

GAO Highlights

Highlights of [GAO-22-105866](#), a testimony before the Subcommittee on Military Construction, Veterans Affairs, and Related Agencies; Committee on Appropriations, House of Representatives

Why GAO Did This Study

Congress enacted the privatized housing program in 1996 to improve the quality of housing for service members and their families. DOD is responsible for general oversight of the privatized family housing program; and private housing companies own and operate housing projects and are responsible for the maintenance and repair of privatized housing projects.

In recent years, members of Congress have raised concerns over the condition of privatized family housing. Since March 2018, GAO has issued four reports identifying deficiencies in DOD's oversight. Some of these deficiencies were highlighted by recent Department of Justice investigations into alleged wrongdoing by two of DOD's largest private housing companies. These investigations resulted in one company pleading guilty to defrauding the government and another reaching a settlement with the government.

This statement summarizes (1) actions DOD has taken to implement GAO's March 2020 recommendations on the privatized housing program, (2) actions DOD has taken to increase its oversight of privatized housing, and (3) key oversight challenges that remain. It also includes preliminary observations from ongoing audit work examining this program.

For this statement, GAO reviewed prior reports and DOD steps taken to address prior recommendations; reviewed and analyzed relevant DOD guidance, policies, and planning documents; and interviewed DOD officials.

View [GAO-22-105866](#). For more information, contact Elizabeth A. Field at (202) 512-2775 or fieldE1@gao.gov.

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PRIVATIZED MILITARY HOUSING

Update on DOD's Efforts to Address Oversight Challenges

What GAO Found

Congress enacted the Military Housing Privatization Initiative (hereafter, the privatized family housing program) to improve the quality of housing for service members and their families, which had been owned and managed by the Department of Defense (DOD). However, over the past several years, congressional concerns regarding DOD's oversight of the private housing companies has resulted in numerous National Defense Authorization Act requirements. GAO's related work has resulted in 30 recommendations to improve the privatized family housing program—15 of which have been implemented. GAO found that DOD has made progress in implementing several of these requirements and recommendations. Specifically, DOD has improved:

- **Oversight of the condition of homes.** The military departments have increased the frequency of inspections of privatized family homes, and directed use of a standardized inspection checklist during all changes in occupancy. Military housing officials use this checklist to identify housing deficiencies to be corrected before move-in. In addition, the resident is required to acknowledge satisfaction with the condition of the home. The military departments have also initiated uniform safety inspections at their over 205,000 privatized housing units, to be completed by September 30, 2024.
- **Resident communication.** The military departments have implemented actions to clearly and systematically communicate the responsibilities, locations, and contact information of local military housing offices to residents, and the difference between these offices and the private housing company. This includes providing residents briefings to ensure they are aware of whom to contact about housing issues and providing for ongoing communication with residents at established intervals.
- **Metrics used to measure project performance.** The military departments have revised their performance indicators and incentive fee structures used to determine private housing companies' eligibility to receive performance incentive fees. Changes to these metrics may provide a more accurate reflection of the condition of the homes and resident satisfaction. For example, the military departments have taken steps to focus metrics on the quality of work completed, rather than work order response times.
- **Leadership's role in project oversight.** The Office of the Secretary of Defense has increased its project oversight by conducting quarterly reviews of each of the 78 privatized family housing projects, requiring the military departments to seek approval prior to making certain changes to these projects, and standardizing the information collected through DOD's annual resident satisfaction survey.

Nevertheless, oversight of the privatized family housing program will likely continue to face challenges. In part because DOD cannot unilaterally make changes to projects without the concurrence of the private companies, as demonstrated by DOD's efforts to implement several legislative provisions. For example, DOD has been statutorily required to establish a Tenant Bill of Rights, but as of March 2022, agreement had not yet been reached with private companies at five installations. While DOD has taken numerous actions to improve its oversight, a continued emphasis on oversight is critical to ensure quality housing for service members and their families.