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BY THE COMMITTEE**

STATEMENT OF

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(INSTALLATIONS AND ENVIRONMENT)

BEFORE THE SUBCOMMITTEE ON

MILITARY CONSTRUCTION AND VETERANS AFFAIRS

OF THE HOUSE APPROPRIATIONS COMMITTEE

March 12, 2009

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Introduction. Mr. Chairman and members of the Subcommittee, it is a pleasure to appear before you to discuss the Army's housing programs and initiatives. The outcomes of our housing efforts are crucial to the success of the Army's strategic imperatives to Sustain, Prepare, Reset, and Transform the force. We appreciate the opportunity to report on them and respond to your questions. We would like to start by thanking you for your support to our Soldiers and their Families serving our Nation around the world. They are and will continue to be the centerpiece of our Army, and their ability to successfully perform their missions depends upon Congressional support.

The Army's strength is its Soldiers – and the Families and Army Civilians who support them. The quality of life we provide our Soldiers and their Families must be commensurate with the quality of their service. The right and necessary combination of funding, program execution, and oversight, will enable Soldiers and their Families to receive the facilities, care, and support they need to accomplish those tasks our national leaders ask them to perform.

Overview. The Army's Campaign Plan is predicated on rebalancing the force in an era of persistent conflict. A renewed focus and investment in our housing, single Soldier, and Family programs are key elements for finding that balance. Among the challenges we face are: high operations tempo, frequent deployments, an aging barracks inventory that requires constant management attention, repairs, and maintenance until new construction projects are completed, the impact of the financial market turmoil on our ongoing privatization and partnership efforts, and major stationing changes due to BRAC, Grow the Army, and Global redeployments.

Family Housing. While details on the forthcoming FY 2010 budget are still being finalized and have not been released, we expect it, when released in April, will continue our significant investment in our Soldiers and their Families by supporting our goal to have contracts and funding in place to build new homes at enduring overseas locations and provide the Army's investment at privatized sites to eliminate housing

deficits created by increased troop strength and restationing decisions. The forthcoming budget will also support staff and facilities required to enhance services to provide housing assistance for Soldiers and Families that live off post.

For major Grow the Army (GTA) sites where Housing Market Analyses (HMAs) show an insufficient end-state of available Family Housing, we are programming additional government equity contributions to our existing Residential Communities Initiative (RCI) partnerships to build additional Family Housing units.

Similarly, at GTA sites where we anticipate major community shortfalls in available private housing, we have hosted a community "Housing Industry Forum" to encourage private developers to consider building appropriate housing units to satisfy the likely demand for Family Housing in the community. We hosted a forum at Fort Drum, New York and will be hosting another at Fort Bliss, Texas in April. To avoid the risk of encouraging overdevelopment in a declining real estate market, we are very careful to schedule such Industry Forum events only in GTA communities where a large and verifiable housing shortfall exists.

Barracks. The President has made it clear in his recently released FY 2010 Budget Overview that funding for barracks will continue to be a priority: "Therefore, the Budget continues to sustain and modernize barracks and dormitories housing servicemembers around the world and works to end all inadequate housing for military families." (*A New Era of Responsibility*, February 2009)

The Army's goal is to provide Barracks for all Soldiers – permanent party, trainees, Wounded Warriors, and Guard and Reserve. Our overarching strategy is to buy out all inadequate Permanent Party barracks by 2013, by removing any Barracks with common area latrines and improving our Barracks complexes as a whole. The last inadequate buildings will be funded for construction and renovation in 2013, and occupied in 2015. We are buying out our Training Barracks by 2015; and will occupy them by 2017.

With all barracks, we are building fully-functional complexes which integrate living, working, and training. We are programming these complexes at major Grow the Army (GTA) installations.

Since last year, the Army has conducted a sweeping inspection of over 3,300 barracks worldwide, and 146,500 rooms, to ascertain the extent of the maintenance and facility issues we still have. All identified barrack deficiencies were ordered corrected throughout the Installation Management Command, and any soldier found living in a substandard room has been, and will be, relocated.

We have made changes to the way we manage our barracks by standing up maintenance teams at each installation to focus on barracks' quality of life. We placed sergeants major at directorates of public works, beginning with our 16 largest installations, to assist in barracks readiness. And we have transferred barracks ownership from deploying units to the garrison in order to better maintain them at an acceptable standard.

We are now centrally managing our barracks and our training, and tracking our barracks' quality of life monthly.

This collection of reforms now forms the backbone of what we call our First Sergeants Barracks Initiative (FSBI).

Additionally, we have reprioritized hundreds of millions of dollars since last year to address our most urgent priorities, representing dozens of projects across numerous installations. Mold is our largest problem, most prevalent in the southeast, but is an issue that must be vigilantly monitored across all of our installations.

Each installation has the capability to test mold and take immediate corrective measures, including Soldier reassignment. We are applying several engineering initiatives to reduce mold growth in the short, medium, and long term.

I'm confident we can improve the quality of life for our soldiers serving our nation so proudly. The Army has invested \$13 billion since 1994 to modernize our barracks, get soldiers out of the old barracks, and build new, modern barracks, with more space and amenities.

We are proud of these efforts, but still have several years and billions of dollars to go before our barracks will be brought to standard; 79.4 percent of our barracks were built in 1979 or earlier; 35 percent are 50 to 60 years old, just like the barracks that were brought to *You Tube* infamy.

We must continually triage these old barracks to keep them livable. To cope with this challenge, the Army has invested \$975 million since 2005 to sustain our barracks awaiting replacement. We will require a continual investment and sharp leadership focus to maintain these barracks until we complete our buyout plan in 2015 and have beneficial occupancy in 2017.

Army Family Covenant. The Secretary and Chief of Staff of the Army have established seven initiatives supporting the Army Campaign Plan. The second Army Initiative, termed "AI #2", recognizes the strength of our Army comes from the strength of our Army Families, and aims to enhance quality of support to Soldiers and Families to preserve the All Volunteer Force. Subsequently, Army leadership unveiled the Army Family Covenant. The Covenant, which articulates AI #2 goals, institutionalizes the Army's commitment to provide Soldiers and Families, active, Guard and Reserve, a quality of life commensurate with their commitment and service and recognize the important sacrifices they make every day to defend the Nation. The Covenant commits the Army to improve Family readiness by standardizing Family programs and services, increasing accessibility to health care, improving Soldier and Family housing, ensuring excellence in schools, youth and child services and expanding education and employment opportunities for Family members.

The Army Family Covenant has had significant progress to improve Family Readiness. The Covenant is enduring and continues a legacy of service and support to

Soldiers and Families. It reflects a continuum of Army dedication to sustain and partner with Soldiers and their Families to build an environment where they can prosper and realize their potential, all essential in sustaining an All-Volunteer Force.

Soldier and Family Action Plan and Military Housing. The Soldier and Family Action Plan provides the roadmap to make the Army Family Covenant a reality and improve and/or address gaps in existing Soldier and Family programs and services. Soldier and Family housing is an important line of operation within the plan and focuses on five sub initiatives; improving family housing, improving single Soldier housing, increasing housing opportunities for mobilized Guard and Reserve Soldiers, developing and resourcing housing for Warriors in Transition, and enhancing Army housing services.

Army Family Housing (AFH) Privatization. Focused funding and housing initiatives ensure we are providing the best possible housing for all of our Soldiers, married or single. Army Housing Programs build on our commitment to our Soldiers and Families, and these programs align with and support the Army Family Covenant (AFC) as a means to achieving and sustaining a deserved quality of life (QOL).

Military housing privatization is one of the Army's most important QOL initiatives for Soldiers and their Families. Housing privatization has capitalized on the idea of leveraging housing assets and Appropriated Funds to obtain private sector capital and expertise to build, renovate, operate and maintain quality military housing. To do this, the Army has partnered with nationally recognized developers, property managers and financial institutions who are assuming the responsibilities for managing, maintaining, renovating and constructing housing in accordance with a negotiated scope of work and fee structure.

The Residential Communities Initiative (RCI) program is the Army's primary military housing privatization initiative, and Army has experienced tremendous successes with RCI. Currently, the Family Housing RCI program is comprised of 45

installations (combined into 35 projects) with a planned end state of 90,272 homes. As of January 1, 2009, RCI has privatized 39 of 45 installations (85,734 homes at end state), built 17,948 homes, and renovated another 13,215 homes. The last RCI projects will be awarded by 2010, and the remaining 14,084 privatized inadequate homes will be replaced or renovated by 2016.

Privatization of Army Lodging (PAL). Building on the successes of the RCI Family Housing program and using its processes and model, the Army embarked on a program in 2003 to develop a privatization program for its lodging facilities and operations in the U.S. Lodging privatization leverages private sector resources, business practices and innovations to achieve and sustain quality transient accommodations for official travelers (temporary duty and permanent change of station).

PAL demonstrates Army's commitment to providing quality transient housing to improve the QOL of life of Soldiers and Families, many of whom stay in lodging for up to 6 months. The Group A project (one of three Groups) was awarded to Actus Lend Lease, who partnered with InterContinental Hotels Group (IHG). IHG brands that will be used in the project are Candlewood and Staybridge Suites (new hotels) and Holiday Inn Express (renovated rooms). An end state of 17,500 rooms is expected to be rolled out in three privatized groups. The first group, Group A, contains 10 installations and an end-state of 4,166 rooms.

Barracks Privatization. The Army in 2004 awarded its first military housing privatization project for senior single Soldiers. In March 2004, Fort Irwin RCI included 200 UPH apartments for senior single Soldiers due to the shortage of adequate, affordable off-post rentals. In 2005, Army approved expansion of the Fort Drum RCI project to include UPH apartments, and in 2006, the Army approved expansion of the program to Forts Stewart, Bragg and Bliss for a total of 1,396 apartments (total of 1,804 rooms). At Fort Irwin, the first apartments opened in September 2008 and all 200 will be available by July 2011. At Fort Stewart, the first apartments opened in November

2008 and all 334 will be available by January 2010. At Fort Ft Bragg, the first apartments opened in February 2009 and all 312 will be available by July 2010. At Fort Drum, the first apartments opened in February 2009 and all 192 will be available by May 2009. Finally, at Fort Bliss, that project includes 358 apartments and privatization and new construction are expected during 2009.

We are in the process of collecting and analyzing the lessons learned from these pilots. We are also aware that many Soldiers, Families, and their elected Members of Congress are interested in the question of whether the successes from the Residential Communities Initiative (RCI) can be more broadly applied to the barracks and unaccompanied personnel housing (UPH) area. Some have recommended that the Army expand barracks privatization to all ranks, including single junior enlisted Soldiers.

The Army has not formulated a formal position on expanding on its current pilot projects for barracks privatization and is working to complete a Congressionally directed feasibility study to assess whether there is a sufficient business case to justify undertaking UPH privatization to other sites or ranks. We had hoped to have this study in your hands already, but the estimated completion date has been postponed to the end of Fiscal Year 2009 in order to fully assess the stability and the unprecedented dynamics in the private capital markets, as well as update the results of the current UPH privatization pilot initiatives. The study will focus on possible ways that UPH privatization could help supplement, not supplant, housing initiatives and programs for the single Soldiers.

Taken as a whole, RCI Family Housing, PAL, and RCI UPH are focused on total residential communities, not just homes and lodging. Performance is measured by the Soldiers' satisfaction with housing and lodging, through established performance metrics, the continuous enhancement and preservation of the housing and lodging assets over the life of the project, the mitigation of project risks, the successful completion and sustainability of the housing and lodging development scope of work, and sound financial management for the 50-year periods of the projects.

Warrior Transition Unit Housing. The Army's 8,584 Warriors in Transition (WTs) at 36 Warrior Transition Units (WTU) are currently housed in interim facilities that have been modified to remove barriers to improve accessibility and amenities. Every WT is assigned a suitable room, preferably on-post, close to the Medical Treatment Facility (MTF). In general, WTs are assigned to the best available facilities on post. The specific location is a decision reached by the Senior Mission Commander, MTF, and Garrison Commander based on various factors (i.e., needs of WTs, proximity to MTFs, transportation network, and an environment that promotes healing).

The new permanent WT facilities we are programming will exceed the standards required in the Americans With Disabilities Act and the Uniform Federal Accessibility Standards (UFAS).

Conclusion. The Army has put policies, procedures, leadership focus, and additional resources into place to ensure that we continue to make steady progress towards buying out our barracks requirements, and then maintaining them to standard. We have successful privatization programs to build and maintain Family Housing, and we are implementing new oversight mechanisms to ensure that our RCI, PAL, and UPH privatization pilot projects weather the financial and credit market storms currently battering the global economy. And we will continue to program military construction and repair projects at overseas enduring locations so that Soldiers and Families defending our nation abroad receive the quality of life commensurate with their service.