

United States Air Force

Presentation



Before the Senate
Armed Services
Committee

Housing

Privatized

Witness Statement of

Barbara M. Barrett
Secretary of the Air Force

General David L. Goldfein
Chief of Staff of the Air Force

December 3, 2019

Testimony on Housing
Senate Armed Services Committee
Secretary of the Air Force Barbara Barrett
Chief of Staff of the Air Force General David Goldfein

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Introduction

Taking care of our Airmen and their families is an operational imperative for the Air Force. Our ability to provide safe and habitable housing for Airmen is a key part of their quality of life, strengthening our efforts to recruit and retain the people we need to lead the most powerful Air, Space, and Cyber Force on the planet. This is commanders' business, and we have taken on this challenge to make meaningful, enduring changes to our privatized military housing program. We want to thank the members of this Committee for your leadership in supporting our Airmen and their families.

Background

The Air Force provides 71,200 family housing units worldwide for use by our Airmen, other Service members, and their families. In 1996, Congress passed the Military Housing Privatization Initiative, giving the Services the authority to enter into agreements with the private sector to secure housing for members of the Armed Forces and their families. Since then, across the United States, the Air Force has privatized 53,327 homes, capitalizing on private sector funding and expertise to update and modernize family housing on our bases. Most of our projects were highly successful. In the first 16 years, the Air Force completed 32 projects that privatized housing at 63 installations. We invested \$619 million in Air Force-scored costs to obtain \$8.3 billion in total privatized project development. Project owners renovated 12,595 homes and constructed an additional 22,613 homes. Of the 32 projects, 29 are now complete (47,332 homes) and three are still in development (5,905 homes).

We are now 22 years into this program. Concerns expressed by our Airmen and their families, combined with the results of our commander-led 100% review of the Air Force's housing inventory, have clearly identified challenges and the need to improve. For the first several years, we focused on project closure and construction. Over the last few years, our focus has been on oversight of the long-term project health and sustainment of these projects. Airmen generally give high marks for their privatized housing accommodations. A 2018 independent third-party survey rated overall privatized housing resident satisfaction at 81.7 out of 100, which is characterized as "Very Good." This is more than 15 points higher than when the government owned and operated housing. We need to improve.

Resident Concerns

Some privatized housing project owners have not met expectations. Our Airmen and their families want to know their rights, want a voice in the process, and want to know that they have an advocate when issues arise. Our Airmen want the ability to raise concerns without the fear of reprisal and have any problems corrected promptly by skilled and professional maintenance staff. Our Airmen want more proactive engagement from the chain of command, more support from our military housing offices, increased visibility on the status of their work requests, simplified move-in and move-out procedures, and standardized dispute resolution processes.

We are committed to rebuilding the trust between our residents, the housing management teams, and Air Force leadership in order to improve the overall experience for our Airmen and families who choose to live in privatized military housing. The Air Force has taken several actions to achieve these objectives which are summarized throughout the rest of this statement.

Wing Commander Health and Safety

As reported in the April 4, 2019 hearing with the House Armed Services Committee, Air Force leadership reached out personally to our military families, conducting a 100% review of the health and safety conditions in our military housing. After that review, we started an aggressive program to correct the identified deficiencies. The data reported through October 1, 2019 included responses from 56,689 military residents of government-owned, government-controlled, and privatized housing out of a total of 57,553 military residents. Of those, 45,284 responses were from privatized housing residents.

Overall, 14.3% of military residents who were contacted expressed a life, health, or safety concern with their homes. The percentage was lower in government-owned and leased homes, where 7.8% of military residents expressed concerns vice 15.9% for privatized housing. Common resident concerns included mold and moisture, lead-based paint, insects, and rodents.

During the review, Air Force leaders were invited to visit 11,534 homes. We found 3,164 had mold and moisture issues (3,155 have been resolved, with 9 still being worked), 473 had chipped or flaking paint (all have been resolved), and 1,637 had evidence of vermin (all have been resolved).

In addition to the resolution of over 99% of these identified issues, we have changed our policies and procedures across the portfolio, implementing new systems to better identify, then quickly resolve, future issues.

Air Force Inspector General Review

The Air Force Inspector General conducted a thorough review of the Military Housing

Privatization Program to identify best practices and make recommendations for improvement. Published April 9, 2019, the Inspector General's report identified 35 recommended improvement areas, all of which the Air Force incorporated into our Military Housing Privatization Initiative Improvement program.

Military Housing Privatization Initiative Improvement Program

In April 2019, the Air Force initiated a Military Housing Privatization Initiative Improvement Program along five lines of effort: empower residents, integrate leadership into all levels of privatized housing, improve communications, improve local and centralized oversight by both the government and privatization Project Owners, and standardize Air Force policies for privatized housing management and oversight. These initiatives, which include the 35 Inspector General recommendations plus 16 additional recommendations brought to us by our families, have led to a 51-item action plan tracked weekly by Air Force leadership.

Empower Residents

The Air Force has collaborated with advocacy groups, this Committee, the other Services, and the 10 project owners to develop a Military Residents' Bill of Rights and Tenant Responsibilities. These serve as contracts between the project owners and the residents, designed to provide a common agreement of rights, responsibilities, and options available when residents don't receive the quality homes and maintenance support they deserve.

As previously reported, we also established a toll free Air Force Housing Call Center in March 2019. The call center transitioned to 24/7 operations in May 2019. As of October 17, 2019, the call center has received 49 calls and the Air Force has resolved all but 10 issues, which are currently being addressed.

Leadership at all levels has worked with our project owners to ensure residents can submit work orders electronically and can view the status of their work order requests. As of October 1, 2019, residents at 53 of 63 installations can submit work orders electronically. By the end of the year, eight more installations will have this capability. Residents at 29 of our 63 installations can already view the current status of their work order requests on-line in real time. By year's end, that number will grow to 60 installations. We are working closely with the project owners at the remaining three installations to provide the same capabilities.

Perhaps most significantly, we are working toward resourcing Resident Advocate positions at each of our Military Housing Offices to assist our military residents. These advocates will connect families and project owners to help resolve all types of issues, including solutions to Exceptional Family Member Program needs. Ultimately, this will enhance the resiliency of our Airmen and families, making them more mission effective.

Integrate Leadership

The former Secretary of the Air Force and the current Chief of Staff of the Air Force issued a letter to all commanders in April 2019, reemphasizing the commander responsibilities within the privatized housing program. This letter clarified expectations of Installation Commanders, the Air Force Civil Engineering Center, and Project Owners, stressing their role in the health and safety of our members. Leaders in each of these agencies understand their responsibilities in the oversight of these projects and are empowered to resolve issues at their level, while leveraging senior Department leaders when fiscal or policy disputes arise.

The Air Force has been negotiating with our project owners and other Services to revise the performance incentive fee structure to provide a greater voice to Installation Commanders. We are devising metrics to clearly communicate expectations, ensuring transparency and full accountability between all parties.

Improve Communications

The Air Force is revising the annual resident satisfaction survey, asking pointed questions and presenting the results and data in a manner to help identify actionable issues that may be masked by the volume of data.

Government Housing Officers are now required to have clearly identified private areas for conversations between the residents and military housing offices or resident advocates to improve communications outside of the privatized partner spaces.

The Air Force is implementing Wing-led Resident Councils. Under this arrangement, residents have the opportunity to express concerns directly to the Wing Commanders and project owner leadership.

Improve Oversight

We are actively pursuing 149 additional positions to augment our Military Housing Offices, seeking to improve and expand oversight and quality assurance of the privatized housing portfolio. These positions will target 100% tenant and military housing office participation in the pre-move-in inspection of units prior to leasing, conduct oversight and validation that the Project Owners satisfactorily resolve 100% of all health and safety work order requests, and review and audit 30% of urgent work order requests to ensure proper completion.

Standardize Policies

In June 2019 the Air Force established a reporting system and issued guidance to capture and collect Airmen's housing-related medical concerns. This policy ensures these concerns are documented, the affected residents are referred to medical providers, and specific concerns that may require housing modifications are worked toward mutual resolution.

The Air Force is also revising our housing policies to empower residents. We are emplacing proper signage to clearly distinguish the government-run Military Housing Office staff from the Project Owner housing staff and designating private areas for confidential Military Housing Office consults with residents. We are establishing Resident Councils to allow residents to share experiences with and elevate concerns to installation leadership. Additionally, we are adding 61 Resident Advocates to serve as liaisons for residents to mediate concerns with the Project Owner, ensure resident representative participation at Management Review Committee meetings, and link residents with available installation resources such as legal and medical support.

Maintenance Data Integrity

The Air Force has discovered maintenance data anomalies affecting six Air Force bases. The Air Force directed these Project Owners with data integrity issues to conduct an independent third-party audit of their maintenance programs, assess their higher level oversight and quality control, identify specific actions the Project Owners will take to remedy any deficiencies, ensure their maintenance and work order processes are accomplished in accordance with all Air Force requirements, and make required adjustments to current and past performance incentive fee payments. Additionally, the Air Force is currently withholding Property Management Performance Incentive Fee payments to projects with validated maintenance order discrepancies and will make adjustments, as appropriate, to future payments upon analysis of that data.

In all instances where the Air Force suspects there may have been Project Owner fraud, or any other action that may be illegal, we immediately notify the AF Office of Special Investigations (AFOSI) and the Department of Justice. The Air Force takes all allegations of fraud seriously. There is no room on the Air Force team for anyone who does not share our core values of integrity, service, and excellence.

Significant Quality and Performance Challenges: Tinker, Keesler, and MacDill Air Force Bases

Mold is a challenge in persistent high-humidity climates. Even the best facility designs cannot entirely eliminate mold. Residents living in areas prone to mold growth are provided a mold addendum to their tenant leases, recommending specific measures to prevent mold growth. Facility design, construction, and maintenance are also key to controlling mold. We have identified three installations where facility design, construction, or materials proved causal to mold growth: Tinker Air Force Base, OK; Keesler Air Force Base, MS; and MacDill Air Force Base, FL.

At Tinker Air Force Base, Balfour Beatty Communities experienced significant problems with mold. These problems were largely the result of manufacturing defects in the new water lines installed in 398 homes and the buildup of moisture in the mechanical rooms of roughly 200 homes. To fix these problems, the Air Force approved \$6.1M in project funds to replace the defective water lines. Those repairs were completed in May 2019. To remedy the problem with the mechanical rooms, the Air Force Civil Engineer Center placed an Air Force Resident Construction Manager with mold remediation training and experience at Tinker to provide oversight of an Air Force-directed corrective action plan.

Balfour Beatty Communities has treated mold growth in the mechanical rooms and hired a third-party engineering firm to determine the causes of mold and recommend corrective actions.

An Air Force investigation of a fire in a duplex unit at Tinker earlier this year resulted in the discovery of a fire code violation in the construction of the unit's firewall. As a result, the Air Force Civil Engineer Center required Balfour Beatty Communities to inspect all of its duplex units at Tinker Air Force Base with the Air Force Civil Engineer Center Resident Construction Manager oversight.

This inspection identified the need for some level of repair to the firewalls of all of these duplex units. These repairs are scheduled to be completed later this month.

In September 2019, an oversight visit by the local Military Housing Office at Tinker also found a flooring subcontractor hired by Balfour Beatty Communities was disturbing and removing asbestos-containing materials without employing the proper protocols. Balfour Beatty Communities immediately halted the work and performed the required air sampling and cleanup work of these 20 units. Fortunately, no residents were exposed to harmful asbestos.

Because of the extent and severity of the problems with Balfour Beatty Communities, particularly at Tinker Air Force Base, the Air Force has required Balfour Beatty Communities to submit a comprehensive improvement plan with milestones and schedules, to remedy all of its construction, maintenance, repair, management, and oversight performance deficiencies for Air Force approval by the end of this calendar year. We notified Balfour Beatty Communities that unless we see prompt and substantial improvements to these serious performance failures, the Air Force will initiate formal action under the dispute provisions of the project documents.

At Keesler Air Force Base, which is a part of the Southern Group housing privatization project, inspections revealed poor workmanship in both the air conditioning systems and the building envelope, causing mold growth in homes constructed by the Air Force after Hurricane Katrina. In 2015, the Air Force required the Project Owner, Hunt Military Communities, to commit to a \$6.4 million Moisture Remediation Plan. Hunt Military Communities has made progress in remedying the causes of mold at Keesler, however, the Air Force is not satisfied with disruption the repair work causes to residents. The Air Force Civil Engineer Center is currently working with Hunt Military Communities to revise its Moisture Remediation Plan.

At MacDill Air Force Base, Clark Realty has experienced systemic moisture issues due to breaches or a lack of vapor barriers in 241 housing units constructed by the Air Force prior to privatization. Since 2017, Clark Realty has treated the mold and completed \$4.7 million in repair projects to correct the underlying causes of systemic moisture issues in 294 homes. An additional 68 homes are scheduled for repair, with work to be completed in 2022 at a cost of \$6.8 million.

The project expenditures on mold remediation at these three installation has exceeded \$24 million to date. At all three installations, military families who experienced problems with mold have been relocated, where warranted, to temporary quarters at no expense while remediation work was accomplished.

In addition to those three locations, the Air Force contracted moisture and mold inspections at Joint Base San Antonio – Randolph, TX, Eglin Air Force Base, FL, and Travis Air Force Base, CA to address resident concerns. The Air Force shared all these reports with the project owners, employing remediation actions where appropriate. Some of these actions are ongoing, and we are committed to ensuring Project Owners fix these problems in a timely and successful manner.

While these corrective actions chart the path forward toward remedying a myriad of challenges in privatized military housing, they have not always been accomplished as quickly as we expected, and there have been instances where the project owners' responses lacked an appropriate sense of urgency, diligence, stewardship, and management oversight. Air Force leadership is engaged and taking necessary actions to hold project owners accountable for these deficiencies. Additionally, the Air Force has placed additional personnel at these three installations to assist in the work to improve the quality of housing provided to our military families.

Conclusion

The Air Force is committed to providing safe and habitable housing to our Airmen, other Service members, and their families. While we have made significant progress over the past year to improve military housing, we frankly have a long way to go as we still have some privatized housing project owners who are not meeting expectations. In those instances where we let our families down, we are wholly committed to earning back their trust. Our leaders are fully engaged, and we are taking on these challenges as operational imperatives. We look forward to working with you as we implement the full range of our Military Housing Privatization Initiative Improvement Program.

Not for publication until released by the Senate Committee on Armed Services



BIOGRAPHY



UNITED STATES AIR FORCE

BARBARA M. BARRETT

Barbara M. Barrett is the 25th Secretary of the Air Force and is responsible for the affairs of the Department of the Air Force, including organizing, training, equipping and providing for the welfare of 685,000 active duty, Guard, Reserve and civilian Airmen and their families. She also oversees the Air Force's annual budget of more than \$205 billion. Secretary Barrett directs the development of strategy and policy, risk management, weapons acquisition, technology investments and human resource management across a global enterprise. As the head of the Department of the Air Force, she is responsible for implementing decisions of the President and Congress and for fulfilling Combatant Commanders' current and future operational requirements.



Secretary Barrett has served in senior leadership positions in public service, the private sector and academia. Before she was 30, she was an executive with two global Fortune 500 companies. Secretary Barrett's key leadership roles include her time as the U.S. Ambassador to Finland, Deputy Administrator of the Federal Aviation Administration and President of the Thunderbird School of Global Management. She also taught leadership as a Harvard Fellow at the Kennedy School of Government. Prior to assuming her current position, Secretary Barrett was the Chairman of the Board for the Aerospace Corporation.

She has served in numerous advisory roles and as a board member for multiple organizations focused on diplomacy, defense, aeronautics, science and space. She was a Senior Advisor to the U.S. Mission to the United Nations, a member of the Defense Advisory Committee on Women in the Services, the Defense Business Board and the U.S.-Afghan Women's Council. She has chaired groups that include the U.S. Advisory Commission on Public Diplomacy, the U.S. Commerce Secretary's biennial Export Conference and the U.S. Department of State's Women's Economic Empowerment Working Group.

She is an instrument-rated pilot and was trained and certified for space flight. Additionally, she has been a cattle and bison rancher for close to three decades.

Secretary Barrett earned her bachelor's, master's and law degrees at Arizona State University.

EDUCATION

1972 Bachelor of Science, Liberal Arts, Arizona State University, Tempe
1975 Master of Public Administration, International Business, Arizona State University, Tempe
1978 Juris Doctor, Arizona State University, Tempe

CAREER CHRONOLOGY

1. 1973-1975, Personnel Director, Yavapai Regional Medical Center, Prescott, Ariz.
2. 1976-1980, Attorney, Greyhound Corporation, Phoenix
3. 1980-1982, Associate General Counsel, Assistant Secretary, Southwest Forest Industries, Phoenix
4. 1982-1985, Vice Chairman, U.S. Civil Aeronautics Board, Washington, D.C.
5. 1985-1988, 1989-1990, Partner, Evans, Kitchel and Jenckes, Phoenix
6. 1988-1989, Deputy Director, Federal Aviation Administration, Washington, D.C.
7. 1994-present, Owner and CEO, Triple Creek Guest Ranch, Darby, Mont.
8. 1997-1998, CEO, American Management Association, New York
9. 1999, Fellow at the Kennedy School of Government, Harvard University, Cambridge, Mass.
10. 1999-2001, President, International Women's Forum, Washington, D.C.
11. 2006, Senior Advisor, U.S. Mission to the United Nations, New York
12. 2008-2009, U.S. Ambassador to Finland, U.S. Department of State, Helsinki
13. 2012, Interim President, Thunderbird School of Global Management, Glendale, Ariz.
14. 2013-2018, Chairman of the Board, the Aerospace Corporation, El Segundo, Calif.
15. 2019-present, Secretary of the Air Force, the Pentagon, Arlington, Va.

MAJOR AWARDS AND DECORATIONS

Horatio Alger Distinguished Americans Award
The Secretary of Defense Medal for Exceptional Public Service
Sandra Day O'Connor Board Excellence Award from the American Bar Association
Inducted into the Arizona Aviation Hall of Fame
Committee for Economic Development Leadership in the Nation's Interest Award

OTHER ACHIEVEMENTS

Honorary Doctorate, Arizona State University
Honorary Doctorate, Embry-Riddle Aeronautical University
Honorary Doctorate, Thunderbird School of Global Management
Honorary Doctorate, University of South Carolina
Honorary Doctorate, Pepperdine University
Honorary Doctorate, Finlandia University

(Current as of October 2019)



BIOGRAPHY



UNITED STATES AIR FORCE

GENERAL DAVID L. GOLDFEIN

Gen. David L. Goldfein is Chief of Staff of the U.S. Air Force, Arlington, Va. As Chief, he serves as the senior uniformed Air Force officer responsible for the organization, training and equipping of 685,000 active-duty, Guard, Reserve and civilian forces serving in the United States and overseas. As a member of the Joint Chiefs of Staff, the general and other service chiefs function as military advisers to the Secretary of Defense, National Security Council and the President.

Prior to assuming his current position, General Goldfein was the Vice Chief of Staff of the U.S. Air Force, where he presided over the Air Staff and served as a member of the Joint Chiefs of Staff Requirements Oversight Council and Deputy Advisory Working Group. Before serving as the Vice Chief, General Goldfein was the Director, Joint Staff, the Pentagon, Arlington, Va.

General Goldfein received his commission from the U.S. Air Force Academy in 1983. He is a graduate of the U.S. Air Force Weapons School and is a command pilot with more than 4,200 flying hours in the T-37, T-38, F-16C/D, F-117A, MQ-9 and MC-12W. He has flown combat missions in operations Desert Shield, Desert Storm, Allied Force and Enduring Freedom.

EDUCATION

- 1983 Bachelor of Science degree in philosophy, U.S. Air Force Academy, Colorado Springs, Colo.
- 1986 Squadron Officer School, by correspondence
- 1987 Master's degree in business administration, Oklahoma City University, Okla.
- 1992 Fighter Weapons Instructor Course, Nellis Air Force Base, Nev.
- 1995 Air Command and Staff College, Maxwell AFB, Ala.
- 1998 Air War College, by correspondence
- 2001 National Defense Fellowship, State Department Senior Seminar, Arlington, Va.



ASSIGNMENTS

1. October 1983 - October 1984, student, undergraduate pilot training, Sheppard AFB, Texas
2. October 1984 - February 1988, T-38 instructor pilot, 90th Flying Training Squadron, Sheppard AFB, Texas
3. February 1988 - January 1992, F-16 instructor pilot and flight commander, 17th Tactical Fighter Squadron, Shaw AFB, S.C.
4. January 1992 - June 1992, student, USAF Fighter Weapons Instructor Course, Nellis AFB, Nev.
5. June 1992 - July 1994, squadron weapons officer and Chief, Wing Weapons and Tactics, 366th Composite Wing, Mountain Home AFB, Idaho
6. July 1994 - June 1995, student, Air Command and Staff College, Maxwell AFB, Ala.
7. June 1995 - May 1996, special assistant to the Commander, Allied Air Forces Southern Europe and 16th Air Force, Naples, Italy
8. May 1996 - August 1997, executive officer to the Commander, U.S. Air Forces in Europe, Ramstein Air Base, Germany
9. August 1997 - June 1998, operations officer, 555th Fighter Squadron, Aviano AB, Italy
10. June 1998 - July 2000, Commander, 555th Fighter Squadron, Aviano AB, Italy
11. July 2000 - June 2001, student, National Defense Fellow, State Department Senior Seminar, Arlington, Va.
12. July 2001 - July 2002, Deputy Division Chief, Combat Forces, Headquarters U.S. Air Force, Arlington, Va.
13. August 2002 - July 2004, Commander, 366th Operations Group, Mountain Home AFB, Idaho
14. July 2004 - June 2006, Commander, 52nd Fighter Wing, Spangdahlem AB, Germany
15. June 2006 - January 2008, Commander, 49th Fighter Wing, Holloman AFB, N.M.
16. January 2008 - August 2009, Deputy Director of Programs, Office of the Deputy Chief of Staff for Strategic Plans and Programs, Headquarters U.S. Air Force, Arlington, Va.
17. August 2009 - August 2011, Director of Operations, Air Combat Command, Joint Base Langley-Eustis, Va.
18. August 2011 - July 2013, Commander, U.S. Air Forces Central Command, Southwest Asia

19. August 2013 - August 2015, Director, Joint Staff, the Pentagon, Arlington, Va.
20. August 2015 - July 2016, Vice Chief of Staff of the U.S. Air Force, Arlington, Va.
- 21 July 2016 - present, Chief of Staff of the U.S. Air Force, Arlington, Va.

SUMMARY OF JOINT ASSIGNMENTS

1. June 1995 - May 1996, special assistant to the Commander, Allied Air Forces Southern Europe and 16th Air Force, Naples, Italy, as a major
2. May 1996 - August 1997, executive officer to the Commander, Allied Air Forces Europe, Ramstein AB, Germany, as a major
3. August 2013 - August 2015, Director, Joint Staff, the Pentagon, Arlington, Va., as a lieutenant general

FLIGHT INFORMATION

Rating: command pilot
Flight hours: more than 4,200
Aircraft flown: T-37, T-38, F-16C/D, F-117A, MQ-9, and MC-12W

MAJOR AWARDS AND DECORATIONS

Defense Distinguished Service Medal with oak leaf cluster
Legion of Merit with two oak leaf clusters
Distinguished Flying Cross with Valor device and oak leaf cluster
Meritorious Service Medal with two oak leaf clusters
Air Medal with silver and bronze oak leaf clusters
Aerial Achievement Medal with oak leaf cluster
Joint Service Commendation Medal
Air Force Commendation Medal with oak leaf cluster
Air Force Achievement Medal

PUBLICATIONS

"Sharing Success, Owning Failure: Preparing to Command in the Twenty-First Century Air Force," Air University Press, October 2001

EFFECTIVE DATES OF PROMOTION

Second Lieutenant June 1, 1983
First Lieutenant June 1, 1985
Captain June 1, 1987
Major Nov. 1, 1994
Lieutenant Colonel Jan. 1, 1998
Colonel April 1, 2001
Brigadier General Oct. 1, 2007
Major General July 3, 2010
Lieutenant General Aug. 3, 2011
General Aug. 17, 2015

(Current as of July 2016)