

**Statement of the Honorable John Garamendi
Chairman, Readiness Subcommittee
“Privatized Housing: are Conditions Improving for Our Military
Families”**

December 5, 2019

Good afternoon.

Ladies and gentlemen, I call to order this hearing of the Readiness Subcommittee of the House Armed Services Committee.

Since February of this year, this subcommittee has been conducting extensive oversight of the privatized military family housing program. We first heard about the systemic failures in the privatized military family housing program from a panel of courageous military spouses who provided graphic and disturbing testimony about lead and mold exposure, rodent infestations, rude and dismissive housing management, and ineffective oversight of the program by the services. Then we heard from the assistant military service secretaries on their efforts to address the failures of oversight that led to the privatized military housing crisis, and their plans to continue making improvements. Today, we hear from five of the private military housing partners for their perspectives and plans for bringing family housing back to the level our military families deserve.

I also want to make one thing clear – while we do not have all of the private military housing partners present today, that in no way means that those not present are off the hook. Our oversight will continue and we're watching you too. I've heard troubling reports about The Michaels Organization/Clark Reality Capital. I am particularly concerned by the reports about the abusive use of non-disclosure agreements. For all housing partners, whether you are here with us today or not, I am putting you on notice that this behavior will not be tolerated. It's deeply troubling that I am still getting reports that certain partners continue to show a blatant disregard for the seriousness of the issues facing our military families and, frankly, a lack of respect for our service members and their families – they deserve better.

While it is clear that the private partners and military services have been working to improve conditions and processes since we heard from families in February, this committee and many of our Members still hear from concerned military families who continue to struggle with getting quality resolution to maintenance concerns and unprofessional property management staff. There is work yet to be done, and we will continue to follow-up on these issues until they are resolved to our satisfaction.

One of the themes that has permeated our discussions about privatized family housing is the issue of ineffective management, particularly at the

installation level. The symptoms of this problem have taken many forms including disrespectful customer service personnel, inexperienced maintenance teams performing low quality maintenance, and negative consequences resulting from the wrong contract performance incentives. We have heard about Department of Defense initiatives to address these issues, but because day to day management is within the purview of the private partner, I am interested in hearing what you have done to change the culture at the installation level.

As military services have re-committed to their oversight role, they are working to improve their processes and refine the metrics that we use to measure the performance of each housing project. I am looking forward to hearing from our witnesses about the degree to which they are cooperating with these initiatives, and the steps they are taking to ensure that the housing enterprise is as transparent as possible. Counterproductive practices such as closing maintenance work orders before problems are resolved in order to artificially bolster closure statistics or asking tenants to sign non-disclosure agreements as a matter of routine when they move out of a unit, are unacceptable.

You've had more than enough time to assess and scrutinize the problems, and as we move into 2020 the focus must be on action. Not only must corrective policies and processes be instituted across the enterprise, but you must develop mechanisms to ensure the sustainment of positive change and the sharing of best

practices to ensure our families receive high quality housing regardless of where they live. We ask our service members and their families to sacrifice enough in service to their country, we will not ask them to accept sub-standard housing as well. They deserve better and this Committee will demand that they get it.

With that, I would like to turn to our Ranking Member, Congressman Doug Lamborn of Colorado, for any remarks he may have.