

# GAO Highlights

Highlights of [GAO-14-313](#), a report to the Subcommittee on Readiness, Committee on Armed Services, House of Representatives

## Why GAO Did This Study

Partly in response to concerns that inadequate housing might be contributing to servicemembers' decisions to leave the military, Congress enacted the MHPI in 1996. The initiative gave the Department of Defense (DOD) legal authorities to replace or renovate inadequate housing for unaccompanied military personnel (those without dependents) and military families using private-sector financing, ownership, operation, and maintenance. Certain military personnel receive the BAH, which can be used to pay rent to live in privatized housing. Since 1996, DOD has built and modernized on-installation unaccompanied personnel housing using military construction funds. According to a February 2013 DOD report to Congress, from fiscal years 1996 through 2012, DOD spent over \$20 billion of military construction funds to build and modernize on-installation housing for unaccompanied military personnel.

GAO was asked to review DOD's efforts to privatize unaccompanied housing. GAO discusses the (1) analyses the military services conducted to make decisions about privatizing housing for unaccompanied personnel and (2) status of housing projects the military services have privatized for unaccompanied personnel. GAO obtained and reviewed fiscal years 1996-2013 housing plans and analyses the services conducted, reviewed information on privatization projects, and interviewed DOD and service officials.

GAO is not making recommendations in this report.

View [GAO-14-313](#). For more information, contact Chris Currie at (404) 679-1875 or [currie@gao.gov](mailto:currie@gao.gov).

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## MILITARY HOUSING

### Information on the Privatization of Unaccompanied Personnel Housing

## What GAO Found

Since Congress enacted the Military Housing Privatization Initiative (MHPI) in 1996, the military services conducted several analyses and considered other factors to determine whether to privatize housing for unaccompanied personnel. These analyses were conducted between 1997 and 2011. The Army's and the Navy's analyses compared different scenarios—such as whether to rely on privatization or use traditional military construction funding to improve housing quality—and considered information from multiple installations in these analyses. In contrast, the Air Force and Marine Corps analyzed the feasibility of privatizing unaccompanied housing at a few selected installations. For example, the Air Force based its initial analysis on information for two locations, while the Marine Corps based its 2008 analysis on information specific to one installation. The Navy and Army concluded that privatization could be used under a narrow set of circumstances at specific installations, such as where unaccompanied servicemembers were already receiving the basic allowance for housing (BAH). The Air Force and Marine Corps concluded that privatization was not suitable for meeting any of their housing needs. For example, an April 2000 Air Force memorandum indicated that privatization could have a negative effect on building unit cohesion. Other factors also played a role in the four services' decisions about whether to privatize housing, including (1) the limited availability of the BAH for junior unaccompanied personnel, which may result in not having a dedicated stream of income to pay rent for privatized housing; (2) the frequency or duration of unit deployments, which could affect the occupancy rates of unaccompanied housing; and (3) uncertainty about the future size of the military, and whether there would be sufficient demand for privatized housing.

Between 1996 and 2013, the Army and Navy implemented seven privatized unaccompanied personnel housing projects. The Air Force and Marine Corps have not used the privatization authorities, and are instead using military construction funds to improve the quality of their unaccompanied personnel housing. Air Force housing officials told us that Air Force unaccompanied personnel housing inventory generally meets current housing needs. According to Marine Corps officials, the Marine Corps intends to eliminate existing housing deficiencies by demolishing inadequate unaccompanied personnel housing and using military construction funds to replace or renovate housing by the end of fiscal year 2014. According to Office of the Secretary of Defense and military service housing officials, none of the services have plans to pursue any future privatized housing projects for unaccompanied personnel.