MILITARY HOUSING

Army Should Improve Inspection Oversight and Long-Term Capital Investment Projections

What GAO Found

Under its March 2021 agreement with the Army, the private housing company Lendlease is expected to renovate more than 12,000 existing homes, build over 1,200 new homes, and demolish over 1,000 homes at six Army installations by 2027. As of December 2022, most infrastructure improvements, roof replacements, and renovations were in progress. However, of the five installations that have begun implementing the agreed-to development plan, three have encountered some construction delays due in part to new home design changes and possible changes to an Army unit’s location, which could alter the need for new housing.

Lendlease is required to report monthly on all development plan work to local Army housing offices, among other stakeholders. To meet this requirement, Lendlease provides three types of reports to the Army to track and monitor the development plan: construction reports, inspection reports, and financial reports. However, we found that these reports lack sufficient inspection detail, as required by the development plan. For example, none of these reports include the status of certain construction activity inspections, such as spot checks performed on minor and medium renovations and roof replacements. Until the Army and Lendlease develop a reporting process to facilitate Army housing office inspection oversight of all inspections, these housing offices risk not having the information needed to monitor construction.

The Army conducts an annual sustainability analysis to evaluate financial risk and overall financial health of all Army housing projects, including the six managed by Lendlease. However, GAO found that the sustainability analysis relies on outdated financial projections for capital investment. Specifically, the Army was not enforcing a requirement for projects to include financial projections with development plans submitted for review and approval. Without enforcing this requirement, the Army may not have an accurate picture of project-specific development capability and financial health.