afforded to them in the Tenant Bill of Rights, OSD sought voluntary agreement from each of the private housing companies.<sup>19</sup> OSD embedded access to several of these rights in the terms of its universal lease template—such as the right to a dispute resolution process (to include the ability for a resident to segregate rent payments during ongoing disputes)—and required the military departments to work with their respective private housing companies to implement the universal lease.<sup>20</sup>

As of December 2022, the 18 rights are available at all but three of DOD's nearly 200 installations with privatized housing, according to DOD officials. According to these officials, they are continuing to seek agreement with private housing companies to voluntarily implement these

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<sup>19</sup>See appendix IV for a copy of the Tenant Bill of Rights.

<sup>20</sup>Assistant Secretary of Defense for Sustainment Memorandum, *Universal Lease and Dispute Resolution Process for Privatized Housing* (Feb.12, 2021).



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rights at all of their projects.<sup>21</sup> Additionally, OSD policy requires that, as of December 20, 2019, all new private housing projects, or projects that renew their legal documents,<sup>22</sup> fully implement requirements set forth in the Fiscal Year 2020 NDAA, to include use of the universal lease and adoption of the Tenant Bill of Rights.

Certain rights are not fully available at all Air Force installations. Specifically, private housing companies at the following three installations have not fully agreed to residents' rights to the 7-year maintenance history and formal dispute resolution process, to include rent segregation:

- **Joint Base Elmendorf-Richardson.** According to the Air Force, the project owner has agreed to provide the 7-year maintenance history if requested by a tenant and intends to implement dispute resolution and rent segregation in conjunction with the universal lease. However, according to Air Force officials, the project owner plans to submit its lease for Air Force review by the end of April 2023. When we met with private housing company representatives at Joint Base Elmendorf-Richardson, they confirmed that they were informally providing the 7-year maintenance history to residents upon their request, rather than automatically, but that it is rarely requested. Additionally, they told us they use a dispute resolution process developed prior to the issuance of the Tenant Bill of Rights, rather than the dispute resolution process articulated in the universal lease.
- **Wright-Patterson Air Force Base.** According to the Air Force, the private housing company that owns the project has agreed to provide the 7-year maintenance history upon residents' written request for the information. In addition, according to the Air Force, the private housing company maintains that dispute resolution and rent segregation are available to all residents, per Ohio state law.<sup>23</sup>

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<sup>21</sup>These three installations are Air Force projects. According to OSD officials, the Air Force expects all 18 rights to be fully available at one of these installations by the end of Fiscal Year 2023, and continues to seek voluntary agreement with the privatized housing companies at the other two installations.

<sup>22</sup>According to OSD policy, a legal document is "renewed" when either party exercises a specific provision for a renewal period (e.g., exercises a ground lease option to extend the ground lease beyond the initial term) or amends the legal documents to extend the effective period; to provide for an additional government contribution; or to provide for a restructure, modification, or renegotiation of an existing government direct loan or loan guarantee. Assistant Secretary of Defense for Sustainment Memorandum, *New or Renewed Project Definition for Privatized Military Housing Projects* (Aug. 20, 2020).

<sup>23</sup>Specifically, the project owner stated that these rights are available to residents per the Ohio Revised Code sections 5321.07 and 5321.09.

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Company representatives also told us they do not plan to implement the universal lease because they consider it unnecessary and believe it would result in additional stress on the project. However, according to officials, the Air Force is in discussion with this private housing company regarding the universal lease and implementation of these remaining rights formally under that document.

- **Joint Base McGuire-Dix-Lakehurst.** According to the Air Force, the project owner is providing the 7-year maintenance history upon request but is not yet offering dispute resolution or rent segregation as set out in the Tenant Bill of Rights and the universal lease, due to concerns with legal issues involving the state of New Jersey. Further, in March 2022, the Assistant Secretary of Defense for Energy, Installations, and Environment granted the project owner flexibility to revise the universal lease's Community Specific Addendum for state requirements. Approval of revisions requires the project owner to provide sufficient legal documentation (e.g., a legal opinion from an attorney licensed in New Jersey) (1) of the need to deviate from OSD policy, and (2) that the project owner's revised lease is legally sufficient to meet state requirements based on interpretation by the courts in New Jersey. According to OSD officials, the Air Force provided comments on the private housing company's proposed universal lease in January 2023, and is currently awaiting a response from the company.

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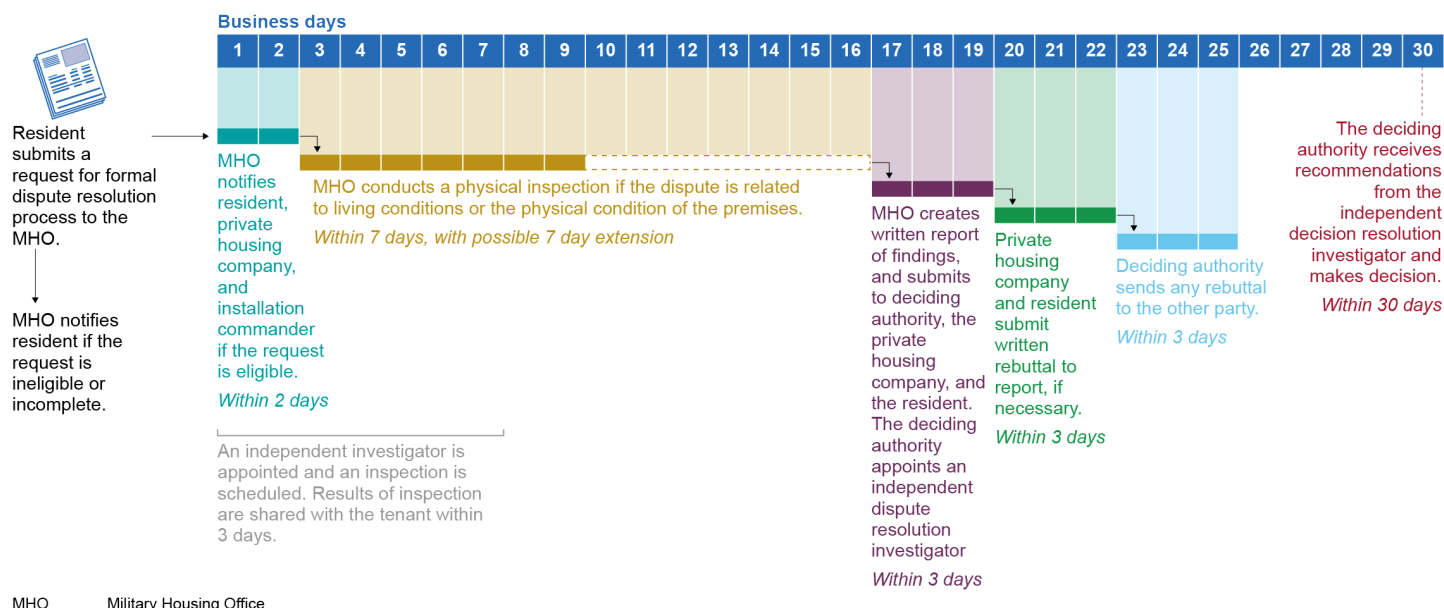
## Implementation of Two Key Initiatives Has Led to Some Confusion and Concern

Military housing office officials, private housing companies, and residents we spoke with expressed some confusion and concern about the implementation of two key initiatives in the Fiscal Year 2020 NDAA that required DOD to include in the Tenant Bill of Rights: (1) a provision granting residents the right to enter into a formal dispute resolution process resulting in an independent decision to be made by the related military department, and (2) provision granting residents access to a tenant advocate. Implementation of these rights began relatively recently, and some of the military housing office officials and nearly all of the residents we met with told us that residents are not always aware of how to exercise them.

**The right to enter into a formal dispute resolution process.** The Fiscal Year 2020 NDAA, through the Tenant Bill of Rights, required DOD to provide residents the right to enter into a formal dispute resolution process for seeking resolution of disputes with their private housing company. In February 2021, OSD issued policy that includes a template for a universal lease to be implemented at all privatized housing projects. The universal lease includes language that provides residents and their

families access to a formalized dispute resolution process and details the steps of the process.<sup>24</sup> According to the terms of the universal lease, the purpose of the formal dispute resolution process is to ensure the prompt and fair resolution of disputes that arise between landlords and residents concerning maintenance and repairs, damage claims, rental payments, and move-out charges, among other issues relating to housing units. Figure 2 depicts the formal dispute resolution process.

**Figure 2: Overview of DOD’s Formal Dispute Resolution Process for Privatized Housing**



Source: GAO representation of Department of Defense (DOD) policy. | GAO-23-105377

Table 2 provides a summary of eligible formal disputes filed by residents as of November 2022.

<sup>24</sup>Assistant Secretary of Defense for Sustainment Memorandum, *Universal Lease and Dispute Resolution Process for Privatized Housing* (Feb. 12, 2021). The policy directs the military departments to seek voluntary implementation of the universal lease with all private housing companies, and requires implementation of the universal lease at new and renewed private housing projects. According to OSD officials, the military departments are currently providing all active duty residents the right to enter into the formal dispute resolution process, even at installations where the private housing company has not yet voluntarily implemented the universal lease template.

**Table 2: Eligible Formal Disputes Filed by Residents of Privatized Housing as of November 2022<sup>a</sup>**

<b>Military department</b>	<b>Number of eligible disputes filed</b>
Army	4
Air Force	16 <sup>b</sup>
Navy	5
Marine Corps	8

Source: GAO summary of DOD information. | GAO-23-105377

<sup>a</sup>This table includes disputes accepted by the military departments as eligible under the formal dispute resolution process since the requirement was established by the Fiscal Year 2020 NDAA. Military department officials indicated that additional disputes have been filed, but those disputes did not meet the formal dispute resolution process criteria.

<sup>b</sup>The number of eligible formal disputes filed by Air Force residents is current as of June 2022.

In addition to the terms established in the universal lease, each of the military departments has established guidance related to implementation of the dispute resolution process.<sup>25</sup> Each department has also engaged in the process.

This guidance varies somewhat across the military departments. For example, all of the military departments direct residents to first attempt to resolve disputes directly with the private housing company and, if unsuccessful, to contact the military housing office to engage with the private housing company—this is referred to as the informal dispute resolution process. If residents are unsatisfied with the efforts to address their concerns, they can request to enter into the formal dispute resolution process established in the universal lease. However, Army policy establishes an interim step prior to the formal dispute resolution process by which residents initiate an “informal” dispute. This process raises the resident’s issue to the Garrison Commander, who serves as a mediator between the resident and private housing company. If the dispute cannot be resolved through this mediation process, the resident can enter into the formal dispute resolution process established in the universal lease.

According to the Deputy Assistant Secretary of Defense for Housing, the requirement that residents try to resolve their issue informally with the

<sup>25</sup>Assistant Secretary of the Army for Installations, Energy and Environment Memorandum, *Army Dispute Resolution Policy Guidance for Privatized Housing* (Jan. 19, 2021); Commander Navy Installations Command Instruction 11101.3, *Navy Public Private Venture Dispute Resolution Process* (Apr. 23, 2021); Deputy Assistant Secretary of the Air Force for Installations Memorandum, *Formal Dispute Resolution Implementation Guidance* (June 29, 2021).

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private housing and military housing office first has been a point of confusion. The official said that residents think they are in the formal dispute resolution process after first contacting the military housing office, when in fact they have initiated the informal dispute resolution process. During our review, we also identified confusion among some military officials and residents about the dispute resolution process. Three of the installations in our review had been through the formal dispute resolution process. Officials at two of these installations told us that, based on their reading of their military department's policy, they were unclear about which office was responsible for conducting the independent investigation of the dispute. Military housing office officials we interviewed at all five installations gave us examples of residents' confusion about the process as written in the lease or its limitations and benefits, and residents we met with reflected this confusion. For example, residents from the virtual discussion groups we held told us they had unresolved maintenance issues and wanted to withhold their rent until these issues were resolved. It was their understanding that this was an option available to them, but added that the military departments had not provided a method for doing so.<sup>26</sup> However, the formal dispute resolution process does provide a mechanism for withholding rent. Specifically, according to the universal lease guidance, in order for a resident to have rent withheld, the resident must first submit a dispute resolution request form to the military housing office and explicitly request all or part of rent payment be withheld.<sup>27</sup> None of the residents we spoke with had used the dispute resolution process, and they told us they were not clear on how the process worked.

An Air Force after-action review of its first formal dispute reflects similar limitations. The review stated that at the installation where the formal

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<sup>26</sup>DOD uses median market rents and average local utility expenditures (electricity, water/sewer, and heating fuel) for civilians in each local market area to calculate Basic Allowance for Housing (BAH). DOD annually calculates the BAH compensation rates for uniformed personnel across the United States. These rates are adjusted for an individual's pay grade and dependency status and fluctuate with annual changes in local market housing rental and utility costs. Rent for service members who live in privatized housing is paid directly to the private housing companies at each project from the service member's paycheck. Rent withholding means the resident's rent is segregated until the dispute is resolved, and then returned in whole or in part to the tenant if warranted.

<sup>27</sup>According to the guidance, in order to initiate a formal dispute, the form must also include information such as written affirmation that the resident has sought resolution through, and completed, the informal issue resolution process and a description of the dispute and prior efforts to resolve it. Within two business days of submitting the form, the military housing office is responsible for either 1) notifying the resident that the request is ineligible or incomplete or 2) notifying the resident, owner, and installation commander that the request was received and eligible for the dispute process.

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dispute took place, in addition to residents lacking general knowledge of the formal dispute resolution process, Air Force leadership, military housing office officials, private housing company officials, and resident advocates also lacked this knowledge. According to the after-action document, this lack of understanding created confusion when determining the resident's eligibility to pursue the formal dispute; limitations in the military housing office officials' and resident advocate's ability to properly advise the resident; and undefined leadership roles and responsibilities at different levels of command, among other problems. Specifically, the after-action document stated that in this case, the overall lack of knowledge added a level of complexity and frustration to a non-intuitive process. According to Air Force officials, lessons learned from this review were used to update and improve training and products.

**Access to advice and assistance from a tenant advocate.** The Fiscal Year 2020 NDAA required that, as part of the dispute resolution process, residents have access to advice and assistance from a military housing advocate employed by the military department concerned.<sup>28</sup> The law did not specify whom the military departments should designate as military housing advocates, nor did it elaborate on the expected roles and responsibilities of the advocates. The Army and Navy, to include the Marine Corps, determined that the roles and responsibilities of the existing military housing office staff met the intent of this tenant advocate requirement and did not establish any new, related positions within their military housing offices as a result. The Air Force created a new Resident Advocate position, separate from and in addition to its existing military housing office personnel. According to Air Force officials, this position is intended to serve as another support resource for residents. This civilian position is aligned under the Installation Commander Support Staff and is responsible for providing military residents with advice and assistance in mediating unresolved complaints with private housing companies, on residents' request.

However, we found that there is some disagreement among Air Force resident advocates, residents, and military housing office officials about

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<sup>28</sup>The Fiscal Year 2020 NDAA alternately stipulated that residents should have access to a military legal assistance attorney for advice and assistance in submitting a dispute through the dispute resolution process. This provision refers to the legal assistance program that all military departments maintain pursuant to 10 U.S.C. § 1044, under which military attorneys (active duty and/or civilian) advise service members and their families on personal civil legal issues. These issues typically relate to landlord/tenant, wills/estates, powers of attorney, domestic relations, etc. Usually, such attorneys do not or cannot represent clients; they simply advise them.

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what the advocates' roles and responsibilities are. For example, Air Force resident advocates we spoke with told us their role is to provide information to and educate residents on their options for resolving disputes and, when appropriate, coordinate with the installation commander or the private housing company on the residents' behalf. However, according to one of these advocates, residents perceive that the advocate's role is to fully represent the resident's point of view and ensure that any and all housing issues are fully addressed to the resident's satisfaction. Several residents in our discussion groups expressed that they were unclear about who their tenant advocate was or the tenant advocate's role. According to one Air Force resident who asked us to explain the intended role of the advocate, it had not been made clear to the residents at her installation who serves in the resident advocate role or how the advocates help residents. Further, this resident told us that the resident advocate at her installation had been reassigned overseas, and that she was unaware of plans to replace this individual. There can also be disagreement between military housing offices and resident advocates regarding where the line is drawn with respect to the advocates' responsibilities. For example, one resident advocate we interviewed indicated that, although she believed her role included engaging with the private housing company on behalf of the resident, Air Force Housing officials disagreed, telling her not to do so.

According to the Deputy Assistant Secretary of Defense for Housing, the system of neighborhood representatives and self-appointed informal advocates at some installations adds to this confusion. For example, we found that at some locations there are residents who serve as self-appointed advocates who voluntarily assist residents with issues. Army and OSD officials told us that, at times, residents engage with these individuals to seek assistance with their housing issues, not realizing that these self-appointed advocates may not have a full understanding of housing policies and practices or access to the appropriate military housing official or private housing company personnel. One Air Force privatized housing resident we spoke with in a discussion group said she was confused about which advocate to speak to about a maintenance issue in her home because there are two or three individuals in her neighborhood who identify themselves as tenant advocates. Other residents living in Navy and Army privatized housing projects said neighborhood representatives had contacted them, asking whether they had any issues with their homes, and added that they were confused as to whether these individuals were official tenant advocates who could help them with maintenance issues or acting in a voluntary capacity. The Deputy Assistant Secretary of Defense for Housing noted that DOD

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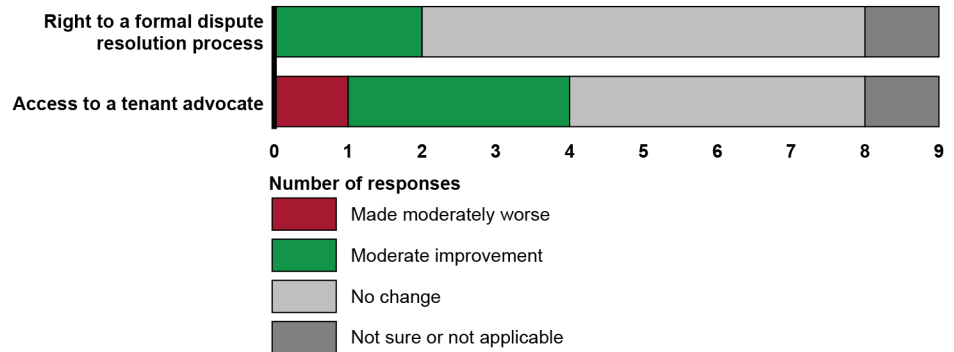
cannot tell individuals or military support organizations that they cannot advocate for residents or use the term advocate, noting that DOD has faced criticism in the past when its officials encouraged residents to rely on the official DOD advocates, rather than the unofficial advocates.

Additionally, representatives from private housing companies we spoke to expressed a lack of clarity regarding the role of the tenant advocate. For example, representatives from one private housing company that owns and operates several Air Force projects, said that the resident advocate and military housing office personnel at several of their Air Force housing projects have unknowingly worked on the same resident issue, with one party following up with the resident to gather more information about the complaint after the other party believed the issue had been resolved. According to the company, this duplication of work at times has resulted in frustration among the residents. Representatives from another private housing company told us that implementation of the resident advocate position at an Air Force project was a challenge because residents were going straight to the resident advocate without first giving the private housing company an opportunity to resolve the residents' issues. Representatives of a third private housing company told us that at one of their Marine Corps projects, the lack of clear guidelines about the roles and responsibilities of the designated tenant advocate has led to a contentious relationship between the advocate and the private housing company.

Representatives of most of the private housing companies that responded to our questionnaire reported that, in their opinion, both the formal dispute resolution process and tenant advocate position resulted in no change to resident satisfaction. For example, six of the nine companies that responded to our survey stated that the formal dispute resolution process did not result in any change to resident satisfaction. Figure 3 shows private housing company responses to our questionnaire regarding the extent to which they believe the dispute resolution and tenant advocate initiatives affected resident satisfaction.



**Figure 3: Private Housing Company Questionnaire Responses on the Extent to Which the Fiscal Year 2020 National Defense Authorization Act Initiatives Changed Resident Satisfaction**



Source: GAO analysis of questionnaire data. | GAO-23-105377

We determined that the implementation challenges associated with the formal dispute resolution process and tenant advocate position stemmed from military department officials working toward implementing the Tenant Bill of Rights before policies for implementing specific requirements were finalized and before reaching full agreement with private housing companies to implement these rights.<sup>29</sup> This emphasis on making these rights available to residents as quickly as possible meant, in part, that the military departments each developed their own policies and guidance for implementing these requirements and did not coordinate with one another to: 1) establish clear guidance about how and when residents can enter into the formal dispute resolution process; 2) develop detailed training and job aids to assist military housing office officials in conducting dispute resolution processes; 3) clearly define or communicate the roles and responsibilities of tenant advocates; or 4) establish mechanisms to solicit input from military housing office personnel and residents on the

<sup>29</sup>The DOD Inspector General reported similar findings in 2021. Specifically, it reported that DOD had not fully implemented the Fiscal Year 2020 NDAA privatized housing oversight provisions because DOD had taken a phased approach to address the provisions, and noted that DOD began working on implementing the Tenant Bill of Rights beginning in October 2019. This was before the passage of the Fiscal Year 2020 NDAA in December 2019. U.S. Department of Defense Inspector General, *Evaluation of the Department of Defense's Implementation of Oversight Provisions of Privatized Military Housing*, DODIG-2022-004 (Oct. 21, 2021).

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effectiveness of recently implemented initiatives and analyze and incorporate feedback, as necessary.<sup>30</sup>

First, our review of the military departments' guidance documents related to the formal dispute resolution process found that they generally describe the process, but do not provide clear information about the military housing office officials' roles and responsibilities or guidance about how they should engage with residents once a dispute has been filed. For example, the universal lease, which establishes the formal dispute resolution process, states that military housing office officials should determine if a dispute is eligible for consideration in the formal dispute process. However, the guidance does not explain how the officials will determine eligibility. Documents the military departments provide to residents also lack clarity on the formal dispute resolution process. For example, the Air Force's "Tenant Resources for Resolving Disputes in Privatized Housing" brochure advises that residents can reach out to their military housing office, chain of command, or resident advocate at any time. It also notes that if they are unsatisfied with help received at their installation, they can call the Air Force help center. However, the brochure does not notify residents that there is a formal dispute resolution process or that they have the option of using the process. Similarly, Army and Navy documents provided to residents do not clearly advise residents about when they should seek a formal dispute.

Second, we found that the Army and Navy, to include the Marine Corps, did not provide formal training to military housing officials on their specific roles and responsibilities related to these initiatives. Military housing office officials from several installations we interviewed said that additional guidance and training on the dispute resolution process would help them effectively navigate the process. Additionally, in its after action-review of the formal dispute resolution process, Air Force officials involved in this case identified the absence of training as a problem. Specifically, the after action review recommended that all military housing office officials receive training on the process and stated that additional training would assist military housing office officials and resident advocates in their

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<sup>30</sup>The military departments use surveys to solicit resident feedback on their overall housing satisfaction and satisfaction with maintenance conducted on their homes. Although some of the questions may relate to recently implemented initiatives, such as military housing office check-ins and resident advocacy, none of them are directly related and cannot provide input on the clarity or effectiveness of processes, such as the dispute resolution process, that aim to provide assistance to residents.

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ability to properly advise tenants and help alleviate confusion regarding the tenant's eligibility to pursue a formal dispute. Further, one of the two Air Force resident advocates we interviewed said that additional guidance and training on the dispute resolution process would help them effectively navigate the process. According to Air Force officials, they are currently providing numerous training sessions for military housing office officials and resident advocates regarding the formal and informal dispute resolution processes, which includes a high-level overview of the formal dispute process. However, the Air Force did not provide any documentation of this training.

Third, we found that the Army, Navy (to include the Marine Corps), and Air Force have not developed clearly defined roles and responsibilities for the tenant advocates. For example, the Army's policy states that military housing offices include a Customer Service/Resident Liaison staff member to advocate for service members and families and to assist and mediate tenant disputes with private housing companies. However, it does not explain what it means to advocate for service members and families or provide details on what the customer service/resident liaison staff's role will be in mediating disputes. Similarly, the Navy's policy states that the military housing office acts in a tenant advocate role for tenants, to include resolving issues between private housing companies and tenants, but offers no details beyond that. Documents that each of the military departments have provided to residents advertising the services of tenant advocates also do not clarify the types of issues that tenant advocates can address or note any limitations that the military housing offices might face in directing private housing companies to take specific actions.

In reviewing information provided to residents, we found that it does not always clearly indicate what types of assistance Air Force resident advocates or Army and Navy housing office officials serving in the tenant advocate role can provide, or the limitations of their assistance. Specifically, the documents do not clearly advise residents that the tenant advocate is not intended to act as the residents' representative in disputes with the private housing company, or that the tenant advocate does not have a role in the maintenance or operation of privatized housing.<sup>31</sup> For example, the template for the Navy plain-language brief for

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<sup>31</sup>While military housing offices and resident advocates have specific roles in the formal dispute resolution process—such as determining complaint eligibility and communicating status updates between the resident, private housing company, and deciding authority—these officials do not have authority to make decisions in formal disputes.

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residents states that the military housing office is available “whenever you need a Navy Advocate for housing” and that the advocate is available to answer questions and support residents with any unresolved issues. However, it does not identify the types of issues that tenant advocates can address or clarify the process for resolving issues. Similarly, the Air Force’s plain language briefing, which it provides to residents at move-in, indicates that the military housing office or Resident Advocate is available to assist residents when housing issues arise. It also provides contact information for the installation’s tenant advocate. However, it does not clearly identify the types of assistance resident advocates can provide or expressly state that the advocate does not have authority to require private housing to take certain actions.

Fourth, while the military departments have various metrics for tracking resident satisfaction, they have not developed any consistent mechanism for collecting and acting on feedback from residents regarding their experience with the formal dispute resolution process or resident advocate position. For example, according to officials, while the Army has a metric for scoring resident satisfaction annually, this metric does not specifically solicit input on individual actions used to implement NDAA provisions, including the formal dispute resolution process or tenant advocate. Similarly, while the Air Force conducted an after-action review of its first formal dispute resolution process, which reflected, in part, the resident’s experience throughout the formal dispute resolution process, the Air Force does not have a mechanism in place to routinely collect input on residents’ experiences with the formal dispute resolution process or the tenant advocate position. Navy officials we interviewed acknowledged the absence of a feedback mechanism, stating that although the Navy has metrics to capture the condition of homes, resident satisfaction, and the financial health of projects, it does not have mechanisms in place to solicit and incorporate feedback about the effects of the actions to implement the Fiscal Year 2020 NDAA requirements including the formal dispute resolution process or the tenant advocate. According to the Deputy Assistant Secretary of Defense for Housing, OSD is currently developing metrics to measure the effects of the Fiscal Year 2020 NDAA requirements; however, the Deputy Assistant Secretary of Defense for Housing did not indicate whether implementation of these metrics would entail a process for soliciting and incorporating feedback from residents.

*Standards for Internal Control in the Federal Government* state that management should identify the information requirements needed to achieve objectives and then internally and externally communicate the

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necessary quality information to achieve the entity's objectives. Management communicates this externally through reporting lines so that external parties can help the entity achieve its objectives and address related risks. The standards also state that to achieve the entity's objectives, management should provide training that (1) enables individuals to develop competencies appropriate for key roles, (2) reinforce standards of conduct, and is (3) tailored to the needs of the role.<sup>32</sup> Last, the standards provide that management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.

Without guidance for residents about how and when to use the dispute resolution process and tenant advocates, and detailed guidance and training for military housing officials about how to implement these rights, confusion and frustration regarding these two key NDAA provisions will likely continue. The risk of frustration among residents, in particular, may negatively affect DOD's and private housing company representatives' goal to build and maintain trust with the residents. In addition, we have reported that members of different military services may live at installations managed by military services different than their own. As such, it is important that oversight expectations generally be consistent across the military departments and the projects they manage.<sup>33</sup> Moreover, without mechanisms to collect and incorporating feedback from residents on the effectiveness of both the formal dispute resolution process and the resident advocate position, OSD is missing an opportunity to improve implementation and ensure that these initiatives are achieving their intended results.

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<sup>32</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

<sup>33</sup>[GAO-20-281](#).

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## Privatized Housing Oversight Has Increased, but Inconsistent Approaches across DOD Could Impede Progress

The Military Departments Have Added Positions to Oversee the Condition of Homes but Have Not Fully Determined Oversight Personnel Needs

Since 2019, OSD, the military departments and the Marine Corps have added over 600 positions to oversee the condition of privatized housing—about one-third of which are housing inspectors. In 2020, we reported that the military departments generally decreased their staffing and oversight of housing operations after privatization was enacted. However, we also reported that according to OSD officials, subsequent staff reductions reduced housing staff below the level necessary to fully perform required privatized housing oversight as it was originally envisioned at the outset of the program.<sup>34</sup> Table 3 shows the total DOD housing positions added since 2019.

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**Table 3: Department of Defense Housing Positions Added since 2019 (as of September 30, 2022)**

DOD Component	Housing positions added since 2019
Office of the Secretary of Defense	3
Air Force	218
Army	142
Navy	147
Marine Corps	114
<b>Total</b>	<b>624</b>

Source: GAO analysis of DOD data. | GAO-23-105377

The Fiscal Year 2020 NDAA required the Secretary of Defense to submit a report to Congress by June 20, 2020 containing an evaluation of the shortage of civilian personnel performing oversight functions at DOD's military housing offices. As of January 2023, DOD had not submitted this report and, according to the Deputy Assistant Secretary of Defense for

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<sup>34</sup>[GAO-20-281](#).

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Housing, OSD has not yet initiated a study of its personnel needs or provided a timeframe for doing so. Additionally, the military departments and the Marine Corps have not completed studies needed to identify shortages across all installations. According to officials from each military department and the Marine Corps, personnel studies were in varying stages of completion, specifically:

- According to Army officials, its study is pending the U.S. Army Manpower Analysis Agency is reviewing personnel requirements with a goal of completing the study by the end of November 2022.<sup>35</sup> The Army noted that the results of this review will allow it to justify asking for more positions internally. However, the review will not guarantee that any additional personnel will be allocated for housing oversight at the various headquarter offices, because of competing requirements as evaluated across the entire Army.
- According to Air Force officials, the Air Force has not completed a privatized military housing personnel analysis since 2019 but, as of mid-November 2022, the Air Force Manpower Agency was in the process of conducting a personnel study for privatized military housing.
- According to Navy officials, since 2019, the Navy has implemented a new organizational structure to oversee its privatized housing portfolio and has updated its Housing Manpower Model to incorporate the new oversight responsibilities required by statute. The Navy is awaiting notification of model approval from the Navy Manpower Analysis Center. Once approved, the Navy plans to run the model to analyze the personnel requirement. Navy documentation noted that the Navy provided input to OSD for the report required by the Fiscal Year 2020 NDAA; however, as stated above, OSD did not submit an official report to Congress.
- According to Marine Corps officials, the Marine Corps has not completed its analysis of personnel, and is waiting for the Navy to gain approval for its Housing Manpower Model. The Marine Corps will use the same model or a similar tool to analyze its personnel requirements and begin its analysis once the model is implemented. However, to supplement the model and mitigate its absence, the Marine Corps completed a survey of military housing officials to assess their views and insights on personnel needs. According to Marine Corps officials, these survey results provided additional awareness of personnel needs and gauged whether staffing levels at

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<sup>35</sup>As of March 2023, the Army has not provided an update on the status of this report.

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installation and regional military housing offices were sufficient, as required by the Fiscal Year 2020 NDAA.

According to DOD's *Guidance for Manpower Management*, personnel requirements should be driven by workload and shall be established at the minimum levels necessary to accomplish mission and performance objectives.<sup>36</sup> Moreover, *Standards for Internal Control in the Federal Government* emphasize the need to establish time frames to implement actions effectively.<sup>37</sup> In addition, as we reported in June 2018, established time frames with key milestones and deliverables to track implementation progress are important for agency reform efforts.<sup>38</sup>

Military department officials told us they expedited the addition of new positions at military housing offices to facilitate prompt implementation of the large number of NDAA requirements and that this was done before completing needs-based personnel studies. For example, at one installation we visited, new inspectors were brought on so quickly that the military housing office did not have computers or office space to accommodate the new staff. At two of the installations we visited, military housing office officials told us that despite bringing on increased personnel, they do not have enough staff to fulfill requirements and meet residents' needs. Without established deadlines and completed needs-based personnel studies, OSD cannot report on civilian shortages, and OSD and the military departments lack reasonable assurance they have an appropriate number of positions to oversee privatized military housing.

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## The Military Departments Have Increased Inspections of Privatized Homes, but Have Not Developed Consistent Inspection Standards

Since 2019, the military departments have increased inspections of maintenance conducted on privatized military homes, but they do not have detailed standards for how inspectors should rate homes. The Fiscal Year 2020 NDAA required that DOD conduct inspections of privatized homes when a change of occupancy takes place (hereafter called turnover inspections) using a uniform checklist to validate the completion of necessary maintenance work.<sup>39</sup> Army, Air Force, Navy, and Marine

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<sup>36</sup>DOD Directive 1100.4, *Guidance for Manpower Management* (Feb. 12, 2005).

<sup>37</sup>[GAO-14-704G](#).

<sup>38</sup>GAO, *Government Reorganization: Key Questions to Assess Agency Reform Efforts*, [GAO-18-427](#) (Washington, D.C.: June 13, 2018).

<sup>39</sup>Military departments refer to these inspections by several names, such as Change of Occupancy Maintenance (COM) Inspections; Make-Ready Inspections; and Between Occupancy Maintenance Inspections (BOM).



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Corps housing office inspectors all use the same standardized checklist, which

- includes a list of components to be visually inspected in each room of the home;
- requires the inspector to rate each component as “Good,” “Fair,” “Poor,” or “Not Applicable” and indicate if there is a life, health, or safety issue identified; and
- examines aspects of safety in the home—such as checking whether all exterior doors and windows properly open, close, and lock; verifying radon testing; and taking mold/moisture control measurements and readings—and noting if there is a potential life, health, or safety concern related to the component.

Ultimately, the inspector must rate the home with one of the following scores—“pass,” “pass with conditions,” or “fail.” According to MHO officials we met with, if a home fails the inspection, the private housing company should not make the home available to a new resident until it has passed inspection.

All of the military housing officials we met with at our five sample installations were familiar with the standardized checklist and told us they use it when conducting turnover inspections at their installations before a new resident moves in. Additionally, each military department has issued guidance on completing these inspections.<sup>40</sup> However, we found that individual military department guidance does not provide detailed standards for how an inspector should rate homes. For example:

- The Army has issued turnover inspection guidance that includes instructions for when these inspections should take place. The guidance also outlines specific standards that each component should be measured against when determining ratings, but allows for inspector discretion for what determines a “Good” or “Fair” rating. The

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<sup>40</sup>Department of the Army, *Portfolio and Asset Management Handbook* (Version 6.2) (June 2022); Army Housing Maintenance Quality Assurance & Environmental Hazard Oversight Program (Feb. 4, 2020); Department of the Air Force Instruction 32-6000, *Housing Management* (Mar. 18, 2020)(incorporating Department of the Air Force Guidance Memorandum 2022-01, Mar. 8, 2022); Air Force Change of Occupancy Maintenance Inspection Rating Criteria (Mar. 24, 2021); *Expanded Guidance on Air Force Change of Occupancy Maintenance* (Dec. 15, 2022); Department of the Navy, Commander, Navy Installations Command Memorandum 11101, *Housing Service Center Inspections and Maintaining Results* (June 5, 2020); Department of the Navy, Commander, Navy Installations Command Memorandum 11101, *Uniform Health and Safety Maintenance Checklist and Reporting* (July 30, 2020).

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guidance recommends that inspectors provide comments to explain a “Fair” rating and requires inspectors to provide comments to explain a “Poor” rating. Components with a “Poor” rating also require repair or further inspection.

- The Air Force has issued turnover inspection guidance that provides general guidance to inspectors about what constitutes a home passing, passing with conditions, or failing inspection. However, the Air Force guidance does not include specific standards for each of these categories. This guidance notes that homes need not be in “like new” condition in order to pass inspection, and provides a few general examples of normal wear and tear that are acceptable and unacceptable, allowing for inspector discretion.
- The Navy has issued turnover inspection guidance, to include a series of job aids for inspectors. This guidance does not include specific standards for what constitutes “Good,” “Fair,” or “Poor” ratings.
- The Marine Corps has issued turnover inspection guidance that requires military housing offices to conduct turnover inspections and report results, but does not include instructions or standards for conducting inspections.

Military housing officials and private housing company officials we spoke with at all five installations said that the absence of clearly defined standards for rating each of the individual components on the checklist has contributed to disagreements between the military housing offices and private housing companies. For example, due a lack of clearly defined standards, at one installation the military housing office and the private housing company had disagreements as to whether certain components on the checklist, such as countertops or major appliances, required repair or replacement. At another installation, to mitigate these disagreements, military housing office officials told us they have adopted the practice of holding the keys to a home until both the military housing office and the private housing company are satisfied with the quality of the turnover maintenance. According to these officials, they began this practice because the private housing company had been moving residents into homes that the military housing office had not yet cleared for turnover. In addition to these disagreements, military housing office and private housing company representatives told us that the absence of standards leads to inconsistency among inspectors. For example, private housing company representatives at one installation told us that to pass inspection, one military housing inspector requires baseboards to be replaced when installing carpet, whereas another inspector does not.

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The absence of clearly defined standards raises questions about how DOD should take inspection results into account when determining if private housing companies have earned performance incentive fees. As we have previously reported, most of the projects' business agreements include an option for the property management companies to receive performance incentive fees based on established performance metrics.<sup>41</sup> The intent of these fees is to incentivize performance, and fees can be withheld in part or in total if the property management company fails to meet the established metrics. During the course of our work, we learned that the Army's structure for performance incentive fees holds property managers accountable for homes that fail turnover inspections but does not account for homes that pass with conditions. However, according to military housing officials at one installation, while the pass rate for turnover inspections regularly falls in the mid-to-high 90 percent range, most of these are "pass with conditions" that require the private housing company to conduct additional maintenance before residents can move in. This raises questions about whether only measuring failure rates is an accurate reflection of the property manager's performance in maintaining homes.

Several private housing company representatives we spoke with raised concerns that, at times, the repairs required by some inspectors to pass inspections are unreasonable and require them to repair and replace items that would normally be absorbed by out-year sustainment projects. They told us that, in order to make homes available to residents as quickly as possible, they generally repair all of the items that military housing office inspectors comment on, even when they do not necessarily agree. However, they noted that this practice has come at an increased cost to the projects and may not be sustainable. For example, representatives from one private housing company noted in its response to our questionnaire that definitions of life, health, and safety issues were not clear and interpreted differently across projects, and that the military housing office required them to make unnecessary aesthetic and non-life, health, and safety repairs to homes, which has increases costs. According to another private housing company's data from one installation, the company spent less than \$2,000 per home to conduct turnover maintenance prior to the introduction of turnover inspections, but expected to spend over \$3,500 per home in Fiscal Year 2022. Additionally, representatives from several of the private housing

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<sup>41</sup>As of January 2023, 74 of the 78 privatized housing projects had established incentive fee plans.

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companies who responded to our questionnaire or we spoke to noted that there has been a financial impact to the projects as a result of the need to hire additional staff to conduct turnover maintenance and accompany military housing office officials during inspections. Funding for these new hires comes from the project funds, which are almost entirely comprised of resident rent payments.<sup>42</sup>

According to the Deputy Assistant Secretary of Defense for Housing, OSD delegated responsibility for preparing department-wide turnover inspection policy to the Navy, which provided OSD with a draft policy in August 2020. This draft was planned for issuance at the end of Fiscal Year 2023. An OSD official subsequently told us that the Navy published its turnover inspection guidance with the intent of using it as a starting point for discussions with the Army and Air Force about of standardizing inspections. However, as of January 2023, these discussions or consistent meetings of a working group to refine, draft, and seek concurrence on a jointly developed policy have not occurred.

*Standards for Internal Control in the Federal Government* state that management should define objectives in specific and measurable terms to enable the design of internal control for related risks. The standards require that specific terms be set forth fully and clearly so they can be easily understood. Measurable terms allow for the assessment of performance toward achieving objectives. We previously reported that all military departments have an interest in ensuring that residents feel confident that private housing companies will be held to a consistent standard for maintaining the condition of their homes, and that it is important that oversight expectations generally be consistent across the military departments and the projects they manage.<sup>43</sup> Without OSD establishing clear and consistent department-wide inspection standards in its turnover inspection guidance, houses deemed acceptable at one location may be deemed unacceptable at another, leading to friction between housing offices and private housing companies, confusion among residents, and the potential for unintended impacts on the financial health of some projects.

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<sup>42</sup>Opportunities to increase project revenue to address increased project expenses are limited because rent rates for active duty service members are capped at the service members' Basic Allowance for Housing rate.

<sup>43</sup>[GAO-20-281](#).

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## Training for Inspectors Is General and Does Not Always Address Turnover Inspections

Each of the military departments offers its inspectors a Military Housing Inspector training course, but we found that the training is general and does not always focus on issues related to the unique needs of projects or turnover inspections. Several military housing officials told us that due to the COVID pandemic, much of the training that had been offered in-person is now offered online and, in their opinion, is not as robust as it used to be. Our assessment of training documents verified that the online courses are not as detailed as in-person course offerings, and documents did not indicate if the Army intends to return to in-person classes. For example, according to our review of Army documents, the in-person course included several participative lectures designed to stimulate class discussion and group lab activities where students participated in simulated inspections. In contrast, the online course covers material through lectures and slides and videos demonstrating inspections. According to Navy officials, the Navy's Housing Learning Center offers an instructor-led "Conducting Navy Housing Inspections" course, but Housing Health and Safety Training courses in the areas of asbestos, carbon monoxide, lead-based paint, mold and moisture related issues, and radon are provided through online self-study courses only.

Military housing office officials at each of the installations we visited told us that inspector training was not as thorough as they would like. For example, according to officials, at one installation, many older homes do not have, and are not required to have, the electrical outlets that would be required under current housing codes. According to private housing company representatives, some inspectors are not trained on this requirement and some inspectors fail homes unless the outlets are updated, while other inspectors do not. Both military housing office officials and private housing company representatives told us that the addition of enhanced training requirements would increase the consistency of inspections and improve the overall condition of homes over time.

*Standards for Internal Control in the Federal Government* states that management should recruit, develop, and retain competent personnel to achieve the entity's objectives, to include training that enables individuals to develop competencies appropriate for key roles, reinforces standards of conduct, and is tailored based on the needs of the role.<sup>44</sup> According to military housing officials, the military departments began training additional inspectors and implementing turnover inspections as quickly as

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<sup>44</sup>[GAO-14-704G](#).

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## DOD Has Several Mechanisms for Holding Private Housing Companies Accountable for Poor Performance and Misconduct

possible to meet Fiscal Year 2020 NDAA requirements. Even with clear and consistent inspection standards for turnover inspections, without detailed training for military housing office inspectors, the military departments lack reasonable assurance that the standards will achieve their intended effect of improving the consistency of turnover inspections.

DOD has sufficient authorities and several mechanisms in place to hold private housing companies accountable for poor performance or misconduct, including fraud, according to DOD legal and program officials. According to Air Force and Navy officials, based on their prior legal reviews, they are confident that they have sufficient authority necessary for their military departments to hold the private housing companies accountable for substandard housing or poor performance. OSD officials anticipate that a legal review would similarly determine that the Army has all authority necessary to hold the private housing companies accountable, however they did not indicate the Army was taking on a review.

According to OSD, these authorities are codified in federal law,<sup>45</sup> and the business agreements of each of the military department's privatized housing projects provide all the necessary authorities. According to DOD legal and program officials, DOD considers numerous factors in determining when to use these authorities, such as the severity of the poor performance or misconduct and the degree of cooperation that the military departments receive from the relevant private sector stakeholder in remedying the problem. However, no military department has ever terminated a housing project and the likelihood of project termination is low, according to DOD officials.

We observed examples of these authorities in business agreements that we reviewed, and we discussed with DOD officials, including attorneys, whether there were additional authorities or mechanisms that DOD needs, but does not have. DOD did not identify any additional authorities necessary to hold companies accountable for poor performance or misconduct, nor did we identify—based on our analysis or as a result of those discussions—any additional authorities that DOD currently needs but does not have. As described by DOD officials, including attorneys, and evident from the examples we observed in the select business agreements that we reviewed, privatized military housing project business agreements generally provide for a range of options to hold its private

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<sup>45</sup>Officials generally referenced sections 2871-2894a of title 10 of the United States Code.

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sector stakeholders accountable for poor performance or misconduct. Essentially, this structure creates a spectrum of options that the military departments can use to address poor performance by its private sector stakeholders. According to DOD officials, these options include, withholding performance incentive fees from companies that have not met established performance metrics or terminating and replacing various stakeholders for cause without terminating the project entirely.

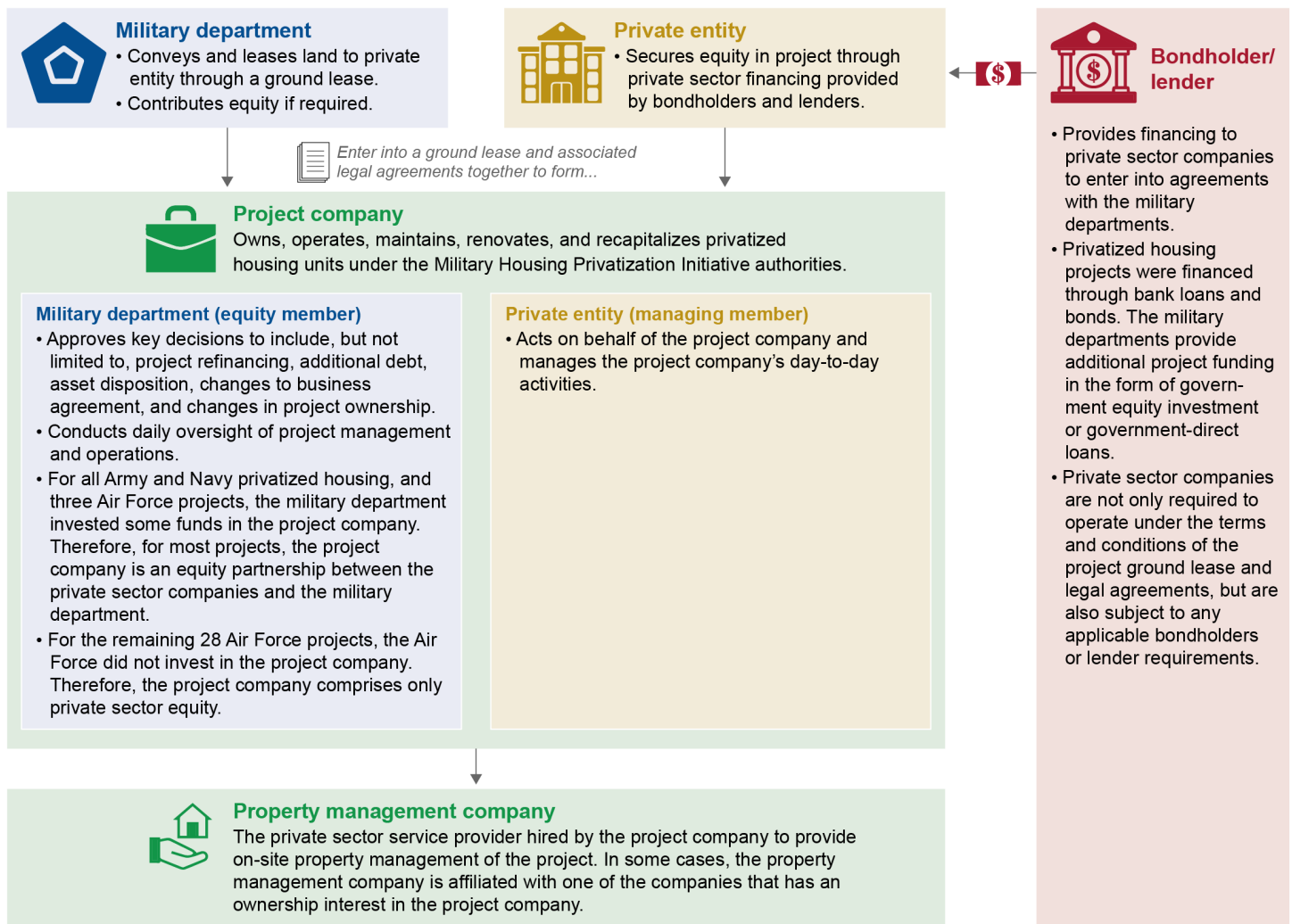
We also reviewed examples of business agreements from each military department, and confirmed that those agreements included these options. DOD officials told us that other examples of oversight mechanisms include placing companies on performance improvement programs, or conducting audits of private housing company work order maintenance systems to identify anomalies in reporting and tracking of work orders.

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### Privatized Housing Projects Have a Multi-Layered Structure

DOD's privatized housing projects generally have a similar structure and are owned and operated by various private sector entities. These structures are established through the terms of the ground lease and various other operating agreements entered into by the military departments and the private housing stakeholders. These operating agreements are specific to the various functions of a privatized housing project (e.g., property management, design/build contractor, etc.) and are structured to allow the military departments to hold individual stakeholders accountable for the terms of their specific operating agreement, without disrupting the entire project. According to Navy officials, agreements are written to lead private management companies and bondholders to find ways to continue operations and positively impact the tenants. Figure 4 describes the various stakeholders included in a housing project, as described to us by OSD and military department officials and our review of military department documents.

**Figure 4: Example of Stakeholders involved in a Privatized Housing Project**



Source: GAO analysis of Department of Defense documents and information. | GAO-23-105377

## Military Departments Have Mechanisms that Focus on Monitoring and Holding Property Management Companies Accountable

DOD has mechanisms in place for holding the various private sector stakeholders accountable, most of which focus on the property management companies—the front line entities in the day-to-day operations and management of housing units. In addition to the daily oversight conducted by military housing office personnel, the military departments conduct ongoing monitoring of property management companies' operational and financial performance. When they identify



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performance issues, the military departments initiate steps to resolve, or “cure,” them.<sup>46</sup>

For example, the Navy requires each of its installations to submit a monthly monitoring matrix that includes data about project finances, maintenance response times, occupancy, and sustainment projects. According to Navy officials, the Navy uses these monthly reports to identify and address potential performance issues. According to these officials, any significant or systemic concerns are elevated to the Navy or Marine Corps regional housing staff and the project’s Business Agreement Manager<sup>47</sup> to engage with the private housing companies to resolve issues or further elevate them, if necessary. The Army and Air Force have similar reporting requirements for their projects, according to officials from these departments.

According to DOD officials, if, through this monitoring, they identify performance issues with the property management company, the military departments first work to resolve or address these issues. Methods they use include sending companies notices of dissatisfaction, whereby the military department provides the project’s managing member documentation of its dissatisfaction with the property manager. These notices include the rationale and evidence to support the military department’s dissatisfaction and request that the managing member send a formal Notice of Dissatisfaction to the property manager requesting resolution of the issues identified within a set period of time. Military departments can also put property management companies on performance improvement plans, which identify specific areas of improvement for the property management company, goals for improvement, and timeframes for meeting these goals.

According to DOD officials, another tool DOD uses to address property management performance issues is the performance incentive fee, which is established in project business agreements. Most of the projects’ business agreements include the option for the property management companies to earn performance incentive fees based on established

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<sup>46</sup>In the context of contract law, the term “cure” means to correct or remove a defect that would be considered a breach by the curing party.

<sup>47</sup>For each of its projects, the Navy has a designated Business Agreement Manager. This individual has primary responsibility for the monitoring and oversight of the day-to-day operations and financial viability of the project company, and for ensuring that the managing member and its supporting entities adhere to the governing business agreements.

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performance metrics. The ability to earn these fees is intended to incentivize performance, and fees can be reduced in part or in total if the property management company fails to meet the established metrics.

According to DOD officials, if a property management company continuously underperforms, the military department can direct the project's managing member to terminate and replace the property management company. As of November 2022, the Army is the only military department that has directed a managing member to terminate a property manager. According to DOD officials, if the managing member were to refuse to remove the property manager in accordance with the project's business agreement, the managing member would very likely be in breach of its own responsibilities under the project's business agreement and at risk of being declared in default by the appropriate military department.

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### DOD Has Authority to Remove a Project's Managing Member or Terminate Private Housing Projects

As additional mechanisms for holding companies accountable, military departments have the authority to remove a project's managing member or to terminate a private housing project altogether. The latter, would be an extreme step that military departments are unlikely to take, according to DOD officials. According to DOD officials, under the terms of project business agreements, each military department has the authority to remove, for cause, the private company that is serving as the managing member of the project company. This action can occur if the managing member: (1) fails to take available actions to avoid an uncured default under the project's business agreement; (2) acts fraudulently or engages in acts of willful misconduct; or (3) declares bankruptcy.<sup>48</sup> Upon removal of this managing member, the military department has the right to appoint a new managing member in coordination with the project's bondholders/lenders.<sup>49</sup>

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<sup>48</sup>According to DOD, some types of conduct that are cause for termination are not considered curable, generally including, but not limited to, fraud by officers—but not lower level employees—of the property management company.

<sup>49</sup>Air Force officials told us for the 28 projects where the Air Force is not an equity partner, the Air Force can work with the project's bondholders/lenders to facilitate the removal of the company serving as the project's managing member. Under the structure of these projects, the bondholders/lenders can direct the removal and replacement of the company.

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Before directing the removal of a managing member, the affected military department takes the following factors into consideration, according to DOD officials:

- persistent inability to improve performance to cure the default;
- severity of impacts in the event of default;
- existence of prior occurrences;
- whether the conduct resulting in default was self-reported;
- degree of cooperation in assessing the extent of default;
- whether restitution of loss or damage was made;
- whether the conduct was an isolated incident or a repeated pattern of failures across the project; and
- whether actions were taken to minimize likelihood of reoccurrence.

If DOD decides to direct the removal of a managing member from a project company, the managing member is removed according to the terms of the project's governance structure. For project companies composed of a partnership with a military department partner, the military department partner can terminate the private company's managerial interests in the project and replace the private company with another company to serve as managing member. This is the structure for all Army and Navy projects and three Air Force projects. According to Air Force officials, for the remaining 28 Air Force projects, where the government is not a partner in the project company, the Air Force—with the consent and approval of the project's bondholders or lenders—can remove and replace the private company.

According to DOD officials, because of all of the mechanisms built into the structure of privatized housing projects to cure property manager and managing members' performance, the likelihood that the department would direct replacement of the managing member is low. Moreover, they noted that, in cases where this action has occurred, other companies have stepped into ownership of the for-sale projects, minimizing any negative effects of the transfer. DOD officials told us that, since the inception of the privatized housing program, there have been a few incidents in which managing members were replaced, all with relatively minimal disruption to operations. According to the officials, this action generally occurs through voluntary agreement among the military department, the managing member, and the bondholders/lenders.

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For example, when one of the Air Force's managing members demonstrated significant performance problems, the Air Force conducted an analysis of alternatives for rectifying the problems and ultimately raised the issue of voluntary removal with the company, which was willing to step out of the project and convey its interest to a successor company. According to Navy officials, the Navy has approved a change of managing member on three separate occasions—once because a project was at risk of financial failure and the managing member agreed to convey its interests to another company, and twice when a company no longer wanted to be involved in privatized military housing. In both cases, according to Navy officials, changing the managing member did not have a negative effect on the residents. For example, in the case in which the managing member no longer wished to be involved in privatized military housing, the company sold its interests in the project company to a private company that was already operating as a property management company at several other privatized housing projects.

Last, the most extreme step that DOD can take is for the military departments to terminate a privatized housing project altogether, something that has never occurred, according to DOD officials. Project termination would dissolve a project's ground lease and all other legal documents and require military departments to take over the financial and managerial interests of the project. According to DOD officials, this action would require military departments to assume financial responsibility of the project from the bondholders or lenders—effectively reverting the project to government owned housing, ending privatization and imposing significant and immediate operational costs upon DOD. Specifically, according to DOD officials, termination would necessitate either re-competition/selection of new companies to own and operate housing projects, or resumption of government-owned and - operated housing.

According to the Deputy Assistant Secretary of Defense for Housing, DOD is focused on ensuring the long-term success of the existing partnerships and projects, rather than considering their termination. In addition, military department officials emphasized that they are highly unlikely to encounter a situation in which complete project termination is necessary, given, as addressed above, (1) the structure of the housing projects—which places most of the responsibility for day-to-day management of the properties on the property management company, which can be removed with relatively minimal disruption to the project; (2) the host of mechanisms in place to address and resolve performance problems; and (3) the likelihood that a managing member would

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voluntarily sell its interest in a project before the military departments reached the point of terminating the entire project.

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## Conclusions

Since 2018, statutes have contained dozens of requirements for DOD to reform its privatized military housing program, and we have made over 30 recommendations to DOD to strengthen program oversight. In response, DOD acted quickly to implement the required reforms and most of our recommendations related to increasing oversight of the condition of privatized housing, enhancing assistance provided to residents, and other improvements in oversight. These actions have led to concrete improvements in some areas of the privatized military housing program. However, DOD's implementation of certain initiatives has led to some confusion and concern on the part of residents and military housing officials. In particular, implementation of two key initiatives—the formal dispute resolution process and the tenant advocate—has been problematic. We determined that guidance and information provided to residents on the formal dispute resolution process lacks key information about the process, and that military housing office personnel have received limited training on their role in the formal dispute resolution process. Moreover, we found that policy and guidance on the tenant advocates' roles and responsibilities lack clarity. While DOD has begun to develop metrics to assess the impact of recent statutory requirements, including these initiatives, it has not demonstrated that this effort will entail soliciting and incorporating feedback from residents.

We also identified some weaknesses in DOD's efforts to improve its oversight of privatized military housing. In particular, OSD and the military departments have not established deadlines for completing need-based personnel studies to ensure they have adequate personnel to oversee privatized housing, and DOD has not submitted a report to Congress—that was due in June 2020—on civilian shortages in military housing offices. Additionally, OSD and the military departments have not developed clear and consistent inspection standards or corresponding training to ensure that inspectors adequately and consistently assess the condition of housing units.

By taking steps to further strengthen oversight, OSD and the military departments can be better positioned to understand and address any concerns about housing quality and enhance the housing experience for service members and their families.

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## Recommendations for Executive Action

We are making a total of 19 recommendations, five to the Secretary of the Army, five to the Secretary of the Air Force, six to the Secretary of the Navy, and three to the Secretary of Defense.

The Secretary of the Army, in collaboration with the other military departments, should clarify guidance for residents explaining how and when they can enter into the formal dispute resolution process. (Recommendation 1)

The Secretary of the Air Force, in collaboration with the other military departments, should clarify guidance for residents explaining how and when they can enter into the formal dispute resolution process. (Recommendation 2)

The Secretary of the Navy, in collaboration with the other military departments, should clarify guidance for residents explaining how and when they can enter into the formal dispute resolution process. (Recommendation 3)

The Secretary of the Army, in collaboration with the other military departments, should develop supplemental training and job aids to assist military housing office personnel in conducting dispute resolution processes. (Recommendation 4)

The Secretary of the Air Force, in collaboration with the other military departments, should develop supplemental training and job aids to assist military housing office personnel in conducting dispute resolution processes. (Recommendation 5)

The Secretary of the Navy, in collaboration with the other military departments, should develop supplemental training and job aids to assist military housing office personnel conducting dispute resolution processes. (Recommendation 6)

The Secretary of the Army, in collaboration with the other military departments, should update internal policy documents, as well as brochures provided to residents, to more clearly identify the specific roles and responsibilities of the military housing office officials designated as tenant advocates, including what they can and cannot do to support residents (Recommendation 7)

The Secretary of the Air Force, in collaboration with the other military departments, should update internal policy documents, as well as

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brochures provided to residents, to more clearly identify the specific roles and responsibilities of designated resident advocates, including what they can and cannot do to support residents. (Recommendation 8)

The Secretary of the Navy, in collaboration with the other military departments, should update internal policy documents, as well as brochures provided to residents, to more clearly identify the specific roles and responsibilities of the military housing office officials designated as tenant advocates, including what they can and cannot do to support residents. (Recommendation 9)

The Secretary of Defense should ensure that the Deputy Assistant Secretary of Defense for Housing, in collaboration with the military departments, develops a mechanism to collect and incorporate resident feedback on the formal dispute resolution process and the tenant advocate position. This mechanism could be included as part of the department's ongoing effort to develop metrics to evaluate the effectiveness of statutory requirements related to the privatized military housing program. (Recommendation 10)

The Secretary of Defense should ensure that the Deputy Assistant Secretary of Defense for Housing completes OSD's study of military housing personnel needs, and establishes deadlines for submitting a report to Congress evaluating the shortage of civilian personnel performing oversight functions at DOD's military housing offices. (Recommendation 11)

The Secretary of the Army should establish deadlines for assessing personnel needs and completing needs-based workforce studies related to the number of positions the Army needs to oversee privatized military housing. (Recommendation 12)

The Secretary of the Air Force should establish deadlines for assessing personnel needs and completing needs-based workforce studies related to the number of positions the Air Force needs to oversee privatized military housing. (Recommendation 13)

The Secretary of the Navy should establish deadlines for assessing personnel needs and completing needs-based workforce studies related to the number of positions the Navy needs to oversee privatized military housing. (Recommendation 14)

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The Secretary of the Navy should establish deadlines for assessing personnel needs and completing needs-based workforce studies related to the number of positions the Marine Corps needs to oversee privatized military housing. (Recommendation 15)

The Secretary of Defense should ensure that the Deputy Assistant Secretary of Defense for Housing establishes a department wide turnover inspection guidance that includes clear and consistent inspection standards for assigning ratings to each of the components evaluated in the turnover maintenance checklist. (Recommendation 16)

The Secretary of the Army, in coordination with the other military departments, should establish detailed training for military housing office inspectors based on the inspection standards once established. (Recommendation 17)

The Secretary of the Air Force, in coordination with the other military departments, should establish detailed training for military housing office inspectors based on the inspection standards once established. (Recommendation 18)

The Secretary of the Navy, in coordination with the other military departments, should establish detailed training for military housing office inspectors based on the inspection standards once established. (Recommendation 19)

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## Agency Comments and Our Evaluation

We provided a draft of this report to DOD for review and comment. In its written comments, reproduced in their entirety in appendix V, DOD concurred with 15 of our 19 recommendations, and partially concurred with four recommendations specific to the Air Force. In some instances, DOD provided planned or ongoing actions to address our recommendations. DOD also provided technical comments, which we incorporated as appropriate.

In partially concurring with recommendation 2—that the Secretary of the Air Force, in collaboration with the other military departments, clarify guidance for residents explaining how and when they can enter into the formal dispute resolution process—DOD stated that the Air Force has robust existing guidance and products to educate and inform residents on how and when they can enter the formal dispute process. However, we found and report that the military departments' relevant guidance documents generally describe the process, but do not provide clear information about the roles and responsibilities of military housing office



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officials or guidance about how they should engage with residents once a dispute has been filed. For example, the Air Force’s “Tenant Resources for Resolving Disputes in Privatized Housing” brochure advises that residents can reach out to their military housing office, chain of command, or resident advocate at any time. It also notes that if they are unsatisfied with help received at their installation, they can call the Air Force help center. However, the brochure does not notify residents that there is a formal dispute resolution process or that they have the option of using that process. Therefore, we believe additional improvements to the guidance provided to residents will help ensure that the formal dispute resolution process is achieving its intended goal.

In partially concurring with recommendation 5—that the Secretary of the Air Force, in collaboration with the other military departments, should develop supplemental training and job aids to assist military housing office personnel in conducting dispute resolution processes—DOD stated that the Air Force has robust existing guidance and products to educate and inform military housing office officials on conducting the dispute resolution process. However, as described in this report, despite this training, military housing office personnel lacked clarity in conducting this process. For example, an Air Force after action-review of the formal dispute resolution process reported that Air Force officials involved in this case identified the absence of training as a problem and stated that additional training would assist military housing office officials and resident advocates in their ability to properly advise tenants and help alleviate confusion regarding the tenant’s eligibility to pursue a formal dispute. In its response, DOD stated that the Air Force continues to incorporate lessons learned from past disputes to assist military housing office personnel. We agree that incorporating these lessons will support personnel in assisting residents, and continue to believe additional training and job aids for military housing personnel will help Air Force better ensure the formal dispute resolution process is achieving its intended goal.

In partially concurring with recommendation 8—that the Secretary of the Air Force, in collaboration with the other military departments, should update internal policy documents, as well as brochures provided to residents, to more clearly identify the specific roles and responsibilities of designated resident advocates—DOD stated that the Air Force has robust existing training and formal guidance on these roles and responsibilities and that given the establishment of the new role of the resident advocate, continued education is appropriate. As we found and report, there is some disagreement among Air Force resident advocates, residents, and

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military housing office officials about what the resident advocates' roles and responsibilities are. We recognize that continued education on this new role is appropriate, and we believe that updating policies and resident brochures will assist the Air Force in ensuring that this initiative is achieving its intended results.

In partially concurring with recommendation 18—that the Secretary of the Air Force, in coordination with the other military departments, should establish detailed training for military housing office inspectors based on the inspection standards once established by DOD—DOD stated that the Air Force has robust existing training and formal guidance for conducting turnover inspections. However, we recommended that the Air Force establish detailed training for military housing office inspectors once DOD establishes its DOD-wide inspection standards. In doing so, the Air Force, like the other military departments, will be reasonably assured that the standards will achieve their intended effect of improving the consistency of turnover inspections.

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We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, and the Secretaries of the Army, Navy and Air Force. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-2775 or [FieldE1@gao.gov](mailto:FieldE1@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VI.



Elizabeth A. Field  
Director, Defense Capabilities and Management

# Appendix I: List of Privatized Military Housing Projects as of September 30, 2022

In table 4, we list the Department of Defense’s 78 privatized military housing projects.

**Table 4: Privatized Military Housing Projects as of September 30, 2022**

Military department	Project	Installation/state
Air Force	Air Combat Command Group II	Davis-Monthan Air Force Base, Arizona
		Holloman Air Force Base, New Mexico
	Air Combat Command Group III	Dyess Air Force Base, Texas
		Moody Air Force Base, Georgia
	Air Education & Training Command Group I	Altus Air Force Base, Oklahoma
		Luke Air Force Base, Arizona
		Sheppard Air Force Base, Texas
		Tyndall Air Force Base, Florida
	Air Education & Training Command Group II	Columbus Air Force Base, Mississippi
		Goodfellow Air Force Base, Texas
		Laughlin Air Force Base, Texas
		Maxwell Air Force Base, Alabama
		Joint Base San Antonio-Randolph Air Force Base, Texas
	Vance Air Force Base, Oklahoma	
	Air Force Academy	United States Air Force Academy, Colorado
	Air Mobility Command East	JB Andrews-Naval Air Facility Washington- Andrews Air Force Base, Maryland
		MacDill Air Force Base, Florida
	Air Mobility Command West	Fairchild Air Force Base, Washington
		Tinker Air Force Base, Oklahoma
		Travis Air Force Base, California
	Barksdale/Langley/Bolling Group	Barksdale Air Force Base, Louisiana
		Langley Air Force Base, Virginia
		Bolling Air Force Base, District of Columbia
	Buckley Air Force Base	Buckley Air Force Base, Colorado
	Continental Group	Edwards Air Force Base, California
		Eglin Air Force Base, Florida
		Eielson Air Force Base, Alaska
		Hurlburt Field, Florida
McConnell Air Force Base, Kansas		
Seymour-Johnson Air Force Base, North Carolina		
Dover Air Force Base	Dover Air Force Base, Delaware	

**Appendix I: List of Privatized Military Housing  
Projects as of September 30, 2022**

<b>Military department</b>	<b>Project</b>	<b>Installation/state</b>
	Dyess Air Force Base	Dyess Air Force Base, Texas
	Joint Base Elmendorf-Richardson – Elmendorf Air Force Base	Joint Base Elmendorf-Richardson – Elmendorf Air Force Base, Alaska
	Joint Base Elmendorf-Richardson – Elmendorf Air Force Base	Joint Base Elmendorf-Richardson – Elmendorf Air Force Base, Alaska
	Joint Base Elmendorf-Richardson – Richardson Air Force Base	Joint Base Elmendorf-Richardson – Richardson Air Force Base, Alaska
	Falcon Group	Hanscom Air Force Base, Massachusetts
		Little Rock Air Force Base, Arkansas
		Moody Air Force Base, Georgia
		Patrick Air Force Base, Florida
	Hickam Air Force Base	Joint Base Pearl Harbor-Hickam–Hickam Air Force Base, Hawaii
	Hill Air Force Base	Hill Air Force Base, Utah
	Kirtland Air Force Base	Kirtland Air Force Base, New Mexico
	Lackland Air Force Base	Joint Base San Antonio–Lackland Air Force Base, Texas
	McGuire Air Force Base/Fort Dix	Joint Base McGuire-Dix-Lakehurst–McGuire Air Force Base, New Jersey
		Joint Base McGuire-Dix-Lakehurst–Fort Dix, New Jersey
	Nellis Air Force Base	Nellis Air Force Base, Nevada
	Northern Group	Cannon Air Force Base, New Mexico
		Cavalier Air Force Station, North Dakota
		Ellsworth Air Force Base, South Dakota
		Grand Forks Air Force Base, North Dakota
		Minot Air Force Base, North Dakota
		Mountain Home Air Force Base, Idaho
	Offutt Air Force Base	Offutt Air Force Base, Nebraska
	Robins Air Force Base II	Robins Air Force Base II, Georgia
	Scott Air Force Base	Scott Air Force Base, Illinois
	Southern Group	Arnold Air Force Base, Tennessee
		Joint Base Charleston-Charleston Air Force Base, South Carolina
		Keesler Air Force Base, Mississippi
		Shaw Air Force Base, South Carolina
	Tri-Group	Los Angeles Air Force Base, California
		Peterson Air Force Base, Colorado
		Schriever Air Force Base, Colorado
	Vandenberg Air Force Base	Vandenberg Air Force Base, California
	Western Group	Beale Air Force Base, California

**Appendix I: List of Privatized Military Housing  
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<b>Military department</b>	<b>Project</b>	<b>Installation/state</b>
		FE Warren Air Force Base, Wyoming
		Malmstrom Air Force Base, Montana
		Whiteman Air Force Base, Missouri
	Wright-Patterson Air Force Base	Wright-Patterson Air Force Base, Ohio
<b>Army</b>		
	Aberdeen Proving Ground	Aberdeen Proving Ground, Maryland
	Fort Belvoir	Fort Belvoir, Virginia
	Fort Benning	Fort Benning, Georgia
	Fort Bliss/White Sands Missile Range	Fort Bliss, Texas
		White Sands Missile Range, New Mexico
	Fort Bragg	Fort Bragg, North Carolina
	Fort Campbell	Fort Campbell, Kentucky
	Carlisle Barracks/Picatinny Arsenal	Carlisle Barracks, Pennsylvania
		Picatinny Arsenal, New Jersey
	Fort Carson	Fort Carson, Colorado
	Fort Detrick/Walter Reed Army Medical Center	Fort Detrick, Maryland
		Walter Reed Army Medical Center, Maryland
	Fort Drum	Fort Drum, New York
	Fort Eustis–Fort Story	Joint Base Langley-Eustis–Fort Eustis, Virginia
		Joint Expeditionary Base Little Creek-Fort Story–Fort Story, Virginia
	Fort Gordon	Fort Gordon, Georgia
	Fort Hamilton	Fort Hamilton, New York
	Fort Hood	Fort Hood, Texas
	Fort Huachuca/Yuma Proving Ground	Fort Huachuca, Arizona
		Yuma Proving Ground, Arizona
	Fort Irwin/Moffett Field/Parks Reserve Forces Training Area	Fort Irwin, California
		Moffett Field, California
		Parks Reserve Forces Training Area, California
	Fort Jackson	Fort Jackson, South Carolina
	Fort Knox	Fort Knox, Kentucky
	Fort Leavenworth	Fort Leavenworth, Kansas
	Fort Lee	Fort Lee, Virginia
	Fort Leonard Wood	Fort Leonard Wood, Missouri
	Fort Meade	Fort Meade, Maryland
	Fort Polk	Fort Polk, Louisiana

**Appendix I: List of Privatized Military Housing  
Projects as of September 30, 2022**

<b>Military department</b>	<b>Project</b>	<b>Installation/state</b>
	Joint Base Lewis-McChord	Joint Base Lewis-McChord–Fort Lewis, Washington Joint Base Lewis-McChord–McChord Air Force Base, Washington
	Presidio of Monterey/Naval Postgraduate School	Presidio of Monterey, California Naval Post Graduate School, California
	Redstone Arsenal	Redstone Arsenal, Alabama
	Fort Riley	Fort Riley, Kansas
	Fort Rucker	Fort Rucker, Alabama
	Fort Sam Houston	Joint Base San Antonio–Fort Sam Houston, Texas
	Fort Shafter/Schofield Barracks	Fort Shafter, Hawaii Schofield Barracks, Hawaii
	Fort Sill	Fort Sill, Oklahoma
	Fort Stewart/Hunter Army Airfield	Fort Stewart, Georgia Hunter Army Airfield, Georgia
	Fort Wainwright/Fort Greely	Fort Wainwright, Alaska Fort Greely, Alaska
	West Point	United States Military Academy at West Point, New York
<b>Navy/Marine Corps</b>		
	Marine Corps Base Camp Pendleton I	Marine Corps Base Camp Pendleton I, California
	Cherry Point/Camp Lejeune Overview (Atlantic Marines)	Marine Corps Base Camp Lejeune, North Carolina Marine Corps Air Station Cherry Point, North Carolina Marine Corps Air Station New River, North Carolina Stewart Air National Guard Base, New York Westover Air Reserve Base, Massachusetts Marine Corps Air Station Beaufort, South Carolina Marine Corps Recruit Depot Parris Island, South Carolina Naval Hospital Beaufort, South Carolina
	Hawaii Regional	Joint Base Pearl Harbor-Hickam–Naval Station Pearl Harbor, Hawaii Marine Corps Base Hawaii Kaneohe Bay, Hawaii Pacific Missile Range Facility Barking Sands (Kauai), Hawaii Camp H.M. Smith, Hawaii
	Kingsville II	Naval Air Station Kingsville II, Texas
	Mid-Atlantic Regional	Naval Sea Systems Norfolk Naval Shipyard, Virginia Joint Expeditionary Base Little Creek-Fort Story– Naval Amphibious Base Little Creek, Virginia Naval Support Activity Hampton Roads, Virginia

**Appendix I: List of Privatized Military Housing  
Projects as of September 30, 2022**

<b>Military department</b>	<b>Project</b>	<b>Installation/state</b>
		Naval Air Station Oceania, Virginia
		Naval Station Norfolk, Virginia
		Weapons Station Yorktown, Virginia
		Naval Support Activity Annapolis–United States Naval Academy, Maryland
		Naval Support Activity South Potomac–Dahlgren, Virginia
		Naval Support Activity South Potomac-Indian Head- Maryland
		Naval Air Station Patuxent River, Maryland
		Navy Information Operations Command Sugar Grove, West Virginia
		Naval Support Activity Washington–Tingey House, District of Columbia
		Naval Support Activity Mechanicsburg, Pennsylvania
		Marine Corps Base Camp Lejeune, North Carolina (originally included with Navy Information Operations Command Sugar Grove)
	Midwest Regional	Naval Station Great Lakes, Illinois
		Naval Support Activity Crane, Indiana
		Naval Support Activity Mid-South, Tennessee
	Naval Air Station Joint Reserve Base New Orleans	Naval Air Station Joint Reserve Base New Orleans, Louisiana
	Northeast Regional	Joint Base McGuire-Dix-Lakehurst–Naval Air Engineering Station Lakehurst, New Jersey
		Submarine Base New London, Connecticut
		Naval Station Newport, Rhode Island
		Naval Shipyard Portsmouth, New Hampshire
		Naval Support Activity Saratoga Springs, New York
		Mitchel Complex Navy Recruiting District, New York
		Weapons Station Earle, New Jersey
	Northwest Regional	Naval Base Kitsap, Washington
		Naval Air Station Whidbey Island, Washington
		Naval Station Everett, Washington
	Camp Pendleton II	Marine Corps Base Camp Pendleton, California
		Marine Corps Base Quantico, Virginia
		Marine Corps Air Station Yuma, Arizona
		Marine Corps Air Ground Combat Center Twentynine Palms, California
		Marine Corps Mobilization Command Kansas City, Missouri
		Marine Corps Logistics Base Albany, Georgia

**Appendix I: List of Privatized Military Housing  
Projects as of September 30, 2022**

<b>Military department</b>	<b>Project</b>	<b>Installation/state</b>
		Marine Corps Mountain Warfare Training Center, Bridgeport, California
		Marine Corps Recruit Depot, San Diego, California
	San Diego Naval Family Housing	Naval Station San Diego, California
		Naval Base Coronado, California
		Naval Base Point Loma, California
		Marine Corps Air Station Miramar, California
		Naval Air Weapons Station China Lake, California
		Naval Air Station Lemoore, California
		Naval Base Ventura County, California
		Naval Air Facility El Centro, California
		Naval Weapons Station Seal Beach/Fallbrook, California
		Naval Air Station Fallon, Nevada
		Naval Support Activity Washington, District of Columbia
		Joint Base Anacostia-Bolling–Naval Support Facility Anacostia, District of Columbia
		Naval Support Activity Annapolis–Buchanan House, Maryland
		Naval Support Activity Bethesda, Maryland
		Naval Support Facility Thurmont–Camp David, Maryland
	South Texas	Naval Air Station Corpus Christi, Texas
		Naval Station Ingleside, Texas
	Southeast Regional	Naval Air Station Pensacola, Florida
		Naval Air Station Whiting Field, Florida
		Naval Support Activity Panama City, Florida
		Joint Base Charleston–Naval Weapons Station Charleston, South Carolina
		Naval Station Mayport, Florida
		Naval Air Station Jacksonville, Florida
		Submarine Base Kings Bay, Georgia
		Naval Air Station Key West, Florida
		Naval Air Station Joint Reserve Base Fort Worth, Texas
		Naval Air Station Meridian, Mississippi
		Naval Construction Battalion Center Gulfport, Mississippi

Source: GAO presentation of Department of Defense information. | GAO-23-105377



# Appendix II: Status of DOD Implementation of GAO Recommendations

Since March 2018, we have made 30 recommendations in various reports about the Department of Defense’s (DOD) oversight of the privatized housing program. Table 5 summarizes our recommendations and their implementation status.

**Table 5: Status of GAO Recommendations to the Department of Defense (DOD) Related to Privatized Housing since March 2018**

GAO product and issue date	Recommendation	Recommendation status (as of February 2023)
<i>Military Housing Privatization: DOD Should Improve Oversight of Property Insurance and Natural Disaster Recovery</i> (GAO-21-184SU), Feb. 18, 2021.	We made seven recommendations in this report. However, the report includes controlled unclassified information and was not publically released. The recommendation language is therefore not reproduced here.	Five of the seven recommendations have been implemented by DOD and closed, and the remaining two recommendations have not been implemented and thus remain open.
<i>Military Housing: Actions Needed to Improve the Process for Setting Allowances for Servicemembers and Calculating Payments for Privatized Housing Projects</i> (GAO-21-137), Jan. 25, 2021.	The Secretary of Defense should ensure that the Military Compensation Policy directorate within the Office of the Deputy Assistant Secretary of Defense for Military Personnel Policy, in coordination with the military services, (1) assesses its process for collecting rental property data to determine ways to increase sample size of current representative data and (2) ensures sample size targets are met. (Recommendation 1).	Implemented
	The Secretary of Defense should ensure that the Military Compensation Policy directorate within the Office of the Deputy Assistant Secretary of Defense for Military Personnel Policy, in coordination with the military services, reviews and updates basic allowance for housing (BAH) guidance to ensure that information about the BAH rate-setting process, including its sampling methodology and use of minimum sample-size targets, is accurately and fully reflected. (Recommendation 2)	Implemented
	The Secretary of Defense should ensure that the Military Compensation Policy directorate within the Office of the Deputy Assistant Secretary of Defense for Military Personnel Policy, in coordination with the military services, establishes and implements a process for consistently monitoring anchor points, the interpolation table, external alternative data, and any indications of potential bias by using quality information to set BAH rates and ensuring timely remediation of any identified deficiencies.(Recommendation 3)	Not Implemented

**Appendix II: Status of DOD Implementation of  
GAO Recommendations**

GAO product and issue date	Recommendation	Recommendation status (as of February 2023)
<p><i>Military Housing: DOD Needs to Strengthen Oversight and Clarify Its Role in the Management of Privatized Housing</i>, (GAO-20-281) Mar. 26, 2020</p>	<p>The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in collaboration with the military departments, provide updated guidance for the oversight of privatized military housing, to include oversight objectives for each service to monitor the physical condition of privatized homes over the remaining duration of the ground leases. (Recommendation 1)</p>	Implemented
	<p>The Secretary of the Army should take steps, in collaboration with the Army's private housing partners, to review the indicators underlying the privatized housing project performance metrics to ensure they provide an accurate reflection of the condition and quality of the homes. (Recommendation 2)</p>	Implemented
	<p>The Secretary of the Air Force should take steps, in collaboration with the Air Force's private housing partners, to review the indicators underlying the privatized housing project performance metrics to ensure they provide an accurate reflection of the condition and quality of the homes. (Recommendation 3)</p>	Implemented
	<p>The Secretary of the Navy should take steps, in collaboration with the Navy and Marine Corps' private housing partners, to review the indicators underlying the privatized housing project performance metrics to ensure they provide an accurate reflection of the condition and quality of the homes. (Recommendation 4)</p>	Implemented
	<p>The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in collaboration with the military departments and private housing partners, establish minimum data requirements and consistent terminology and practices for work order data collection for comparability across installations and projects and to track trends over time. (Recommendation 5)</p>	Implemented
	<p>The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment require the military departments to establish a process to validate data collected by the private housing partners to better ensure the reliability and validity of work order data and to allow for more effective use of these data for monitoring and tracking purposes. (Recommendation 6)</p>	Not Implemented
	<p>The Secretary of Defense should ensure the Assistant Secretary of Defense for Sustainment, in collaboration with the military departments, develop a process for collecting and calculating resident satisfaction data from the military departments to ensure that the data are compiled and calculated in a standardized and accurate way. (Recommendation 7)</p>	Implemented

**Appendix II: Status of DOD Implementation of  
GAO Recommendations**

GAO product and issue date	Recommendation	Recommendation status (as of February 2023)
	The Secretary of Defense should ensure the Assistant Secretary of Defense for Sustainment provides additional explanation of the data collected and reported in future reports to Congress, such as explaining the limitations of available survey data, how resident satisfaction was calculated, and reasons for any missing data, among other things. (Recommendation 8)	Not Implemented
	The Secretary of the Army should develop and implement a plan to clearly and systematically communicate to residents the difference between the military housing office and the private partner. At a minimum, these plans should include the Army housing office's roles, responsibilities, locations, and contact information and should ensure that all residents are aware that they can directly contact Army housing office officials. (Recommendation 9)	Implemented
	The Secretary of the Air Force should develop and implement a plan to clearly and systematically communicate to residents the difference between the military housing office and the private partner. At a minimum, these plans should include the Air Force housing office's roles, responsibilities, locations, and contact information and should ensure that all residents are aware that they can directly contact Air Force housing office officials. (Recommendation 10)	Implemented
	The Secretary of the Navy should develop and implement a plan to clearly and systematically communicate to residents the difference between the military housing office and the private partner. At a minimum, these plans should include the Navy housing office's roles, responsibilities, locations, and contact information and should ensure that all residents are aware that they can directly contact Navy housing office officials. (Recommendation 11)	Implemented
	The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in collaboration with the military departments, assess the risks of proposed initiatives aimed at improving the privatized military housing program on the financial viability of the projects. (Recommendation 12)	Implemented
<i>Military Housing Privatization: DOD Should Take Steps to Improve Monitoring, Reporting, and Risk Assessment (GAO-18-218)</i> , Mar. 13, 2018.	The Secretary of Defense should ensure that the Assistant Secretary of Defense for Energy, Installations, and Environment provides additional contextual information in future reports to Congress on privatized military housing to identify any differences in the calculation of debt coverage ratios and the effect of these differences on their comparability. (Recommendation 1)	Implemented

**Appendix II: Status of DOD Implementation of  
GAO Recommendations**

GAO product and issue date	Recommendation	Recommendation status (as of February 2023)
	The Secretary of Defense should ensure that the Assistant Secretary of Defense for Energy, Installations, and Environment revises its existing guidance on privatized housing to ensure that financial data on privatized military housing projects reported to Congress, such as debt coverage ratios, are consistent and comparable in terms of the time periods of the data collected. (Recommendation 2)	Implemented
	The Secretary of Defense should ensure that the Assistant Secretary of Defense for Energy, Installations, and Environment revises its guidance on privatized military housing to include a requirement that the military departments incorporate measures of future sustainment into their assessments of privatized housing projects. (Recommendation 3)	Implemented
	The Secretary of Defense should ensure that the Assistant Secretary of Defense for Energy, Installations, and Environment takes steps to resume issuing required reports to Congress on the financial condition of privatized housing in a timely manner. (Recommendation 4)	Not Implemented
	The Secretary of Defense should ensure that the Assistant Secretary of Defense for Energy, Installations, and Environment reports financial information on future sustainment of each privatized housing project in its reports to Congress. (Recommendation 5)	Implemented
	The Secretary of Defense should ensure that the Assistant Secretary of Defense for Energy, Installations, and Environment provides guidance directing the military departments to assess the significance of the specific risks to individual privatized housing projects resulting from the reductions in the basic allowance for housing and identify courses of action to respond to any risks based on their significance. (Recommendation 6)	Implemented
	The Secretary of Defense should ensure that the Assistant Secretary of Defense for Energy, Installations, and Environment finalizes guidance in a timely manner that clearly defines the circumstances in which the military departments should provide notification of project changes and which types of project changes require prior notification or prior approval. (Recommendation 7)	Implemented
	The Secretary of Defense should ensure that the Assistant Secretary of Defense for Energy, Installations, and Environment revises its guidance on privatized military housing to require the military departments to define their risk tolerances regarding the future sustainability of their privatized housing projects. (Recommendation 8)	Implemented

Source: GAO. | GAO-23-105377

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# Appendix III: Objectives, Scope, and Methodology

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This report examines the extent to which the Department of Defense (DOD) has (1) implemented Fiscal Year 2020 National Defense Authorization Act (NDAA) requirements to improve assistance to privatized housing residents, (2) improved oversight of the condition of privatized housing since 2019, and (3) the authorities and processes in place to hold private housing companies accountable for poor performance.

For objective one, we reviewed provisions of the Fiscal Year 2020 NDAA, and identified six statutory requirements that were specifically aimed at increasing assistance to residents of privatized housing.<sup>1</sup> We reviewed DOD and military department guidance and policies developed to implement these initiatives, and we interviewed DOD officials responsible for implementing them. We met with military housing officials and private housing company representatives at five installations<sup>2</sup> selected to include representation from each of the military departments and the Marine Corps; military housing office officials that had completed the formal dispute resolution process, and an installation where the private housing company had not fully agreed to the Tenant Bill of Rights.

We also facilitated two discussion groups—consisting of eight and three residents, respectively—living at various installations around the United States. Volunteers for these groups were identified with the assistance of representatives from military family advocacy groups. We asked these groups to identify participants from each of the military departments currently living in privatized housing since 2019, however some of the participants did not meet these criteria. We asked participants questions about their understanding of the various initiatives that have been implemented since 2019 intended to improve assistance to residents.

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<sup>1</sup>There are numerous requirements in the NDAA for Fiscal Year 2020 related to military privatized housing, but we did not include requirements that were not directly related to improving the condition of housing or the resident experience. For example, we did not include in our review requirements related to private housing companies' annual reports on financial performance or DOD's identification of underfunded projects. Table 1 lists the six requirements aimed at increasing assistance to residents of private housing.

<sup>2</sup>The five installations in our non-generalizable sample included one installation with an Army project—Fort Meade, Maryland; one installation with a Navy project—Joint Expeditionary Base Little Creek—Ft. Story; one installation with a Marine Corps project—Marine Corps Base Camp Lejeune, North Carolina; and two installations with Air Force Projects—Joint Base Andrews, Maryland and Joint Base Elmendorf Richardson, Alaska.

We developed and administered an online questionnaire to solicit descriptive information about DOD's oversight efforts from each of the 14 private housing companies. Of the 14 companies, nine voluntarily completed the questionnaire. Where applicable, we used the information provided as anecdotal support for our findings.

We determined that three components of federal internal control standards were significant to this objective—control environment, information and communication, and monitoring.<sup>3</sup> Specifically, we found that management's adherence to the following underlying principles was significant to this objective: (1) demonstrating a commitment to recruit, develop, and retain competent individuals, (2) using quality information to achieve the entity's objectives, (3) internally communicating the necessary quality information to achieve the entity's objectives, (4) externally communicating the necessary quality information to achieve the entity's objectives, and (5) establishing and operating monitoring activities to monitor the internal control system and evaluate the results. We assessed DOD efforts to increase assistance to residents of privatized housing to determine the extent to which DOD officials and residents had comprehensive understanding of these initiatives and the extent to which DOD was monitoring these initiatives to ensure they were achieving their intended purposes.

For objective two, we identified Fiscal Year 2020 NDAA provisions related to determining DOD's privatized housing program workforce needs and oversight of the condition of privatized military housing units. We reviewed the number of military department housing-related positions created from 2019 to 2022, and interviewed military department officials to discuss military housing staffing levels. We reviewed DOD and military department policies and guidance related to oversight of the condition of privatized military housing units. We also interviewed OSD, military department officials, military department housing office officials, and private housing company representatives at our sample of five installations to discuss how military department staffing levels have affected oversight of privatized homes, and the extent to which legislation focused on improving the condition of homes has been implemented effectively.

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<sup>3</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

We determined that two components of federal internal control standards were significant to this objective—control environment and risk assessment. Specifically, management’s adherence to the following underlying principles of these controls was significant to this objective:

- clearly defining what is to be achieved, who is to achieve it, how it will be achieved, and the time frames for achievement;
- demonstrating a commitment to recruit, develop, and retain competent individuals; and
- defining objectives clearly to enable the identification of risks and risk tolerances.

We assessed DOD efforts to increase oversight of privatized housing to determine the extent to which (1) staffing changes were in accordance with DOD’s *Guidance for Manpower Management*,<sup>4</sup> and (2) oversight initiatives were implemented to effectively to meet their objectives.

For objective three, because the size, structure, and complexity of privatized housing business agreements differ from project to project, we focused our review on various sections of a selection of privatized housing project business agreements from each of the military departments that included language related to DOD’s authorities and processes for holding private housing companies accountable. This selection included projects that met various criteria—such as business agreements that had been modified to reflect changes related to project and private housing company oversight, agreements for projects that had changed ownership since 2019, and agreements that reflected changes to the project’s performance incentive fee structure. We also reviewed OSD and military department documents, including written comments submitted by DOD attorneys and other officials in response to a question set we provided, in which they outlined DOD’s authorities to hold private housing companies accountable for performance, policies, and guidance for monitoring project performance.

We held in-depth discussions with representatives from DOD Office of the General Counsel and the military departments’ offices of general counsel to discuss DOD’s legal examination of the authorities and processes it has in place to hold private housing companies accountable. During these discussions, we also collected information on when DOD can use its

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<sup>4</sup>DOD Directive 1100.4, *Guidance for Manpower Management* (Feb. 12, 2005).

authority to terminate a project, as well as other measures for addressing pervasive poor performance and misconduct.

We conducted this performance audit from August 2021 to March 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



# Appendix IV: Military Housing Privatization Initiative Tenant Bill of Rights



## Military Housing Privatization Initiative Tenant Bill of Rights

The Department of Defense is fully committed to ensuring that Military Housing Privatization Initiative (MHPI) housing projects provide our Nation's most valued resource—its military members and their families—safe, quality, and well-maintained housing where our members and their families want and choose to live.

The Department of Defense has issued all policy guidance necessary to implement prospectively all rights for military members and their families residing in privatized family and unaccompanied housing (Tenants) at all MHPI housing projects. However, as Congress recognized, retroactive application of the requirements at existing projects requires voluntary agreement by the respective MHPI company; the Department cannot unilaterally change the terms of the complex, public-private partnerships that established the MHPI housing projects. The Department of Defense has been seeking to secure voluntary agreements, and nearly all of the MHPI companies have agreed to implement all 18 Tenant rights at their existing projects. The Department will continue to pursue agreements not yet reached. Tenants should contact their installation housing office to confirm the rights fully available to them.

The following rights are effective on August 1, 2021:

1. The right to reside in a housing unit and a community that meets applicable health and environmental standards.
2. The right to reside in a housing unit that has working fixtures, appliances, and utilities and to reside in a community with well-maintained common areas and amenity spaces.
3. The right to be provided with a summary of the maintenance conducted with respect to a prospective housing unit by the landlord for the previous seven years, before signing a lease, and upon request, all information possessed by the landlord regarding such maintenance within two business days after making the request. Upon request, a current Tenant who did not receive maintenance information before signing a lease has the right to receive such information within five business days after making the request.
4. The right to a written lease with clearly defined rental terms to establish tenancy in a housing unit, including any addendums and other regulations imposed by the landlord regarding occupancy of the housing unit and use of common areas.
5. The right to a plain-language briefing, before signing a lease and 30 days after move-in, by the installation housing office on all rights and responsibilities associated with tenancy of the housing unit, including information regarding the existence of any additional fees authorized by the lease, any utilities payments, the procedures for submitting and tracking work orders, the identity of the Military Tenant Advocate, and the dispute resolution process.
6. The right to have sufficient time and opportunity to prepare and be present for move-in and move-out inspections, including an opportunity to obtain and complete necessary paperwork.
7. The right to report inadequate housing standards or deficits in habitability of the housing unit to the landlord, the chain of command, and housing management office without fear of reprisal or retaliation, including reprisal or retaliation in the following forms: (A) unlawful recovery of, or attempt to recover, possession of the housing unit; (B) unlawfully increasing the rent, decreasing services, or increasing the obligations of a Tenant; (C) interference with a Tenant's right to

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**Appendix IV: Military Housing Privatization  
Initiative Tenant Bill of Rights**

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privacy; (D) harassment of a Tenant; (E) refusal to honor the terms of the lease; or (F) interference with the career of a Tenant.

8. The right of access to a Military Tenant Advocate through the housing management office of the installation of the Department at which the housing unit is located or a military legal assistance attorney to assist in the preparation of requests to initiate dispute resolution.
9. The right to receive property management services provided by a landlord that meet or exceed industry standards and that are performed by professionally and appropriately trained, responsive, and courteous customer service and maintenance staff.
10. The right to have multiple, convenient methods to communicate directly with the landlord maintenance staff, and to receive consistently honest, accurate, straightforward, and responsive communications.
11. The right to have access to an electronic work order system through which a Tenant may request maintenance or repairs of a housing unit and track the progress of the work.
12. With respect to maintenance and repairs to a housing unit, the right to the following: (A) prompt and professional maintenance and repair; (B) to be informed of the required time frame for maintenance or repairs when a maintenance request is submitted; and (C) in the case of maintenance or repairs necessary to ensure habitability of a housing unit, to prompt relocation into suitable lodging or other housing at no cost to the Tenant until the maintenance or repairs are completed.
13. The right to receive advice from military legal assistance on procedures involving mechanisms for resolving disputes with the property management company or property manager to include mediation, arbitration, and filing claims against a landlord.
14. The right to enter into a standardized, formal dispute resolution process, should all other methods be exhausted, to ensure the prompt and fair resolution of disputes that arise between landlords and Tenants concerning maintenance and repairs, damage claims, rental payments, move-out charges, and such other issues relating to housing units. The dispute resolution process shall contain the following elements: installation or regional commander as deciding authority; a process for withholding allotment of rental payments; standard mechanisms and forms for requesting dispute resolution; minimal costs to Tenants for participation; a completed investigation within seven days; and except in limited circumstances, a decision within 30 days and in no event longer than 60 days. A decision in favor of the Tenant may include a reduction in rent or an amount to be reimbursed or credited to the Tenant.
15. The right to have the Tenant's basic allowance housing payments segregated, with approval of a designated commander, and not used by the property owner, property manager, or landlord pending completion of the dispute resolution process.
16. The right to have reasonable, advance notice of any entrance by a landlord, installation housing staff, or chain of command into the housing unit, except in the case of an emergency or abandonment of the housing unit.
17. The right to not pay non-refundable fees or have application of rent credits arbitrarily held.
18. The right to expect common documents, forms, and processes for housing units will be the same for all installations of the Department, to the maximum extent applicable without violating local, State, and Federal regulations.

Tenants seeking assistance with housing issues should continue to engage their installation housing office, installation leadership, or chain of command.

# Appendix V: Comments from the Department of Defense



ENERGY, INSTALLATIONS,  
AND ENVIRONMENT

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
3400 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3400

March 30, 2023

Ms. Elizabeth A. Field  
Director, Defense Capabilities and Management  
U.S. Government Accountability Office  
441 G Street N.W.  
Washington DC 20548

Dear Ms. Field,

This is the Department of Defense (DoD) response to the Government Accountability Office (GAO) Draft Report GAO-23-105377SU, "MILITARY HOUSING: DOD Can Further Strengthen Oversight of Its Privatized Housing Program," dated February 16, 2023 (GAO Code 105377).

Enclosed is DoD's proposed response to the subject report. Corrective Action Plans for each recommendation will be developed by my office with input from the Military Departments upon final publication of the final report.

My point of contact for this report is Ms. Megan Purkey who can be reached at 703-614-0867 or [megan.d.purkey.civ@mail.mil](mailto:megan.d.purkey.civ@mail.mil).

Sincerely,

A handwritten signature in black ink, appearing to read "Patricia Coury".

Patricia Coury  
Deputy Assistant Secretary of Defense  
(Housing)

Enclosure:  
As stated

**GAO DRAFT REPORT DATED FEBRUARY 16, 2023  
GAO-23-105377SU (GAO CODE 105377)**

**“MILITARY HOUSING: DOD CAN FURTHER STRENGTHEN OVERSIGHT OF ITS  
PRIVATIZED HOUSING PROGRAM”**

**DEPARTMENT OF DEFENSE COMMENTS  
TO THE GAO RECOMMENDATION**

**RECOMMENDATION 1:** The Secretary of the Army, in collaboration with the other military departments, should clarify guidance for residents explaining how and when they can enter into the formal dispute resolution process.

**DoD RESPONSE:** Concur. The Army has implemented measures to ensure military members and their families who reside in privatized family and unaccompanied housing (Tenants) receive information on how and when they can enter into the formal dispute resolution process, in collaboration with the other Military Departments; however, the Army acknowledges that additional education of Tenants on the dispute resolution process is necessary.

**RECOMMENDATION 2:** The Secretary of the Air Force, in collaboration with the other military departments, should clarify guidance for residents explaining how and when they can enter into the formal dispute resolution process.

**DoD RESPONSE:** Partially concur. The Department of the Air Force (DAF) installation Military Housing Office (MHO) briefs Tenants regarding the dispute resolution process during the new Tenant move in brief and provides the Tenant Bill of Rights and Dispute Resolution brochure to all Tenants. The Military Housing Privatization Initiative (MHPI) Project Owner (PO) publishes dispute resolution information on project websites, in community guides and in the Universal Lease that Tenants sign. The DAF partial concurrence is due to existing robust guidance and products to educate and inform Tenants on how and when they can enter the formal dispute resolution process. The DAF continues to collaborate with the other Military Departments and to incorporate lessons learned from past formal disputes to provide greater clarity.

**RECOMMENDATION 3:** The Secretary of the Navy, in collaboration with the other military departments, should clarify guidance for residents explaining how and when they can enter into the formal dispute resolution process.

**DoD RESPONSE:** Concur. The Department of the Navy (DoN), in collaboration with the other Military Departments, will review and update existing guidance on the formal dispute resolution process and create supplemental materials to better clarify for Tenants how and when they may use the formal dispute resolution process.

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**Appendix V: Comments from the Department of Defense**

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**RECOMMENDATION 4:** The Secretary of the Army, in collaboration with the other military departments, should develop supplemental training and job aids to assist military housing office personnel in conducting dispute resolution processes.

**DoD RESPONSE:** Concur. The Army has and will continue to work on and conduct conflict resolution and mediation training for MHO employees. Additionally, in continued collaboration with the other Military Departments, the Army Materiel Command and the Installation Management Command, the Army will further develop their communications plan and outreach events to inform Tenants of available mechanisms to resolve their housing concerns.

**RECOMMENDATION 5:** The Secretary of the Air Force, in collaboration with the other military departments, should develop supplemental training and job aids to assist military housing office personnel in conducting dispute resolution processes.

**DoD RESPONSE:** Partially concur. The DAF provides various training sessions throughout the year to MHO personnel with the dispute resolution process being one of the topics focused on during these portfolio-wide training opportunities. The DAF Global Housing Symposium, conducted bi-annually, includes in-depth training for MHO personnel with sessions also dedicated to understanding the dispute resolution process. Supplementary training materials and job aids are available on the DAF housing privatization SharePoint site, including a playbook that outlines each step of the informal and formal dispute resolution process and the required level of involvement of the various stakeholders. The DAF partial concurrence is due to existing robust guidance and products to educate and inform MHOs on conducting the dispute resolution process. The DAF continues to collaborate with the other Military Departments and to incorporate lessons learned from past disputes to assist MHOs.

**RECOMMENDATION 6:** The Secretary of the Navy, in collaboration with the other military departments, should develop supplemental training and job aids to assist military housing office personnel conducting dispute resolution processes.

**DoD RESPONSE:** Concur. The DoN, in collaboration with the other Military Departments, will review and update existing guidance on the formal dispute resolution process and/or create supplemental materials to better clarify for MHO personnel the requirements, processes, and procedures for the formal dispute resolution process. Additionally, the DoN has drafted a desk guide for MHO staff that is currently under internal review.

**RECOMMENDATION 7:** The Secretary of the Army, in collaboration with the other military departments, should update internal policy documents, as well as brochures provided to residents, to more clearly identify the specific roles and responsibilities of the military housing office officials designated as tenant advocates, including what they can and cannot do to support residents.

**DoD RESPONSE:** Concur. The Army provides a Plain Language Brief to Tenants prior to signing the lease and again 30 days after moving in. The Plain Language Brief provides the MHO and PO contact information, MHPI Tenant Bill of Rights, MHPI Tenant Responsibilities document, MHPI informal / formal dispute resolution processes, and information installation

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**Appendix V: Comments from the Department of Defense**

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MHO housing support / referral services available to all military members and their families living on or off-base. The Army, in collaboration with the other Military Departments, will assess the effectiveness of the Plain Language Brief and other documents to ensure they more clearly identify the specific roles and responsibilities of the MHO officials designated as Tenant advocates.

**RECOMMENDATION 8:** The Secretary of the Air Force, in collaboration with the other military departments, should update internal policy documents, as well as brochures provided to residents, to more clearly identify the specific roles and responsibilities of designated resident advocates, including what they can and cannot do to support residents.

**DoD RESPONSE:** Partially concur. The DAF has existing guidance in the new Tenant brief provided by the MHO to explain the Tenant Advocate duties and support available, as well as the installation Tenant Advocate contact information. In addition, DAF Instruction 32-6000, Housing Management, provides the Tenant Advocate and MHO roles and responsibilities. The DAF partial concurrence is due to existing robust training and formal guidance developed in collaboration with the other Military Departments; however, given the establishment of the new role of the Tenant Advocate, continued education is appropriate.

**RECOMMENDATION 9:** The Secretary of the Navy, in collaboration with the other military departments, should update internal policy documents, as well as brochures provided to residents, to more clearly identify the specific roles and responsibilities of the military housing office officials designated as tenant advocates, including what they can and cannot do to support residents.

**DoD RESPONSE:** Concur. The DoN will review existing policies and supplemental guidance in collaboration with the other Military Departments, and make updates as needed, to improve clarity regarding roles and responsibilities of DoN MHO staff.

**RECOMMENDATION 10:** The Secretary of Defense should ensure that the Deputy Assistant Secretary of Defense for Housing, in collaboration with the military departments, develops a mechanism to collect and incorporate resident feedback on the formal dispute resolution process and the tenant advocate position. This mechanism could be included as part of the department's ongoing effort to develop metrics to evaluate the effectiveness of statutory requirements related to the privatized military housing program.

**DoD RESPONSE:** Concur. The Deputy Assistant Secretary of Defense for Housing (DASD(H)) will collaborate with the Military Departments to develop a mechanism for collecting and incorporating Tenant feedback on the formal dispute resolution process and the Tenant advocate position.

**RECOMMENDATION 11:** The Secretary of Defense should ensure that the Deputy Assistant Secretary of Defense for Housing complete OSD's study of military housing personnel needs, and establish deadlines for submitting a report to Congress evaluating the shortage of civilian personnel performing oversight functions at DOD's military housing offices.

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**Appendix V: Comments from the Department of Defense**

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**DoD RESPONSE:** Concur. The DASD(H) acknowledges the importance of completing the housing manpower analysis and reporting the findings for the entire DoD to Congress as required by the Fiscal Year 2020 National Defense Authorization Act.

**RECOMMENDATION 12:** The Secretary of the Army should establish deadlines for assessing personnel needs and completing needs-based workforce studies related to the number of positions the Army needs to oversee privatized military housing.

**DoD RESPONSE:** Concur. A holistic manpower study on the Army's privatized housing oversight program is on-going for all levels with the U.S. Army Manpower Analysis Agency.

**RECOMMENDATION 13:** The Secretary of the Air Force should establish deadlines for assessing personnel needs and completing needs-based workforce studies related to the number of positions the Air Force needs to oversee privatized military housing.

**DoD RESPONSE:** Concur. The DAF is working internally with the Air Force Manpower Analysis Agency to finalize the Housing Manpower Determinant. The resulting standard will be applied at all installations with DAF MHPI housing projects to establish final MHO staff requirements.

**RECOMMENDATION 14:** The Secretary of the Navy should establish deadlines for assessing personnel needs and completing needs-based workforce studies related to the number of positions the DoN needs to oversee privatized military housing.

**DoD RESPONSE:** Concur. The Commander, Navy Installations Command (CNIC) Housing is awaiting notification of the Navy Manpower Analysis Center's approval of the updated Housing Manpower Model. Once approved, CNIC Housing plans to use the model to further analyze the housing staffing requirement.

**RECOMMENDATION 15:** The Secretary of the Navy should establish deadlines for assessing personnel needs and completing needs-based workforce studies related to the number of positions the Marine Corps needs to oversee privatized military housing.

**DoD RESPONSE:** Concur. The United States Marine Corps (USMC) is awaiting notification of the Navy Manpower Analysis Center's approval of the updated Housing Manpower Model. Once approved, the USMC plans to use the model to further analyze the housing staffing requirement.

**RECOMMENDATION 16:** The Secretary of Defense should ensure that the Deputy Assistant Secretary of Defense for Housing establishes a department wide turnover inspection guidance that includes clear and consistent inspection standards for assigning ratings to each of the components evaluated in the turnover maintenance checklist.

**DoD RESPONSE:** Concur. The DASD(H) will establish Department-wide turnover inspection guidance that is clearer and more concise with regards to inspection standards for assigning ratings for each of the components evaluated in the checklist.

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**RECOMMENDATION 17:** The Secretary of the Army, in coordination with the other military departments, should establish detailed training for military housing office inspectors based on the inspection standards once established.

**DoD RESPONSE:** Concur. In the interim, while awaiting DoD guidance, the Army developed, delivered, and will continue to present the Army housing inspector course, which includes instruction on how to conduct inspections using the approved Quality Assurance package. Once the DoD establishes Department-wide guidance, the Army will update its housing inspector course using the established DoD inspection standards.

**RECOMMENDATION 18:** The Secretary of the Air Force, in coordination with the other military departments, should establish detailed training for military housing office inspectors based on the inspection standards once established.

**DoD RESPONSE:** Partially concur. The DAF requires MHO personnel conducting home inspections to attend the Air Force Institute of Technology, Certified Housing Inspector Course. In addition, DAF policy requires MHO staff performing inspections of privatized housing to complete the Certified Military Housing Inspection course initially and every 3 years thereafter. The DAF also conducts training for MHO personnel that includes the application of general standards to the unique situations found on site during change of occupancy maintenance (COM) inspections and procedures for tracking of findings. Job aids are available to MHO and PO personnel including copies of the COM Inspection Checklist, COM Pass-Fail Criteria, and COM Inspection PO Request to Appeal form. The DAF's partial concurrence is due to existing robust training and formal guidance already in existence; however, given the establishment of the enhanced oversight and responsibilities for the MHOs, continued training is appropriate.

**RECOMMENDATION 19:** The Secretary of the Navy, in coordination with the other military departments, should establish detailed training for military housing office inspectors based on the inspection standards once established.

**DoD RESPONSE:** Concur. Once the DoD establishes Department-wide guidance, the DoN will update the Conducting Housing Inspections training course for both Navy and USMC housing personnel to clarify requirements and incorporate any changes or additions to existing department inspection policies and information products.



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# Appendix VI: GAO Contact and Staff Acknowledgments

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## GAO Contact

Elizabeth A. Field, (202) 512-2775 or [FieldE1@gao.gov](mailto:FieldE1@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Marc Schwartz (Assistant Director, Retired), Margaret Best (Assistant Director), Tida Barakat Reveley (Analyst in Charge), Vincent Buquicchio, Wesley Johnson, Amie Lesser, Monica Savoy, McKenna Storey, Jaya Walker, Barbara Wooten, and Lillian Moyano Yob made key contributions to this report.

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# Related GAO Products

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*Privatized Military Housing: Update on DOD's Efforts to Address Oversight Challenges.* [GAO-22-105866](#). Washington, D.C.: March 31, 2022.

*Military Housing Privatization: DOD Should Improve Oversight of Property Insurance and Natural Disaster Recovery.* [GAO-21-418](#). Washington, D.C.: May 20, 2021.

*Military Housing Privatization: DOD Should Improve Oversight of Property Insurance and Natural Disaster Recovery.* GAO-21-184SU. Washington, D.C.: February 18, 2021.

*Military Housing: DOD Has Taken Key Steps to Strengthen Oversight, but More Action Is Needed in Some Areas.* [GAO-21-389T](#). Washington, D.C.: February 16, 2021.

*Military Housing: Actions Needed to Improve the Process for Setting Allowances for Servicemembers and Calculating Payments for Privatized Housing Projects.* [GAO-21-137](#). Washington, D.C.: January 25, 2021.

*Military Housing: DOD Needs to Strengthen Oversight and Clarify Its Role in the Management of Privatized Housing.* [GAO-20-281](#). Washington, D.C.: March 26, 2020.

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*Defense Infrastructure: Additional Actions Could Enhance DOD's Efforts to Identify, Evaluate, and Preserve Historic Properties.* [GAO-19-335](#). Washington, D.C.: June 19, 2019.

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*Military Housing: DOD Needs to Address Long-Standing Requirements Determination Problems.* [GAO-01-889](#). Washington, D.C.: August 3, 2001.

*Military Housing: Continued Concerns in Implementing the Privatization Initiative.* [GAO/NSIAD-00-71](#). Washington, D.C.: March 30, 2000.

*Military Housing: Privatization Off to a Slow Start and Continued Management Attention Needed.* [GAO/NSIAD-98-178](#). Washington, D.C.: July 17, 1998.

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