

[H.A.S.C. No. 116-51]

**PRIVATIZED HOUSING:  
ARE CONDITIONS IMPROVING  
FOR OUR MILITARY FAMILIES?**

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HEARING

BEFORE THE

SUBCOMMITTEE ON READINESS

OF THE

COMMITTEE ON ARMED SERVICES  
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

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HEARING HELD  
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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON ARMED SERVICES,  
SUBCOMMITTEE ON READINESS,  
*Washington, DC, Thursday, December 5, 2019.*

The subcommittee met, pursuant to call, at 1:00 p.m., in room 2118, Rayburn House Office Building, Hon. John Garamendi (chairman of the subcommittee) presiding.

**OPENING STATEMENT OF HON. JOHN GARAMENDI, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, SUBCOMMITTEE ON READINESS**

Mr. GARAMENDI. My colleague, Mr. Lamborn, is definitely tied up with voting that is going on in the Natural Resources Committee. He will be along shortly. Mr. Scott will stand in for him and we will pick up Mr. Lamborn. You can either—

Mr. SCOTT. I will read his statement.

Mr. GARAMENDI. You will read his statement. Very good.

Before we get started, I request unanimous consent that a member of the full committee be allowed to join us, Mr. Brown who is behind me, and participate in the questions. And there is a formal way. I ask unanimous consent that a non-subcommittee member be allowed to participate in today's hearing after all the subcommittee members have had an opportunity to ask questions. Is there an objection?

There being none, the non-subcommittee member is recognized at the appropriate time for 5-minute question.

Okay, with that the committee will come to order. Ladies and gentlemen, I call the committee to order, the Readiness Subcommittee, the Armed Services Committee.

Since February of this year, this subcommittee has been conducting extensive oversight of the privatized military 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, mold exposure, rodent infestations, rude and dismissive house 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 the plans of the services to continue to make improvements. Today, we will hear from five of the private military housing partners for their perspective and, im-

portantly, their 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 privatized military housing partners present today, that in no way means that those who are not here are off the hook. We are watching them. We expect them to do right by the military families that they provide services to. Our oversight of this issue will continue, and we are watching not only those five that are here, but those who are not.

I have heard troubling reports about the Michaels Organization, Michaels Organization/Clark Realty Capital. I am particularly concerned by reports about the abusive use of nondisclosure agreements. For all of the housing partners, whether you are here today, I am putting all of you on notice that this committee will be watching, and we will not tolerate in any way the abusive and problems that we have seen. It is deeply troubling that I am still, after these months, 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 first heard from the families in February, this committee and many of our members still hear from concerned military families who continue to struggle with getting quality resolution of the maintenance concerns and some of the 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 the satisfaction of the military families and this committee.

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 wrong contract performance incentives. We have heard about the 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 to say about what you are doing to change the culture at the installation level.

As military services have recommitted 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 today about the degree to which they are cooperating with these initiatives and the steps that they are taking to ensure that the housing enterprise is as transparent as possible.

Counterproductive practices such as closing maintenance work orders before the problems are resolved in order to artificially bolster closure statistics or asking tenants to sign nondisclosure agreements as a matter of routine when they move out of a unit are simply unacceptable.

As we move into 2020, the focus now must be on action. Not only must corrective policies and processes be instituted across the en-

terprise, 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 accept substandard housing as well. These families deserve better and this committee will demand that they get the best.

[The prepared statement of Mr. Garamendi can be found in the Appendix on page 33.]

Mr. GARAMENDI. Mr. Lamborn, thank you so much for joining us. I have explained that you were in a committee markup casting votes. I am sure that they were all to——

[Audio malfunction in hearing room.]

Mr. GARAMENDI. Mr. Lamborn, please.

**STATEMENT OF HON. DOUG LAMBORN, A REPRESENTATIVE FROM COLORADO, RANKING MEMBER, SUBCOMMITTEE ON READINESS**

Mr. LAMBORN. You will be just as satisfied. And thank you for having this hearing. Thank you all for being here as witnesses. Thank you for everyone in the audience showing your concern.

Today, we will hear testimony from five of the companies that make the privatized military family housing model work. As someone whose district has almost 48,000 military members, and like the chairman, I have also been deeply troubled by the lack of oversight of this program and our military families deserve better.

Our committee has heard significant concerns about insufficient mold remediation and terrible customer service at numerous military installations, most recently at MacDill Air Force Base Florida and Fort Belvoir. We are not going to address them today, but there have also been allegations of fraud in a few extreme cases.

Now, according to a survey released earlier this year by the Military Family Advisory Network, 63 percent of Fort Carson respondents who live in my district said their units needed better maintenance, repairs, or remediation. The committee has heard horror stories about mold, rat infestations, and what could generously be described as poor customer service.

The Military Housing Privatization Initiative began as public/private ventures or P/PVs in 1996 as means to modernize family housing, improve efficiency, and grow reserve accounts for future investments. Oversight of the program is challenging because each military department manages their programs differently and the respective projects are governed by unique legal agreements. The Army has a total of 35 projects, the Navy and Marine Corps have 15, and the Air Force has 32.

Oversight is further complicated for Army and Navy projects because they are partners with the developers in limited liability companies with both sides investing capital. My sincere hope is that the attention the military family housing has received over the last year has served as a wake-up call to both the military partners and to the housing partners. We need this model to work, but not at the expense of military families. Every dollar wasted through mismanagement or incompetence diminishes the long-term viability of the reserve accounts that are vital for future recapitalization.

The House and Senate both passed significant bipartisan legislation in their defense bills this year and I look forward to enacting meaningful reform. First and foremost among these will be a tenant's bill of rights. The military departments have an inherent responsibility to provide oversight for these projects. A recent Air Force IG [Inspector General] report found "a pervasive misperception that when housing was privatized it was effectively outsourced. Leaders at many levels did not actively engage as they might have on other issues, based upon misunderstanding of their authority."

We have heard from Army families that some installation commanders characterized the government as the weaker or 49 percent partner in these housing agreements, implying that they have limited means to address shortcomings. Oversight is inherently governmental, and it is not optional. On some installations there is confusion regarding the identity of the installation housing office and the office of the housing partner or third-party management company. It should be crystal clear to a family whether they are speaking to someone representing the installation commander or to a representative of the housing partner.

And we must simultaneously reform while preserving the financial footing of the privatized housing projects. A 2018 GAO [Government Accountability Office] report highlighted and found that the military departments vary in the extent to which they use measure of future sustainment needs and funding to assess project sustainability. I am beginning to question the wisdom of the fiscal waterfall and why the recapitalization accounts are only paid after P/PV management partners and bond holders are paid. So, I look forward to hearing more from our witnesses about their perspectives on the program overall, the actions they have taken to address any health and safety concerns and to improve customer service. We would also appreciate their thoughts on improving the overall program going forward.

Thank you, Mr. Chairman, and I yield back.

[The prepared statement of Mr. Lamborn can be found in the Appendix on page 35.]

Mr. GARAMENDI. Thank you, Mr. Lamborn. It has been good to work with you on this problem and I know that we will continue to do so.

I would now like to welcome our witnesses: Mr. John Picerne, CEO [Chief Executive Officer] of Corvias Group, LLC; Mr. John Ehle, President of Hunt Military Communities; Mr. Denis Hickey, CEO of Lendlease Americas; Mr. Rick Taylor, President, Facility Operations, Renovations and Construction for Balfour Beatty Communities; and, Mr. Jarl Bliss, President of Lincoln Family Housing.

Gentlemen, your formal testimony will be put into the hearing record. In the interest of time, which we are unfortunately limited today because votes will occur sometime after 2:00, perhaps hopefully as late as 2:30, I would ask you to limit your testimony and summarize to 3 minutes.

So, let's start with Mr. Picerne. My apologies for the pronunciation.

**STATEMENT OF JOHN G. PICERNE, FOUNDER AND CHIEF  
EXECUTIVE OFFICER, CORVIAS GROUP, LLC**

Mr. PICERNE. Perfect. Thank you, Mr. Chairman, Ranking Member Lamborn, and members of the committee. Thank you for the opportunity to appear before you today. My name is John Picerne and I am the founder and CEO of Corvias. I am here on behalf of 950 dedicated team members who support our service members and their families. Many of our employees are veterans or spouses of Active Duty military members. These talented people are generally committed to supporting those who protect and defend our Nation. It is my honor to serve in this capacity.

When I was first introduced to the massive challenge facing the Department of Defense with its struggling housing program, I was moved by how poorly we as a Nation were caring for our military personnel in what was the most personal way of all, their homes. The DOD [Department of Defense] was committed to creating a real long-term solution and with our experience I believed we were well suited to help.

When I founded our company some 20 years ago, we set out to create something that could fix the housing challenges that were facing our military, and after 9/11 a very important job became a vocation. When I was last on the Hill in February, I said I was sorry in no uncertain terms. I apologized for the issues some of the residents were dealing with. I said we would do whatever it takes to do right by all of our residents. Today, I want to tell you a few of the things that we have done since I apologized nearly 10 months ago.

Since early in 2019, we have been making changes in a concerted effort to get back to the gold standard. The gold standard of resident service will be known when we have deployed service members who are able to speak to their families about their daily lives, what is happening at school and not about problems they are experiencing within their housing. We will know that we have achieved the gold standard when our residents talk about Corvias and the things that they are doing at resident events, strong sense of community, and a team that has helped create a better living environment.

With that goal in mind, we added neighborhood staff to work directly with families. We moved our resident service call centers back onto the installations so that our residents talk to somebody right down the street as opposed to a central call station. We launched the Corvias resident portal so that residents can use their smart phone or laptop to place service calls, track progress, and let us know if we have gotten the job done right. We established the role of resident advocate to work as an ombudsman for those families with more challenging issues. From the early days of the MHPI [Military Housing Privatization Initiative] program it was well understood that to give our service members the homes they deserved, the program needed to operate in a consistent state of development, construction, and financing.

Solving the housing challenges has always been based on a regular investment in homes, building new homes while maintaining homes both new and old and investment in these homes is an investment in the service member. That is why we have injected new

money into the program, \$325 million of private capital in 2019 with another \$150 million prepared for 2020. We are also putting close to \$200 million to work from our partnership reserves, \$675 million all together at no cost to the government.

These investments will be used to replace or completely upgrade some of the most challenging homes we maintain. More than 16,000 homes we brought up to higher energy standards, like new heating and air conditioning systems that give residents a better home experience while saving the program nearly \$300 million over the course of the next 30 years. As someone who has been in the program for nearly 20 years, I can say from personal experience that the homes that we inherited were in terrible shape and in many cases uninhabitable.

Through the MHPI program we were able to upgrade or replace thousands of older homes in the early years. However, to date, 46 percent of our homes in our military portfolio were built before 1980 and some as old as 1870. As we look into the future, there is a lot to be encouraged about and some real challenges as well. The priority is to deliver gold standard resident service, service older homes that cost more each year to maintain, and drive constant investment in new homes and renovations.

Corvias will continue to work tirelessly for our families. We will keep innovating, finding new answers to give service members the homes and residence experience they deserve. We are proud to serve our military women and men as we believe there is no higher calling in our industry. I thank you for this time and look forward to your questions and dialogue.

[The prepared statement of Mr. Picerne can be found in the Appendix on page 37.]

Mr. GARAMENDI. Thank you.

Mr. Ehle.

#### **STATEMENT OF JOHN EHLE, PRESIDENT, HUNT MILITARY COMMUNITIES, HUNT COMPANIES, INC.**

Mr. EHLE. Chairman Garamendi, Ranking Member Lamborn, and distinguished members of the subcommittee, good afternoon. My name is John Ehle. I am president of Hunt Military Communities. Thank you for the opportunity to be here.

At Hunt, we are entrusted to build quality communities for America's heroes. We take that responsibility very seriously. During the Senate hearing in February, it became obvious to us that there were families living in our homes whose voices were not being heard. We lost their trust, we are sorry, and we want to get it right. We have heard our residents loud and clear and we are singularly focused on rebuilding their trust in us and improving their living experience.

Over the past year, we have been working diligently on that front. First, we recognize that quality homes and resident services depend on open and regular communication with our residents. We need to hear from all of our military families in order to address their issues. We have made a number of improvements to make it easier for our residents to communicate with us. In addition, we understand that maintenance is a critical part of providing quality

homes, and earlier this year, it became clear to us that we had substantial room for improvement.

While maintenance issues will inevitably arise, it is our goal to provide professional, transparent, and timely service. In the last year, we have enhanced maintenance processes, added key positions, and improved training. Finally, we are actively supporting reforms to ensure the long-term success of the MHPI program. We are by no means perfect and there have been times when our performance has fallen short of our residents' expectations.

We are committed to taking the necessary actions to rebuild the trust between Hunt and our residents. We have made progress over the past year, but our work is far from done. Thank you for the opportunity to testify today. I look forward to hearing your thoughts and answering any questions.

[The prepared statement of Mr. Ehle can be found in the Appendix on page 53.]

Mr. GARAMENDI. Thank you.

Mr. Hickey.

**STATEMENT OF DENIS HICKEY, CHIEF EXECUTIVE OFFICER,  
LENDLEASE AMERICAS**

Mr. HICKEY. Chairman Garamendi, Ranking Member Lamborn, and distinguished members of the subcommittee, my name is Denis Hickey. I am chief executive of Lendlease Americas. Lendlease is a proud partner of the Department of Defense and——

Mr. GARAMENDI. Pull the microphone up closer.

Mr. HICKEY. Sorry.

Lendlease is a proud partner of the Department of Defense and we have the privilege of overseeing 40,000 homes that contain over 130,000 people who call Lendlease communities home.

Mr. Chairman, the issues being discussed here today are critical for both Lendlease and for me personally. No family, much less a military family, should be subjected to living in substandard housing conditions and I reiterate our apology for any creation that we have caused in this instance.

At Lendlease we are proud of the work we do to take care of our military families. However, we realize we have more work to do and we must continually improve. As an example, Lendlease processed over 400,000 service orders per year. Last month, we processed approximately 25,000 service orders across our homes. Pleasingly, 97 percent of these orders were successfully completed on time and function. We think this is a good result and we are proud of that. However, it does mean that 3 percent of those orders were not effectively processed on time and that is the big issue.

So, Mr. Chairman, members of the committee, that 3 percent is my central focus. What can we do to get that number down? How can we take care of these families more quickly and more effectively than we currently are? On the road to improve our performance, we have recently taken the following steps.

Firstly, we have significantly increased our focus on customer service. We have added new staff, new suppliers, new contractors, and have instituted new training modules to train our staff. For example, we have instituted a maintenance academy to train all of our maintenance people. Secondly, we have introduced new resi-

dent smart phone app. This contains a volume of information easily accessible to residents, including the ability for them to initiate and track service requests. The use of this app has doubled in the last 6 months across our communities.

Thirdly, we have introduced new mold-inhibiting protocols. These include new mold painting techniques, enhanced filter protections, new ventilation systems, and other initiatives. Fourthly, we are continuing to invest in digital technology to improve all aspects of our business. This includes modules that improve customer service, greater data analytics, and the adoption of digital twin technology that better uses predictive maintenance technology across new homes being built.

Finally, Mr. Chairman, I am particularly proud of the work that we have done in establishing the resident advisory boards in our communities. Our objective is to create an open and transparent environment where residents work collaboratively with us in order to create an active and engaged community. We looked to other sectors for inspiration and identified the school and PTA [Parent Teacher Association] model as the benchmark. We all know that when you see a strong PTA, you see a strong school.

Similarly, our resident advisory boards are designed to allow residents to regularly engage with both Lendlease and the local command to work together to ensure housing issues and quality of life concerns are addressed and best practice is shared. Our goal is to have one neighborhood representative for every 400 homes and these representatives become members of the resident advisory board. In addition, Lendlease project director and garrison representative are members of this board.

We believe this initiative is already having great impact and this is evidenced by the correspondence I received last night from the Safe Military Housing Initiative which was founded by some of those military spouses who appeared before the Senate committee earlier this year who asked me to read this statement on their behalf today.

“Lendlease and their team have embraced some of the toughest critics by sitting down and building a relationship with them. These relationships have benefited the project companies and the residents on a micro and macro level. Lendlease is leveraging their best staff to help build best practice and better serve our military families. By closing gaps and changing cultures at the local and corporate levels, Lendlease has been able to build relationships with their staff, government offices, project companies, family advocates and, most importantly, the residents to improve program work and its efficacy.”

Mr. Chairman, we appreciate the work this committee has done to find sensible solutions to improve the quality of privatized military housing and we remain committed to being part of the solution. I look forward to your questions.

[The prepared statement of Mr. Hickey can be found in the Appendix on page 69.]

Mr. GARAMENDI. Thank you.

Mr. Taylor.



**STATEMENT OF RICHARD C. TAYLOR, PRESIDENT, FACILITY OPERATIONS, RENOVATIONS AND CONSTRUCTION, BALFOUR BEATTY COMMUNITIES**

Mr. TAYLOR. Good afternoon, Chairman Garamendi, Ranking Member Lamborn, and distinguished members of the subcommittee. My name is Rick Taylor, president of Facility Operations, Renovations and Construction for Balfour Beatty Communities and I appreciate the opportunity to testify before you today.

We take the responsibility of serving those who serve our country very seriously. We have heard your concerns and those of our residents loud and clear, and on behalf of Balfour Beatty Communities I would like to apologize for having fallen short of the high standards our military families deserve. We are working hard to regain the trust and confidence of our residents and our military partners. This has truly been a humbling experience. We have learned a lot and we realize we needed to transform many of the ways in which we do business in order to improve our residents' daily living experiences. That transformation is underway today and I would like to highlight just three of our transformation efforts with you now.

First, we have reorganized. This includes my appointment as president for Facility Operations, Renovations and Construction. This means there is now a president in charge of and responsible for all military housing maintenance activities. The reorganization puts me at the table with our most senior leaders in the company to ensure the highest levels of oversight and the keen focus on maintenance issues and resident support services.

As a former Navy Civil Engineer Corps officer, I am especially sensitive to the types of challenges and concerns and I am fully committed to providing solutions. Additionally, we are appointing a senior executive to the role of transformation director, another completely new position. This individual will be responsible for ensuring that an effective change management program is in place across our entire military housing portfolio.

Second, we are transforming our approach to maintenance and customer service. We have delivered live, mandatory code of conduct training to our employees to underscore the importance of business integrity and ethics. We have also delivered enhanced customer service training to our employees to reemphasize our commitment to best practices and high standards. We recently appointed a new vice president of training and we have added 130 professionals to our military housing staff, and we are empowering our residents with more transparency and control over their work order requests. Third, we are improving our mandatory environmental training for all facilities management employees, have increased monitoring of all homes for life, health and safety, and particularly mold and moisture issues. We have supplemented our local teams with additional third-party specialists, teamed with a national HVAC [heating, ventilation, and air conditioning] servicing and maintenance company, and have hired regional environmental specialists to advise our local teams, monitor environmental processes and projects, and manage that communication with our residents.

I also want to make myself clear on a particularly sensitive issue for us. Balfour Beatty Communities takes the issue of fraud very

seriously, including the allegations that certain members of our staff handled work orders inappropriately. We are already cooperating with the Department of Justice with respect to its own civil investigation into these allegations. Simultaneously, we have instructed our external counsel, Hunton Andrews Kurth, to lead an investigation across our entire military housing portfolio. Hunton, in turn, has engaged PriceWaterhouseCoopers, a leading forensic accounting firm, to undertake an extensive review of the work order system used to support our submission to request incentive fees.

To summarize, over the last 9 months, we have made efforts to transform and strengthen our management structure to increase staffing in a strategic, focused, and smart way to address our customers' concerns. Going forward, I remain encouraged and 100 percent committed to the success of the MHPI program.

I want to thank Members of Congress and your staff for reforms you are undertaking in the fiscal year 2020 NDAA [National Defense Authorization Act]. We support many of the MHPI provisions offered in the House and Senate versions, reforms that I believe will strengthen the program. For example, we wholeheartedly support the creation of a resident bill of rights, a common lease, a uniform mold policy, a uniform resident displacement policy, and standardized incentive fee metrics.

These are responsible and thoughtful reforms that will focus everybody, the Department of Defense, military providers, our residents, on standards and agreed-upon processes. The reforms will minimize ambiguity, enforce oversight, clarify responsibilities, and allow everybody's voice to be heard. I support these efforts and I believe the MHPI program will be improved because of them. Our customers deserve the very best and we are determined to deliver for them.

Thank you for your time and I look forward to your questions.

[The prepared statement of Mr. Taylor can be found in the Appendix on page 82.]

Mr. GARAMENDI. Thank you.

Mr. Bliss.

#### **STATEMENT OF JARL BLISS, PRESIDENT, LINCOLN MILITARY HOUSING**

Mr. BLISS. Chairman Garamendi, Ranking Member Lamborn, and members of the subcommittee, on behalf of Lincoln Military Housing, thank you for the opportunity to testify before your subcommittee today. My name is Jarl Bliss and I am the president of LMH. Our company welcomes this subcommittee's oversight of the Military Housing Privatization Initiative. We hope you share our view that despite recent setbacks, the MHPI is a valuable program that has improved the quality of military housing over the DOD-managed housing of the last century. We also welcome your oversight of LMH's ability to deliver the high-quality housing and property management services our Nation's heroes deserve.

Over the past year, our company has listened carefully to the concerns some families have expressed about the quality of their LMH housing. More than 1,200 LMH employees, many of whom are veterans, military spouses, or have members serving in the mil-

itary, wake up every day to serve our families with honor and integrity. But it is obvious that some of our families feel we have come up short. As the president of the organization, I apologize to our military families for the times that we have failed to live up to expectations.

Beginning in 2017, working with military families and advocacy organizations, LMH undertook a holistic review of our policies and procedures to explore how we could improve. We identified, developed, and implemented several reforms to address two main goals. The first was to improve the quality of our homes and services. The second goal was to make reforms that establish a culture of trust, transparency, and dialogue with our residents. I am pleased that as I sit here today, many of those reforms have been implemented. Let me list a few of these for you.

First, we have worked with a military family organization to identify and place advocates in over a dozen of our communities with more in the pipeline. These advocates seek to identify issues before they become problems and try to work with the families and Lincoln to resolve them. Second, our on-the-ground property managers and personnel have set a goal of proactively knocking on residents' doors even when there is no work order pending, just to check in with the resident and ask if there are any issues with the home that we need to address. In addition to addressing issues with the home, this reform also helps reestablish a culture of trust and dialogue with the families.

Third, we have been responsive to requests from residents for improved access to communications tools. We have significantly improved our mobile phone app that enables residents to submit and track work orders. We still maintain our call center in San Diego for those who prefer to call in work orders. And fourth, we have worked with our service branch partners to get public health and medical experts involved in cases involving environmental hazards more quickly, and Navy and Army have given us access to doctors and specialists who help both us and our families understand when a family should be moved while remediation is performed. These are just a few of the reforms we have undertaken. We are in the process of making further reforms, many of which we believe are consistent with several provisions in the HASC [House Armed Services Committee] and SASC [Senate Armed Services Committee] marks of the NDAA. As your subcommittees look at how LMH and other P/PVs are performing, I look forward to working with you and our DOD partners to explore new and creative ways to improve our military families' experience in our housing. We understand that the issues are not just about fixing drywall, but repairing a culture of trust with our residents, a culture that recognizes the dignity of their service to our Nation.

I look forward to your questions and, more importantly, to working with you to address the concerns of military families.

[The prepared statement of Mr. Bliss can be found in the Appendix on page 96.]

Mr. GARAMENDI. For the committee members and our guests, we are scheduled votes probably about 15 minutes from now, so I am going to pass on my questions and turn to Mr. Lamborn and then take as many of our colleagues as possible.

Mr. Lamborn.

Mr. LAMBORN. Thank you, Mr. Chairman, and for having this hearing. Thank you all for being here. My first question or two, I just want to go down the line and have a yes or no answer for the sake of time.

From your perspective, do your companies have a 51 percent controlling position in the privatized military housing agreements?

Sir, if you start and go down the——

Mr. PICERNE. The answer is no——

Mr. LAMBORN. Okay.

Mr. PICERNE [continuing]. Representative.

Mr. EHLE. The answer varies from property to property.

Mr. LAMBORN. Okay.

Mr. EHLE. So it is not as simple as yes or no.

Mr. LAMBORN. Okay.

Mr. HICKEY. Whilst the structure may look like that, it doesn't operate like that.

Mr. TAYLOR. No, sir, we do not.

Mr. LAMBORN. Okay.

Mr. BLISS. As Mr. Hickey said, the structure may say that, but the operating agreements don't call for that sort of control.

Mr. LAMBORN. Okay, thank you.

And do you agree that the government and the military has a legitimate oversight responsibility for the P/PV initiatives?

Mr. PICERNE. Absolutely. Yes, sir.

Mr. EHLE. Yes.

Mr. HICKEY. Yes.

Mr. TAYLOR. Yes, sir.

Mr. BLISS. Yes, sir.

Mr. LAMBORN. Okay, thank you. I am sure there are some great questions about specific remediation progress or lack of progress that you are making but let me jump into the financial side of things. Should Congress intercede and require that we restructure the waterfall agreements so that the result would be that reinvestment accounts have to fully paid up before everyone else gets paid?

That is something that would be a radical departure, but it is the kind of reform that we may have to look at. Any thoughts on that that you would like to offer?

Mr. PICERNE. So, Representative, I think that as the program is currently structured, it was set up and is set up so that we can continue to advance investments and have continuous investments if allowed to do so. Working with our DOD partners and with support from Congress, I think we can get there without having to go through tremendously radical changes. I do believe though that an adjustment in the waterfall to make sure that investment is consistent would be of benefit.

Mr. LAMBORN. Okay, any other thoughts or comments? Thank you. Mr. Taylor.

Mr. TAYLOR. Congressman, I think certainly it is worthwhile to consider, you know, everything should be on the table for consideration, but I would say that, you know, we have lending agreements that, you know, would have to be maintained such that debt services is paid where it is currently prescribed in the waterfall.

So that being said, you know, if we didn't disrupt that then I think that we should certainly be having that conversation about figuring out a better way to ensure long-term sustainability.

Mr. LAMBORN. Okay. Any last thoughts on that and then I will switch to another question.

Mr. HICKEY. No, I support—Congressman, I support that position. I think at the end of the day the objective is to make sure there is sufficient capital in the reserve account to undertake out-of-year development. There are a variety of solutions to do that. I think, you know, the interest of bondholders and debtholders need to be, you know, factored in mind and so therefore it would be a complex arrangement to undertake.

Mr. LAMBORN. Okay. And, lastly, for the sake of time, I will finish with this. Could someone comment on what we could do here in Congress to make your job easier so that the finances work better, so that the investments can be made to keep properties as high of quality condition as possible, so is there something, anything like with the scoring that OMB [Office of Management and Budget] calls for that we should reexamine?

Mr. PICERNE. So, Mr. Representative, I think that if we went back to the premise on the program, or the beginning of the program was based on what was known as the "Raines Memo" from OMB that was rescinded over time, so we start out with the right program and the right investment philosophy and the right investment thesis, but then change the game midstream.

So, if we just went back to that original scoring methodology that would continue to allow us to add additional, which was always the premise, additional funding sources on a going forward basis. So, if we kind of went back to the original rules, I think we would be able to solve many of the investment challenges.

Mr. LAMBORN. Anyone else on that?

Mr. HICKEY. No, Congressman, I agree with that. I think the scoring process could be reviewed. I think at the end of the day, looking for additional sources of funding is proactive if we can do that, you know, across the structures. Also, I think the other issue that is around the BAH [basic allowance for housing] process and I think that process is set annually. And whether it goes up or down regarding, you know, where it sits within relative outside the base accommodation, I think probably the optics about how that is determined is something that is very vital because that is the revenue source of the bases in its entirety. So maybe some transparency around the optics of how the BAH is calculated would be beneficial.

Mr. LAMBORN. Okay. Okay, I want to thank you all.

Oh, Mr. Bliss, did you want to finish?

Mr. BLISS. Yes, sir. I just wanted to add, I also would say anything Congress could do to create flexibility on financing that we could use private sector tools without having scoring issues, I agree with Mr. Picerne on that.

Mr. LAMBORN. Okay, thank you for your input.

Mr. Chairman, I yield back.

Mr. GARAMENDI. I thank you, Mr. Lamborn.

Presumably, votes will begin shortly. We are told that we are expected to be off the floor and back here around 2:30. So we will break and then, without objection, we will break and then return.

Ms. Horn, you are next.

Ms. HORN. Thank you, Mr. Chairman. And I want to thank this entire committee for the work that we have done on this incredibly critical issue, in a bipartisan way, and I think the beginning of the work that we have done in the NDAA for this year is critically important.

But I want to dig in a little bit more to the issues that we are talking about and what this means for our military families, because the first time I heard about these issues was at a town hall in January and a mother showed up and brought pictures of the housing that they were living in, told me about the conditions and the health impacts that their families at Tinker Air Force Base which, Mr. Taylor, is a Balfour Beatty property.

And I was angry and frustrated and hoping it was a limited problem, but sadly found out that it was not and this is why we are here today, because the issues that have already been laid out, the infestations, are rampant across Tinker and it is one of those things that is so outrageous to me that we are not taking care of our service members and their families in the way that they deserve, these people that are putting their lives on the line.

And Balfour Beatty has responsibility for 55 different facilities across 26 states, 43,000 homes and 150,000 people. That is not an insignificant impact and I am incredibly disappointed that you have failed to live up to your responsibility for taking care of the people that are living in these houses. It is cheating our military families and our taxpayers, and I have seen it firsthand. My staff and the Secretary of the Air Force and others were just out at Tinker again, there are ongoing problems, and I wish that I could say that things were all better, but they are not. Because while things—while there has been some progress, it seems like every other week there is something else that is coming out, toxic mold, safety hazards, and just week before last, November 20th, yet another report that maintenance records were being falsified to get Balfour Beatty payments that they weren't entitled to. This is not an isolated incident because there are already 65 documented instances over 2016 and 2017 of falsified maintenance records.

And according to this same November 20th report, employees of Balfour Beatty had systematically doctored records, not just at Tinker Air Force Base, but at two other bases. This is a systemic problem and one that we have to fix, and you have a lot of work to do to fix it. The image behind me is an image of one of the homes that was brought to me by the families living there at Tinker Air Force Base.

So, Mr. Taylor, my question to you is, even if times have improved, is this someplace that you would want to live or allow your family to live?

Mr. TAYLOR. Congresswoman, that picture is unacceptable, absolutely unacceptable.

Ms. HORN. Thank you. I appreciate that. It is just, to me this is unconscionable, and we have to fix it and it is going to require a lot of effort. It is going to require getting down to the heart of the

problem. Not just putting Band-Aids and painting over things and patching walls which may make it look good for a few moments, but it is basically like putting Band-Aid on a gaping wound and that is what people have been living with in far too many places and we have to get to the heart of this issue.

In fact, I just spoke to the Secretary of the Air Force earlier today and what we talked about was the need to get down—and this goes for everybody—we have got to get down to the heart of this issue. We have got to stop putting Band-Aids on gaping wounds. We have to identify and get down to the core of the issue.

So my next question to you is, will you commit to making whatever investments are necessary to put in place long-term solutions, solutions of culture, solutions of reorganization, and if it needs to be tearing down properties and starting over to get to the heart of these issues so that we are doing right by our military members and their families?

Mr. TAYLOR. Congresswoman, I alluded to it in my opening remarks. We have made significant changes in the way that we are conducting our business. Putting clear line of sight for the technical issues, these fall in that area, a clear line of sight all the way up to the top of the organization and that rests on my shoulders. And so, I am committed to and I shall be held accountable for the changes that we need to make.

Ms. HORN. I will be holding you accountable to that. And since I only have a few seconds left, I also want to follow up with one final question. From the documents I have seen it appears that your company earns about \$4.3 million in performance bonuses each year on these properties. Over these years that is tens of millions of dollars in performance bonuses that were paid out while documented evidence that Balfour Beatty—and it doesn't matter if it was an employee down the line—Balfour Beatty was falsifying maintenance records, tens of millions of dollars.

What I want to know is that will you commit to taking every single penny at least of this money that was paid based on falsified maintenance records to invest that in fixing the problems at all of these housing units.

Mr. TAYLOR. Congresswoman, as I mentioned, those allegations are quite shocking to us and we are undertaking a thorough review. I mentioned that we have invested with outside counsel to investigate that. The Department of Justice is undertaking an investigation into those very same issues. We have committed to providing the results of our findings to the DOJ. In the event that we are found to have falsified records, then we are absolutely committed to refunding any incentive fees received back to those projects. And, further, in the event that any of our individuals are found to be at fault, not complying with our code of conduct which we take extremely seriously, to the extent that we find that anybody has strayed from our code of conduct, we will take appropriate disciplinary action no matter where they sit in the organization.

Ms. HORN. Mr. Taylor, I am over time. I just think that it is important for us to say we are going to continue to work on this. But the confidence that our communities have and that our service members have and their ability to trust their families to your care, collective care, has been seriously eroded and it is going to take a

lot of work, transparency, and contrition to get to the root of this. Thank you.

Mr. GARAMENDI. Thank you.

Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman and Ranking Member Lamborn. In February, we had a roundtable with the spouses and military members affected by these housing issues, and I want to tell you that I found those spouses and those soldiers that were there, primarily spouses, to be extremely professional and credible.

And I was a little taken back at a couple of things. One of the things that I was taken back at—it is our fault or the DOD's fault—I don't think our base commanders and I don't think the DOD took this issue serious enough in many cases. I think where we had good base commanders it was taken serious and then in other areas maybe poor base command allowed part of these things to happen.

But the primary issue that got my attention was the complexity of the landlord/tenant contract written by lawyers of extremely large corporations that you represent that is then handed to a soldier who may be, quite honestly, just out of high school in many cases. And so when you hand these service members the contracts, there are provisions in these contracts and the mediation contracts that are intentionally designed to and have the impact of financial intimidation of our service members and their families that say that if they take you to mediation, if that is their only course of action where they can resolve the issue and they don't win, then they have to pay your legal fees.

And so, my question is this, are these provisions still in your contracts? And we will just go down the line.

Mr. PICERNE. To the best of my knowledge, Congressman, we have been adapting the provisions to not have any forms of that type of language, languages of intimidation or languages that would provide remuneration back to us as a company if a suit was filed and/or filed forcefully.

Mr. SCOTT. Let me move—Mr. Ehle, yes or no?

Mr. EHLE. All of our lease forms are under review and in fact the industry is working on a common lease form that would—

Mr. SCOTT. All right. That is not a yes or no, so I will assume that you still have the intimidation provisions.

Mr. Hickey.

Mr. HICKEY. Congressman, to the best of my knowledge they don't exist in our contracts.

Mr. SCOTT. Mr. Taylor.

Mr. TAYLOR. I am not aware that they exist, but I can tell you that we have never pursued recovery of those fees from residents.

Mr. SCOTT. Mr. Bliss.

Mr. BLISS. They do still exist, but we are in the process of working with the services with their approval of removing those clauses.

Mr. SCOTT. Okay, thank you. I think though when we have our landowners—I think when we have our soldiers' bill of rights, housing bill of rights, I think those provisions will be struck; that that is unacceptable to me to ask an 18-year-old soldier straight out of high school to sign a contract that makes him responsible for the legal fees of a multimillion-dollar corporation.



With that, Mr. Chairman, I would like to yield the remaining provisions to my colleague from North Carolina, Ms. Stefanik. I am sorry. New York.

Ms. STEFANIK. That is all right, Mr. Scott.

Mr. SCOTT. You talk like you are from North Carolina.

Ms. STEFANIK. No, I talk like I am from New York Upstate.

Gentlemen, thank you for being here today. Earlier this year, we heard from the services and military family members and it was really stunning to hear about the challenges that these military families have faced. I have the honor of representing Fort Drum, home of the 10th Mountain Division, the most deployed unit in the U.S. Army since 9/11, so these are families that have faced multiple, multiple deployments in Iraq, in Afghanistan, around the world, and it is extremely important to me that they not have the stress that their family members face at home because of housing issues. So, Mr. Hickey, as you know, Lendlease is the primary private partner for the Mountain Community Homes and the Timbers located at Fort Drum. And I want to ask you, for the record, because this gets to this feeling that people don't have a voice and they don't have an adequate response time when there are complaints, if a military tenant has a complaint or concern how can they absolutely count on Lendlease to address this concern in a timely, professional, and adequate manner? And, most recently, snow removal has come up in the north country. I know some of you don't face that, but that is a significant concern and came up at a town hall just recently.

Mr. HICKEY. Thank you, Congresswoman, for the question. You know, we operate in actually very clear protocols of responding to inquiries. We give residents multiple access points to of any concerns they can come straight to our project director. They can come through our customer service. They can come through our resident apps. We monitor all of the requests digitally, so it is all done through a system so it is not a manual process, and we can track anything that is not monitored or not assessed in time comes as an exception to us.

And so, we have a management regime looking at the things that are not addressed in an appropriate manner. I think in addition, the residents advisory board that we have actually put in place, which we will be rolling out onto Fort Drum as well very soon, is the other forum for which residents can get voices and access in because we will have those community representatives on small areas and making sure that there are several opportunities for them to get heard and get opportunity to voice their concerns or ideas proactively or negatively.

Ms. STEFANIK. Thank you, yield back. I will do my round after.

Mr. GARAMENDI. I thank—I will turn to Ms. Houlahan.

Ms. HOULAHAN. Thank you, Chairman. And thank you, gentlemen, for joining us today. And just by way of background, I am third-generation military. My mom was a resident of military housing as was her six brothers and sisters. I was a resident of military housing as was my brother. I have four Active Duty cousins right now who serve. We represent the Army. We represent the Navy. We represent the Air Force.

I also was an educator in a community that was very, very underserved in the population and lived in very—housing conditions that looked a lot like this. And as an educator and a person who lived in housing like this, I can say that I really worry for the children. You know, I worry for the children who are exposed to lead and who are exposed to mold, and I am worried that what I am hearing is that people are not using the word “mold” because it would create problems and they are creating, your organizations are creating kind of the opportunity to sort of hide things.

And so the first thing that I would like to ask because of time, for the record, would you guys be able to submit your policies on lead and mold remediation and amelioration so that we can understand what they are and what kind of—what you do in terms of what timelines you expect to remediate those and also what you do to make sure that people are—you talked a lot about displacement. You know, what happens when they are displaced?

[The information referred to can be found in the Appendix beginning on page 189.]

Ms. HOULAHAN. And also, for the record again, what compensation do families have when their home goods are destroyed? Having had that experience as a child, I understand that. So that I would like to have for the record.

[The information referred to can be found in the Appendix beginning on page 189.]

Ms. HOULAHAN. The other thing I would like to understand, maybe individually, is in the case where there is a child who has been affected by this, who will permanently be disabled because of this, what responsibility do you all have and do you all plan for with your for-profit businesses to make sure that those children and those families are being taken care of or do you expect that the government will do that for you?

Mr. PICERNE. So, Representative, in our case we work directly with when an instance like this comes up, we work directly with the medical community on the installation with the garrison commander and we try to define where the—or divine where the problem really is. We have had instances where, although believe that it was the home causing it, it turned out that it was lead in the munitions plant that the soldier was actually working in.

So, if in fact—

Ms. HOULAHAN. Let's just assume that it is something that is identified as a housing issue that happened in the past, what is the process that you go through?

Mr. PICERNE. So, if we find out that it is determined that the home is in fact the cause of the illness, then we will support that child or its medical costs.

Ms. HOULAHAN. And, Mr. Ehle, is that how you pronounce it, Ehle?

Mr. EHLE. Yes, Ehle. Sorry.

Ms. HOULAHAN. Ehle.

Mr. EHLE. You know, if, you know, we are obviously supportive of the process of determination and through dispute resolution and so forth, if there is fault that is determined, you know, we will certainly work with whatever the determination is.

Mr. HICKEY. Thank you, Congresswoman. We will provide you with all our protocols.

Ms. HOULAHAN. Thank you.

Mr. HICKEY. They are very clear. They are clearly outlined. We have a 24-hour response time. Just to let you know that if anything happens within that 24 hours once it is the residents feel uncomfortable, we will relocate them immediately and so forth.

Ms. HOULAHAN. Right.

Mr. HICKEY. So, there is a whole clear regime around how we deal with mold and lead-based paint, which I am happy to share with you. You know, if in the instance that, yes, we are the cause of any medical condition then we would absolutely look to, you know, financially compensate through any structure that is appropriate.

Ms. HOULAHAN. Thank you.

Mr. TAYLOR. Congresswoman, I would agree with the other gentlemen. If we are found to be at fault, we are complicit, then—

Ms. HOULAHAN. And you are planning for that, you know, because you guys have been at this for a couple, a few decades and there will be decades where the kids who are now presumably grown that may have those problems that can be attributed possibly back to that.

Mr. TAYLOR. If attributed to our conduct, then yes, ma'am.

Ms. HOULAHAN. Thank you.

Mr. BLISS. Congresswoman, we will also provide you the protocols and whatnot.

Ms. HOULAHAN. Thank you.

Mr. BLISS. To answer your question about medical, again, if we are proved to be at fault to that then we work with the families and medical to figure out what is the best resolution to solve that issue.

Ms. HOULAHAN. Thank you. And with the last kind of 45 seconds of my time, I just would like to know—I have heard a lot of go down the line and say yes, yes, no, no, no. Having been a former entrepreneur and businesswoman myself, I think best practices are definitely something that you each are talking about individually.

But do you have a group that you share your best practices across all of your different organizations so that each one of your standards is similar or the same and that you are sharing, somebody who said they have an app that people can use, or you said you have a roundtable, do you have a best practice roundtable?

Mr. PICERNE. Yes, Representative. We actually formed the Military Housing Association, MHA, specifically to do that. As an outcome of challenges we have had, we have realized that we do share individual best practices, but we didn't share them or weren't sharing them as an industry. So, we have started to do that on a much grander scale, and I think it is starting to provide some of the benefits that you will be seeing or have been seeing thus far.

Ms. HOULAHAN. And I know I have run out of time and I want to give everybody else their time, so I would love to just hear if you guys could get together on that and get back to us. Thank you. I yield back.

Mr. GARAMENDI. I thank you.

Mr. Wilson.

Mr. WILSON. Thank you, Mr. Chairman, and thank each of you for being here today. And, Mr. Taylor, I am really grateful for the leadership at Fort Jackson. Commander Brigadier General Milford Beagle has conducted a town hall with your company with Balfour Beatty. And to address the issues of housing, complaints were raised about the broken sidewalks, long lines for the completion of work orders, shoddy work repairs, and no-shows by the maintenance staff. What have you done to correct these deficiencies? Is there a residency advisory board established and is there a project manager that you can report to on a 24-hour basis?

Mr. TAYLOR. Thank you, Congressman. Yeah, I think universally across all of our portfolio we are getting better at forming resident groups that we can meet with and we do that in concert with our military partners at the individual installations as well. Town halls that are—we are starting to see an increase in the frequency of town halls that we participate again alongside our military partners. Those are great ways for us to get the information to understand what concerns our residents are facing.

In terms of processes, changes that we are undertaking, as I indicated in my opening remarks, we certainly recognize that we could do better in many locations. And so, we have addressed that through a number of staffing level increases looking at the policies and procedures that we do have in place and where we saw that they were deficient we are addressing those. So, it is not as simple as one, you know, addressing one area to address, you know, a more broad problem, but we are taking on a number of different areas to improve. But a lot of that is through process, procedure, making sure that we have got appropriate staffing at the level.

Mr. WILSON. Is there a hotline where a resident could report an issue?

Mr. TAYLOR. Yes, sir. We have an 800 toll-free line that any resident, employees, anybody can call to let us know at the corporate level any issues that they are facing that aren't being addressed locally.

Mr. WILSON. Thank you.

And, Mr. Ehle, Joint Base Charleston is a Hunt Military Community; however, there is some confusion about the structure of your deal with the military. I understand there is a 50-year deal, the agreements are not contracts, and that you are considered a partner not a contractor. Can you explain this and how the system works?

Mr. EHLE. All of the LLCs we have are 50-year ground leases, the land owned by the government. And the partnership element is that, you know, these are meant to be true public-private partnerships. With the Air Force, which is what JBC [Joint Base Charleston] is, the Air Force is not a legal member of the LLC like the Navy or the Army are in their projects, but the Air Force does have an investment in the form of government direct loans, so they have a financial interest in the project and so there is a partnership. And, of course, none of these can succeed without having a really good functioning partnership, and a partnership is both cooperation, but also mutual accountability and it works very well with the Air Force.

Mr. WILSON. Thank you. And I yield the balance of my time to Congresswoman Elise Stefanik.

Ms. STEFANIK. Thank you. Just to follow up, one of the aspects in the NDAA that we have focused on is the importance of a common tenant bill of rights. And I want to hear from each of you and I will start with you, Mr. Hickey, just because of the importance of your answer to my district. What rights are you proactively ensuring that are afforded to our military families who are leasing your properties and how do you measure that success?

Mr. HICKEY. Thank you, Congresswoman, for the question. We have all been working diligently with the services on a common bill of rights, so we have participated, we have put forward our suggestions, and so that is well-documented and I think that might be a solution, but putting in the ability for residents to receive a refund, for example, if they are in a situation where they are in a house that has not been maintained properly they can get refunded rent, putting in plain English version contracts a right to actually terminate contracts, you know, if there is something wrong with the house, giving more flexibility back to our residents is something that we have been focused on.

Ms. STEFANIK. Sure. And I know you have communicated that to the services. What about to the families? Have you solicited feedback from military families for suggestions for that tenant bill of rights?

Mr. HICKEY. Yes, we have. Yes. As I said before, we have been liaising with the Safe Military Housing Initiative. We have been liaising directly. We have been holding town halls, all of our, across all of our bases including Fort Drum, and getting that feedback and asking, you know, what they would like to see, so it has been a collaborative approach.

Ms. STEFANIK. Okay. And the rest, I will take the answer for the record because my time has expired.

[The information referred to can be found in the Appendix beginning on page 191.]

Mr. GARAMENDI. Thank you.

Yes.

Ms. HAALAND. Thank you, Chairman.

Mr. GARAMENDI. Ms. Haaland.

Ms. HAALAND. Thank you, Chairman. Thank you. And thank you all so much for coming. I appreciate you being here and taking the time to be with us today.

My district is in New Mexico's First Congressional District. I have Kirtland Air Force Base and we have 365 days of sun per year and the climate is extremely dry and yet we have still had reports of mold there for whatever reason. It sounds kind of strange, but nonetheless that is one of the issues that my constituents have reported to me.

I am a daughter of a 30-year career Marine so I grew up in military housing all along Southern California and in Virginia both and so I am, luckily I have nothing but good memories of those times unlike many of the families who, unfortunately, do not share that same—will not share the same memories that I do.

So, I do hear some good things from my district. For example, I hear the new maintenance comment cards include information

about the technicians coming into the homes as well as what work they are doing and that quality of the repair work has improved, their better communication and that is absolutely vital, and I am glad to hear that Hunt is taking these steps, also hear about the fall festival and other family activities and those are all good things. Unfortunately, substantial challenges remain. Families continue to receive inconsistent treatment and information from Hunt staff. So, my first question is for you, Mr. Ehle. Can you please share what steps your company has taken to improve and standardize customer service?

Mr. EHLE. Yes, Representative. The lack of consistency is something that we are extremely focused on all across our portfolio and it is one of the reasons why we are focused on promoting standardization across not just our portfolio but the industry. So, we look at things like variances in response and completion standards, not just, you know, a property but across the portfolio and across the industry. We are very much in favor of doing that. In fact, we have already done that in our own portfolio is establishing a Hunt standard for a standard consistency, so our residents should start seeing that very shortly.

You know, in terms of our environmental concerns, environmental concerns are on the rise. In the last couple of years we have seen mold in ways to the extent that we haven't seen in a long, long time, primarily caused by some extreme climatic conditions that haven't historically been seen, but I don't think that is going to change in the future.

So, we are beefing up our environmental expertise on site and at the corporate level. We are beefing up our environmental training for our maintenance techs. We are adding maintenance techs. We are adding QA/QC [quality assurance/quality control] professionals to mainly ensure quality of work completion and we have made a great deal of progress in filling all those positions. And then, of course, the increased training across all of our people.

Ms. HAALAND. Thank you. Thank you.

I would like to turn to the issue of mold and thank you for raising that yourself. It continues to be a major challenge and we have heard that from my colleagues. Many families want to have licensed and certified third-party experts conduct testing in their homes. Some have been told that Hunt and other housing companies won't accept these results or that third-party experts would not be permitted to enter the homes.

Mr. Ehle, what is Hunt's policy regarding mold testing by licensed third-party experts?

Mr. EHLE. We tend to follow the EPA [Environmental Protection Agency] guidelines related to testing and the EPA tends to advise against testing because they find it to be inconclusive. And examples from elsewhere in our portfolio is we have had tests on houses that don't readily apparently have mold that the tests come back high. On the other hand, we have been in houses where there is obvious mold all over a wall and the test comes back that there is no mold in the house. So, we have found that it is difficult to find a reliable test.

Ms. HAALAND. Would you allow families to seek a second opinion on the presence of mold in their homes by licensed, third-party experts?

Mr. EHLE. We support anything that our residents choose to do pursue for evidentiary purposes. You know, again, we have found that testing is unreliable because it can go either way. It could be a false positive or a false negative.

Ms. HAALAND. Thank you. I would like to—how much time do I have?

Chairman, I yield.

Mr. GARAMENDI. Thank you.

Ms. Stefanik.

Ms. STEFANIK. Thank you. One of the aspects of this crisis that I think is really important is prevention and mitigation. And at Fort Drum, we have a relatively young population of young soldiers, young military families, oftentimes this is the first time that they are responsible for their home that they are living in.

How are you, Mr. Hickey, investing and sort of providing educational materials for those young family members and young service members to know to contact you before something gets to a crisis level that we have seen in some of these photos?

Mr. HICKEY. Yeah. Thank you, Congresswoman, for the question. Look, we actually share your same concern. Many times, they are 18-, 19-year-old people who have just moved out of home and they have to maintain a house and think about, you know, issues about avoiding damp, you know, conditions arising in a house and so forth. So, at every move and anytime someone moves into a residence, you know, it is a personal hand-over. We take a personal tour of the house with them. We explain some of the issues. We explain how things work in the property. We explain some of the maintenance obligations and how they go about looking for things that are problematic.

We also do a 30-day and a 90-day check-in with them to make sure that, you know, how are things going, what are we doing, if they want any help in terms of looking after their home, and we also do a yearly inspection on all of the properties. So in all of those times, we seize the opportunity to help train them or help educate them or give them visibility as to what they can do better and we also tell them that the minute they have got a concern is to ring us right away and then we will come out and talk to them.

So, there is a little bit education, we can do more of it and we would like to do more of it, but there is also training them to help themselves at the same time. So, you know, that is what we do, and we continue to invest in that.

Ms. STEFANIK. Thank you, yield back.

Mr. GARAMENDI. Thank you.

Mr. Brown.

Mr. BROWN. Thank you, Mr. Chairman, and I thank the committee, the subcommittee, for allowing me to participate in today's hearing. Let me just start by saying, look, I support the Military Housing Privatization Initiative. I support things like enhanced use lease on military installations. I support public-private partnerships. In Maryland we have done a lot of good things, from the Port of Baltimore, to the Purple Line, to travel plazas on interstate

roads, but I support them only when we can ensure that we deliver quality, safety, reliable value products and services to the public, what the public demands and what they deserve. And in this case, when we are talking about privatizing military housing, the public is that very cherished public, our military families, and here we fell short, and my concern is this. I get that circumstances may have changed over the decade or so when we started the program to where we are today. I hear about the drawdown. I hear about the reductions in the BAH rates and how that put pressure on the ability to deliver quality. But what concerns me is that it took the courage of military spouses to come to Congress. The Pentagon didn't come to Congress and say we have a problem. You didn't come to Congress and say we have a problem. The framework, the model, the formulas that we based these agreements on years ago doesn't work because of a changed environment. Instead, military families got squeezed and it was military spouses who stepped up, and that is a shame on you. It is a shame on the Pentagon, and we have got to fix it.

Mr. Picerne—did I get that right, Picerne? Close enough? Yeah. In February of 2019, earlier this year, at a SASC hearing you stated, we hire world-renowned specialists at no cost to the government to renew our mold and mildew procedures so that here too we are living up to the gold standard. Yet, today, you are now saying it is “going to take some time to get back to the gold standard of communication and service that residents enjoyed in the early years of our MHPI partnerships.”

Why have you—this is a question—why have you not been able to return to the gold standard that you promised to Congress and, more importantly, to our service members? Why has your position changed?

Mr. PICERNE. Mr. Congressman, our position has not changed. We endeavor to return to the gold standard. As I mentioned in my testimony, the gold standard really will be when a deployed soldier is able to call back, which is one of the tenets that we founded our business on, will call back from forward deployment and talk to his family or her family about what is happening in their lives and not deal with homeowner or home issues.

We are getting closer and closer back to that standard. We are not there yet. I don't want to—

Mr. BROWN. Let me ask you this question.

Mr. PICERNE [continuing]. I also don't want to accept the fact that we got there because it is an ever—

Mr. BROWN. Thank you. And let me ask you this question. At Fort Meade, Maryland—and you had mentioned in your testimony today that town halls and greater communication with service members is a big part of it and their families. It is my understanding that at least one service member has been denied access to those town halls where those communications—are you familiar with that?

Mr. PICERNE. Congressman, I am not familiar with that.

Mr. BROWN. Okay. I would ask you, please, to familiarize yourself with that so that when we say that service members are in both formal and informal communications with you that that means all service members. Mr. Chairman, I would ask unanimous



consent to enter into the record a letter that I have sent today to the installation commander at Fort Meade asking the garrison commander, Colonel Spragg, to really step up his oversight at Fort Meade, because I really believe that you guys are not even making forward progress as you had committed earlier this year. Without objection, Mr. Chairman, can we enter this into the record?

Mr. GARAMENDI. Without objection, is my turn. There being no objection.

Mr. BROWN. Thank you.

Mr. GARAMENDI. So, ordered.

[The information referred to can be found in the Appendix on page 111.]

Mr. BROWN. Another question. Several of the service members that are stationed at Fort Meade have conveyed to me that they have experienced direct retaliation from your company in response to their attempts to resolve maintenance issues with their homes. These behaviors include obscene gestures, drive-by harassment, denying access to the resident response group, which I just mentioned, and a refusal to address maintenance issues until service member receives a PCS [permanent change of station].

First of all, are you aware of that? If so, whether you are or are not, do you condone this behavior? And, finally, what actions are you going to take to ensure that harassment immediately ceases?

Mr. PICERNE. So, Congressman, we absolutely take any form of retaliation, retribution, or harassment seriously and do not condone that behavior. I am not aware of any specific cases where that has taken place. I will look into it immediately and I will report back to you once we have our findings.

Mr. BROWN. Well, I appreciate that because I mean these are serious allegations. And, look, when military families are stepping up and just protecting their own rights, they certainly do not warrant retaliatory measures. With that, Mr. Chairman, I yield back.

Mr. GARAMENDI. Thank you, Mr. Brown.

Ms. Escobar.

Ms. ESCOBAR. Thank you so much, Chairman. I am very grateful for this hearing. Thank you to our panelists. I appreciate your presence here. I want to also recognize and thank the military families who have expressed so much courage in the face of potential retaliation and after years of frustration and incredible difficulty. Thank you all so much for being here. I am very, very grateful for your strength and your courage.

The roundtable that we had with military families—and I have had some of these conversations with you all personally, not everyone but with most of you. Those conversations at the roundtable were shocking, heartbreaking, difficult to hear and, to be honest, infuriating. And I am very grateful that there has been a spotlight placed on all of this and that there has been a demonstrated desire to preserve the private-public partnership but to improve it in order to sustain it and make sure that we continue it.

Mr. Taylor, we had a conversation about all of this, but as I mentioned to you all in my office, what was particularly troubling on top of the many issues that families brought forward, issues that literally meant that people's lives were upended, that health was put at risk, children were put at risk through mold and through

everything else, what was particularly troubling for me was the fraud allegations. And we talked about everything that you all are doing to not just remedy but to investigate and I appreciate the investigation. But I am going to ask you here in this hearing publicly the same thing that I asked you in my office and this is about accountability, because too often accountability is swept under the rug or as I mentioned to you, lower-level employees sometimes are fired, but the high-paid, high-level folks who should have known and who should have created a culture of accountability remain untouched.

So I am going to ask you here in this hearing what I asked you privately, which is I would like to know the number of dismissals that have occurred as a result of the fraud allegations, any other disciplinary actions that have been taken, and how will leadership, how far up the chain will that accountability go, how will leadership be held accountable?

And if you could answer all of those questions for me, I am not asking for names of folks. I am not asking for you to disclose anything that is in personnel files. This is important to understand in terms of accountability, for me, the general information, please.

Mr. TAYLOR. Thank you, Congresswoman. And I do recall the conversation and it gave me an opportunity to go back and interrogate our information so that I would be prepared to respond. Before I give you the number, I will just say this and I will repeat a comment, a remark that I made earlier. We are all accountable. We are all accountable to provide the service that we are entrusted to provide. It doesn't matter where we sit in the organization.

Since the allegations of fraud were levied earlier this year, you know, I went back and I asked our staff to look at how many folks that were on our staff were let go because they didn't comply with our policies, procedures, our code of conduct, because that is really at the heart of our organization. If we don't have staff members that are willing to follow those policies and procedures, that is an obvious weakness in any organization.

And since the beginning of this year, we have found 17 instances of where we have let people go because they were not complying with the standards that we have set for our employees. Where they sit in the organization, most of—from, without naming specific positions, there were managers that were let go. Those folks were at project sites, I grant you.

I will tell you this, that, and again to reiterate a comment I made earlier, regardless of what the investigation reveals, if it identifies wrongdoing by any member of our staff, it doesn't matter if it is at the top of the organization, the middle of the organization, or wherever it sits, rest assured that we will take the appropriate action to make sure that those folks no longer are employed by our company.

Ms. ESCOBAR. Thank you. And I am just about out of time, but I will just say to all of you, it will be very important that the improvements that you have made that you report back to us. We need to know the number of calls, the number of people using the apps, et cetera, that we need to see within a time certain a reporting back, complete transparency, because that is the only way that

we can hold you all accountable as well as hold ourselves accountable.

Mr. Chairman, I yield back.

Mr. GARAMENDI. Thank you, Ms. Escobar.

Votes have been called, so I am just going to wrap it up with a couple of comments. I have noticed that the quality of questions from both sides here have asked most everything I would have asked, but I want to make a couple of comments. First of all, this hearing is one of a series. We will not let this issue go as long as, I am sure, the members of this committee are still Members of the House of Representatives we are going to stay on this. And, certainly, the committee will, certainly during my chairmanship and I am sure should that lapse and somebody else has it, it will carry on.

So be aware, gentlemen. And for those who are not here that are part of this system, they too are going to be held accountable along the lines of the questions asked by the committee. Two things, or several things need to be noted. First of all, we knew right at the outset that part of the problem was that the base commanders did not take responsibility. That is changing. That needs to be addressed. The Pentagon is well aware of it from the previous Secretary all the way down the line and we will see to it that that accountability remains within the military and the base commanders.

Secondly, there will be a bill of rights. It is in final or near-final form. We have not had a chance to review it. I am told the Pentagon is awaiting the passage of the NDAA and the final version of it, which may have some impact on the bill of rights itself. But it will be forthcoming, and it will in many ways deal with many of the issues that we have heard here today.

Secondly, the question of the lease contracts themselves, we will push that all leases across the entire military reach the highest standard of any State lease, a homeowners' and tenants' laws and the highest standard, which I am told might be Massachusetts, but I claim California. We will see. If any of the members think that their tenant rights are better in North Carolina, well, bring it forward and we will see. But in any case, we will try to achieve consistent with the multiplicity of contracts that do exist between the military and the private housing providers. We will make sure that the lease contracts protect the tenants so that tenants will be in the first order.

Secondly, many questions about metrics, how do we observe quality or lack thereof across the whole range of issues. Those metrics are under review and I would ask any member that has ideas about what should be in those metrics to bring it to us and we will drive that forward. Finally, with regard to the role of the tenants and the communities themselves, there are efforts underway on many of the bases, but I suspect not all, that there be formed within the homeownership, excuse me, the rental community or the renters' programs in which they can participate. The word "PTA" was used here. I am not sure that that is the best model, but it certainly speaks to the involvement of the families working together to assure that their issues are fully dealt with at the base level and, if necessary, here in Congress.

So, I think that covers many of the issues. Mr. Lamborn, any further thoughts?

Then this meeting is adjourned and before I adjourn, we are coming back, folks. We will do these hearings every 4 months or so, so we will be back in the early spring for a review of where we are, and we will ask the services as well as the owners of the privatized housing. We are adjourned.

[Whereupon, at 2:27 p.m., the subcommittee was adjourned.]

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# **A P P E N D I X**

DECEMBER 5, 2019

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**PREPARED STATEMENTS SUBMITTED FOR THE RECORD**

DECEMBER 5, 2019

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**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 I have heard 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. I am deeply troubled 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—our military families 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.

**Ranking Member Lamborn Opening Statement  
Readiness Subcommittee Hearing  
Privatized Housing: Are Conditions Improving for Our Military Families  
December 5, 2019**

Thank you, Chairman Garamendi. Today we will hear testimony from five of the companies that make the privatized military family housing model work. As someone whose district to almost 48,000 military members, and like the Chairman, I have been deeply troubled by the lack of oversight of this program. Our military families deserve better.

Our committee has heard significant concerns about insufficient mold remediation and terrible customer service at numerous military installations—most recently at MacDill Air Force Base Florida and Fort Belvoir. We are not going to address them today, but there also have been allegations of fraud in a few extreme cases.

According to a survey released earlier this year by the Military Family Advisory Network, 63% of Fort Carson respondents “said their units needed better maintenance, repairs or remediation.” The committee has heard horror stories about mold, rat infestations, and what could generously be described as poor customer service.

The military housing privatization initiative began as public-private ventures (PPVs) in 1996 as means to modernize family housing, improve efficiency, and grow reserve accounts for future investments. Oversight of the program is challenging because each military department manages their programs differently and the respective projects are governed by unique legal agreements.

The Army has a total of 35 projects, the Navy and Marine Corps have 15, and the Air Force has 32. Oversight is further complicated for Army and Navy projects because they are partners with the developers in limited liability companies with both sides investing capital.

My sincere hope is that the attention that military family housing has received over the last year has served as a wake-up call to both the military departments and to the housing partners. We need this model to work, but not at the expense of military families. Every dollar wasted through mismanagement or incompetence diminishes the long-term viability of the reserve accounts that are vital for future recapitalization.

The House and the Senate both passed significant bi-partisan legislation in their defense bills this year, and I look forward to enacting meaningful reform. First and foremost, among these will be a Tenants Bill of Rights.

The military departments have an inherent responsibility to provide oversight for these projects. A recent Air Force IG Report found, “a pervasive misperception that when housing was privatized it was effectively outsourced... leaders at many levels did not actively engage as they might have on other issues... based upon misunderstanding of their authority.”

We have heard from Army families that some installation commanders characterize the government as the weaker, or 49%, partner in these housing agreements—implying they have limited means to address shortcomings. Oversight is inherently governmental, and it is not optional.

On some installations there is confusion regarding the identity of the installation housing office and the office of the housing partner or third-party management company. It should be crystal clear to a family whether they are speaking to someone representing the installation commander or to a representative of the housing partner.

We must simultaneously reform while preserving the financial footing of the privatized housing projects. A 2018 GAO report highlighted found that “the military departments vary in the extent to which they use measure of future sustainment needs and funding to assess project sustainability.” I am beginning to question the wisdom of the fiscal waterfall and why the recapitalization accounts are only paid after PPV management partners and bondholders are paid.

I look forward to learning more from our witnesses about their perspectives on the program overall, the actions they have taken to address any health and safety concerns and to improve customer service. We would also appreciate their thoughts on improving the overall the program.

Thank you, Mr. Chairman. I yield back.

**Statement by John G. Picerne  
Founder & Chief Executive Officer, Corvias Group  
Before the House Armed Services Subcommittee on Readiness  
December 5, 2019**

Thank you for the opportunity to appear before you today.

My Name is John Picerne and I am the Founder and CEO of Corvias.

I am here today on behalf of 950 dedicated Corvias employees, two-thirds of whom work each day in the military resident neighborhoods we serve. Corvias is a small, privately-owned and founder-led company. We partner with hundreds of small, minority-owned, disadvantaged subcontractors to provide an outstanding resident experience to those service members who choose to live in our communities.

We take very personally our commitment to the women and men who fight for and serve our nation. We have 62 veterans who, as employees, work at the installation level, often directly with residents. 97 of our colleagues are spouses or dependents of active duty service members.

I thank you for the opportunity to update you on what we are doing to help our residents and address any service needs they may have.

I also thank you, in advance, for the opportunity to have a candid discussion about the MHPI program – what’s working, what challenges remain -- and how we can make sure the program delivers for service members and their families, for years to come.

In my remarks today, I will touch upon three topics:

- First, what we are doing to address the resident service issues that came to light in 2018.
- Second, what the future holds for the MHPI program. The ongoing challenges— like maintaining aging homes dating as far back as 1870 -- that will have us back to right where we were in late 2018 if we don't tackle them.
- Third, what will help make MHPI a healthy, sustainable program that meets the housing needs of service members in the many years ahead.

It was about a year ago that news reports came out about service issues in several of our resident communities and at other installations in the MHPI program. Our resident service operations were struggling to keep up, for reasons I will talk about later. By late 2018, the problems had grown to the point where we needed to launch a major response.

So what did we do? We took three steps.

First, we apologized. We made clear that we had let down some of our residents. We pledged to return to the “gold standard” level of resident care that defined our company, from the start.

Second, we got to work.

We made it easier for residents to get the help they need, when they need it:

- We moved our resident call centers back to the local installations – and out of a remotely located, third-party call center. Now, when our residents need help, they speak to a local Corvias team member, in their community.
- We launched the Corvias Resident Portal to enable our residents, through their phones, computers or other devices, to submit and track service requests, upload photos and provide immediate feedback on our performance. As of last month, nearly

4,700 work orders have been submitted via the portal. For those 4,700 work orders, we are pleased to report a 92 percent satisfaction rating on work performed and 95 percent of work orders completed on time.

- 100 percent of our resident-facing employees participate in ongoing customer service training led by a nationally designated, credentialed trainer.
- We hired resident service specialists across our portfolio. This is an important role, working at the neighborhood level and focused 100 percent on meeting local resident needs.
- We created a new full-time role – resident advocate – who acts like an ombudsman for residents. Our resident advocates help families who have especially challenging issues or feel that their needs are not being met.
- In total, we added well over 100 permanent positions focused on staying in touch with residents or responding to service requests.

We also made sure that we are hearing directly from our residents, getting their feedback on a regular basis. We have reinstituted our practice of conducting town hall meetings in many communities. We formed resident advisory groups to give us direct input on what's happening in the community.

Altogether, more than 160 meetings and events this year in communities we serve have provided residents the opportunity to let us know what's on their mind. This direct feedback helps us do better. It helps us spot problems in the early stages.

We also got to work on reducing the number of open service requests and lingering issues. This year, our service techs put in nearly 50,000 hours of overtime to work down any backlog and respond to resident requests. In 2019, we have completed more than 330,000 service requests.

Our residents tell us that community amenities – like recreational facilities – make a big difference in their quality of life. So we repaired and reopened playgrounds and other facilities like basketball courts. We reopened several community centers that had previously been closed when our MHPI partnerships experienced financial strain. At our community swimming pools, we extended the open season by two months.

We also did a better job of keeping our military partners informed. We are meeting regularly with military leaders – both on post and at the command level – to ensure they are tracking what we are doing, what’s working and what we need to do better to meet residents’ expectations.

These and other steps helped renew and deepen the partnership between Corvias and the military – a big part of what will get us to the right place.

Finally – and most important – we moved forward with a significant investment of private capital, taking a unique and innovative approach to inject \$325 million of new money into the program – at no cost to the government.

This type of direct investment addresses the root cause of these issues, allowing us to replace aging homes and components with more resource-efficient alternatives. That automatically reduces maintenance backlogs, lowers utility bills, and eliminates potential health concerns.

By the time we’re done, nearly 18,000 homes will have been improved:

- We broke ground on 128 new or newly renovated homes at Fort Riley, while 280 homes at Fort Bragg are undergoing major renovations.
- Hundreds of other new homes will be built, renovated, re-roofed or substantially improved in communities at multiple installations nationwide.



- 16,000+ homes will be brought up to the highest energy standards available – with improvements like Energy Star-rated heating/air conditioning systems. These upgrades will save the program \$300 million in energy costs over the next 30 years.

This is among the most important things we can do. It puts more service members into newer homes, while freeing up resources that were previously tied up in trying to maintain an old home well past its prime.

And it shows what the MHPI partnerships can accomplish, attracting private investment capital to the program without costing the government a dollar.

To be clear: we have more work to do. It took us half of a generation of budget cuts to get to where we found ourselves in late 2018. It's going to take some time to get back to the gold standard of communication and service that residents enjoyed in the early years of our MHPI partnerships.

But we know how to help our residents, how to make our communities run well and provide quality homes. And that's what we are doing. With our partners in the military and working closely with our residents, we're moving in the right direction.

However, any recent progress should not be taken as a cure-all for the program. Underlying, longer-term issues place a huge burden on the MHPI model. It was these issues that led us to where we found ourselves, last year.

And it is these same issues that will have us back in a similar situation – in a few years' time – if we don't deal with them. We'll be back here, having the same discussions, dealing with the same communication and service issues that have affected some of our residents.

So what are those deeper issues? What is eating away at the program – even as we get back to gold standard resident service and build hundreds of new homes?

The MHPI model is being squeezed from three angles:

- **Lower revenue** coming into the program with BAH reductions, troop draw downs.
- **Higher costs** – from utilities to subcontractor costs to post 9/11 security requirements at the installation front gate.
- **Older homes** that require significantly more resources to keep them running.

Individual service members' Basic Allowance for Housing (BAH) is fundamentally the only source of revenue that funds the entire program. And yet, for nearly a decade, BAH has been under downward pressure. The Budget Control Act of 2011 and sequestration forced the DoD to look at reducing BAH. The 2016 NDAA slowed the rate of growth in BAH by one percent per year until servicemembers were paying up to five percent of rent, out of their own pockets.

Force structure downsizing meant fewer residents which, in turn, reduced revenue and then reduced the program funds approved for resident service and infrastructure renovations.

For example, across our Army portfolio, the monthly BAH for service members with dependents **decreased** an average of \$100 per month for each service member – or \$1,200 per year, 6.2 percent -- from 2014 to 2018.

All of those changes mean fewer dollars flowing into the program: that puts the economic model out of balance. In practical terms, it creates a serious dilemma: do we fund current resident services at the expense of longer-term improvements?

And while revenue into the program has been going down, costs have gone up.

In some respects, our resident communities are no different than a civilian neighborhood. Extreme weather like heavy rain and hurricanes has run up repair costs such as fixing dozens of damaged roofs after a storm. Building materials aren't getting any cheaper. Rising utility costs – 11 percent in the past three years alone -- driven in part by the utility providers' need to replace aging infrastructure -- create additional challenges for the program.

There are also some unique aspects to supporting resident communities on post. After 9/11, security at military installations increased massively. Getting our contractors, equipment and supplies through the front gate used to take a few minutes: overnight, waiting times were suddenly more like 1-2 hours. We had cement trucks turn back before they got to the construction site -- because their concrete hardened while waiting to get on to the installation.

At Fort Meade, we ended up reallocating program funds to build a special gate, just for our contractors and suppliers, to reduce their time spent waiting.

Our partnerships with the military absorbed these costs -- as well as the impact of lower revenue -- by finding other ways to make the program numbers work. Ultimately, that's what led to decisions like reducing our local resident support presence or closing community centers. Yet as we now reverse many of those decisions, the costs remain high -- and, in some areas, are getting higher.

The other way to address higher costs in the MHPI model -- without impacting resident service -- is to slow down the pace of new construction and major home improvements. But that creates another set of challenges.

Across the installations we support, we have a large number of homes that are beyond their life expectancy. 46 percent of the homes in our Army portfolio -- nearly 10,000 all together -- were built before 1980. We even have some homes -- still active and renting -- that

date back to 1870. The number of extremely old homes is down from where we were 10 years ago, but still much too high.

And with each year they remain in service, older homes require more maintenance to keep going. Repair or replacement of essentials like windows or roofing costs 3-5 times as much in one of these older homes and is required more frequently.

The result: with every year they stay in the portfolio, older homes consume a larger portion of the revenue coming into the program.

The combination of lower revenue, higher costs and aging homes is what got us into the situation we faced a year ago. And while we're here today to talk about progress and what has changed this year, some things haven't changed. Revenue into the program is under stress; costs continue to go up, and too many old homes require too many resources.

So what can we do about it? How do we make sure that our residents aren't just seeing temporary improvements...but are supported by a program that will deliver a quality experience, for generations to come?

First, make sure that the FY2020 NDAA does not end up weakening the partnerships' ability to provide a quality resident experience. The current draft includes a number of provisions that would, among other things, cripple our ability to attract outside investment. It is outside investment that has us now breaking ground on new homes and improving thousands of others. The partnerships need more, not less.

Second, let's work together to make it easier for the MHPI program to attract outside capital. While we now have \$325 million being invested, it wasn't easy to get to where we are. Reverting to the original OMB scoring for MHPI would make it that much easier to get non-government dollars improving military resident communities.

Third, let's take a bigger look at the condition of our communities – both housing and the infrastructure below. We're building several hundred new homes with our infusion of capital: we need to build thousands. How can we increase the pace of home construction, retire more aging housing and offer more service members and their families a newer home option? That's going to take structuring new investments beyond what the current MHPI economic model can generate.

The overwhelming majority of military resident communities are facing an infrastructure crisis today – different from the civilian world only in that it's worse on military installations. While outside investment helps us chip away at the problem of old, decaying homes, we're not addressing what powers those homes, provides water, even access. That's the next big challenge we face.

Congress can also help by empowering the DoD to work with all MHPI partners and develop common standards and practices -- across every MHPI community, at every installation. While there's work being done, more can and should be done. This will give residents a universal standard of service, a consistent set of expectations and an even service experience as they move from one home to the next.

Common training for partners, Garrison staff and residents, too, will ensure that all participants in the program are on the same common ground.

Finally, it's essential that we live by the original intent of the MHPI program – as a true partnership. The partnership model enables us to meet new challenges, to evolve the program as conditions change. When we – the private sector, the military – stay closely engaged and work together as partners, the program thrives. We achieved a higher level of engagement and partnership this year. Let's not lose that with the passage of time.

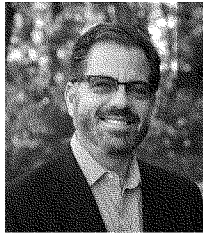
Let me close by saying how fortunate I feel to serve in this capacity. When I was first introduced to the massive, systemic challenge facing the Department of Defense with its struggling housing program, I was moved by how poorly we, as a nation, were caring for our military personnel in what is the most personal way of all -- their homes.

The DoD was committed to creating a real, long-term solution. With our experience, I believed we were well-suited to help.

When I founded our company some 20 years ago as a division of my family's third generation, real estate development firm, we set out to create something that could fix the problems of today and solve the problem for the future. After 9/11, it went from a job -- an important job -- to something much more.

And while we have lots of programs, plans and ideas, it is the beating heart of our history with the program, a deep, personal commitment, that drives our every effort to do right by our residents.

Thank you.



**JOHN G. PICERNE**  
FOUNDER

John founded Corvias on three core principles: be the best place to work, the best provider of service, and generously give back to the communities in which we live and serve. His leadership has developed Corvias into a privately-owned family of companies that provides creative and sustainable solutions for clients within the military, higher education, and public sectors.

Having grown up in a real estate development family and now with more than 30 years of professional real estate experience, John has a passion for conceptualizing new ideas and creating opportunities out of challenges. He spearheads Corvias' visionary public-private partnership (P3) model, which allows us to successfully address the large-scale infrastructure, housing, and deferred maintenance issues facing the nation. In 1998, he founded Picerne Military Housing (now Corvias) to significantly improve housing for our nation's service members. In 2012, he brought same successful approach to higher education sector. Under his leadership, Corvias was awarded a 40-year, \$550 million P3 with the University System of Georgia, the first time a state system has initiated the privatization of student housing through a portfolio of campuses. Corvias also signed a first-of-its-kind, community-based P3 with Prince George's County, Maryland, to addresses environmental regulatory requirements for stormwater management.

In keeping with his philosophy of giving back, John established Corvias Foundation, which has awarded \$14 million in educational scholarships and grants to support the spouses and children of active-duty service members in their pursuit of higher education since 2006.

John received the 2016 National Council for Public-Private Partnerships "Excellence in Individual Leadership Award." The NCPPP, the leading association in the field, recognizes visionary leaders and innovative organizations that advance the concept and implementation of P3s nationwide. As a testament to nearly 20 years of innovative and successful partnerships, the NCPPP praised John's exemplary history of spearheading ground-breaking, holistic approaches to some of the nation's most complex and systemic infrastructure needs. John was also honored with the Commander's Award for Public Service by the Department of the Army for his leadership, foresight, and contribution to assisting defense communities and enhancing economic capabilities through P3 programs.

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*During the early stages of the Army's public-private military housing program, I told those in charge of selecting private firms to participate in the program that they should look into the heart of the firm's CEOs, so they could make sure they were going to get the kind of partners needed for this important housing initiative. In John Picerne, we all saw someone with exactly the kind of heart we wanted on our team."*

Geoffrey G. Prosch  
Former Deputy Assistant Secretary of the Army  
(Installations and Environment)

**DISCLOSURE FORM FOR WITNESSES  
COMMITTEE ON ARMED SERVICES  
U.S. HOUSE OF REPRESENTATIVES**

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**Hearing Date:** Thursday, December 5, 2019

**Hearing Subject:**

Privatized Housing: Are Conditions Improving for Our Military Families?

**Witness name:** John G. Picerne

**Position/Title:** Founder & Chief Executive Officer

**Capacity in which appearing:** (check one)



Individual



Representative

**If appearing in a representative capacity, name of the organization or entity represented:**

Corvias Group, LLC  
NOTE: Corvias Military Living, LLC (CML, a wholly-owned subsidiary of Corvias Group, LLC) participates in the Military Housing Privatization Initiative as a private partner to the US Army and Air Force. Through various subsidiaries, CML has made equity investments in military housing projects located on 13 military installations, and acts as developer, construction manager, asset and property manager for those projects, earning market rate fees for services provided.



**Federal Contract or Grant Information:** If you or the entity you represent before the Committee on Armed Services has contracts (including subcontracts) or grants (including subgrants) with the federal government, received during the current and two previous calendar years and related to the subject matter of the hearing, please provide the following information:

**2019**

Federal grant/ contract	Federal agency	Dollar value	Subject of contract or grant
N/A			

**2018**

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Foreign contract/ payment	Foreign government	Dollar value	Subject of contract or payment
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**Fiduciary Relationships:** If you are a fiduciary of any organization or entity that may have an interest in the subject matter of the hearing, please provide the following information:

Organization or entity	Brief description of the fiduciary relationship
Corvias Military Living, LLC (CML)	- CML is a wholly-owned subsidiary of Corvias Group, LLC
	- John G. Picerne is President of Corvias Military Living, LLC (CML)
	- CML derives income through various subsidiaries that perform services
	across CML's military housing partnerships with the US Army and US Air Force
	and other subsidiaries that have made equity investments in those military housing partnerships

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See attached Ex A			

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See attached Ex A			

**HEARING BEFORE THE UNITED STATES HOUSE  
COMMITTEE ON ARMED SERVICES  
SUBCOMMITTEE ON READINESS**

December 5, 2019

Testimony of John Ehle  
President, Hunt Military Communities

**I. Introduction**

Chairman Garamendi, Ranking Member Lamborn, and distinguished members of the House Armed Services Subcommittee on Readiness: Good afternoon, and thank you for the opportunity to be here today to discuss housing conditions for military families.

My name is John Ehle, and I am the President of Hunt Military Communities (“Hunt”), the military housing business of Hunt Companies, Inc. I am responsible for overseeing the management, operations, and partner relationships associated with Hunt’s military family housing portfolio.

Hunt strives to provide the best possible housing and living experience for our military families, as outlined in our mission statement: “We are committed to providing an exceptional living experience in support of the overall military mission with purpose, passion and integrity, applying our Core Values and Team Member Qualities.” We recognize the trust that service members and their loved ones have placed in us, and we take that responsibility very seriously. While we are by no means perfect, and there have been times when our performance has fallen short of our residents’ expectations, we share the Subcommittee’s and our military partners’ dedication to promoting the safety, health, and well-being of America’s service members and their families. We are committed to taking the necessary actions to ensure that our housing communities meet or exceed expectations.

During the Senate Armed Services Joint Subcommittee hearing in February, it became obvious to us that there were families living in privatized military housing whose voices were not being heard. While that was certainly never Hunt’s intention, it was clear that we needed to do much more and much better to prevent even one voice from getting lost in the crowd. Over this last year, we have been fully engaged with our elected representatives, the Department of Defense (“DoD”), our military partners, our peers in the military housing industry, and most importantly, our residents, to make reforms to both the Military Housing Privatization Initiative (“MHPI”) and our own operating practices to improve significantly the living experience for our service members and their families.

I look forward to sharing today how we are doing that.

## **II. Hunt is Proud to Serve America's Military Families**

Hunt is honored to serve those who sacrifice so much for our country. As a company, we have strong and longstanding ties to the military community. Jack Hunt, one of Hunt Company's founders, served as a naval officer from 1942 to 1947 and experienced firsthand life in military family housing while serving abroad. His experience inspired the Hunt Company's first military housing construction project in 1969, long before the MHPI was created. Today, roughly half of our nearly 1,000 Hunt Military Communities employees are military-affiliated, including active-duty spouses, retired military, and those who grew up in a military household.

Since the inception of the MHPI program in 1996, Hunt has proudly partnered with the DoD. We greatly value our longstanding partnerships with the Military Services, and we appreciate the oversight and guidance they provide.

As part of the MHPI program, we have built approximately 15,000 new homes, executed major renovations of another 8,300 homes, and built 83 community centers, in addition to the construction of other community amenities. A total of more than \$5 billion has been invested in the transformation of the communities that comprise Hunt's MHPI portfolio. Since the conclusion of the Initial Development Periods at our projects, we have invested an additional \$180 million in capital improvements across the Hunt portfolio.

Today, we own interests in approximately 52,000 homes on or within close proximity to 49 Air Force, Navy, Marine Corps, and Army installations located in 21 states and the District of Columbia. Out of that number, we manage about 32,000 units across 44 installations and serve more than 165,000 residents.

## **III. Hunt is Focused on Listening to its Residents and Rebuilding Trust**

Following the Senate Armed Services Joint Subcommittee hearing in February, we heard from a number of residents raising concerns of which we were not previously aware. Over the past year, we have been working diligently to rebuild trust, by doing some big things, such as adopting the "Hunt Standard" for resident-initiated service requests and rolling out a mobile application for residents to submit and track work orders in real time. But we have also done the "little" things, in comparison – those actions that receive less attention, but can impact our residents' lives. One example is our "Hunt Heart" program. This program is designed to address the needs of our new residents, deployed spouses, recently returned spouses, those suffering a family crisis, and those who may be in need of information about or access to social services through military or civilian sources. For example, we provide extra maintenance assistance to deployed spouses when requested, such as removing a Christmas tree, mowing a lawn, or hanging a picture. I also know of instances when our employees, on their own accord, have brought a hot meal to a family that has been temporarily displaced because of repairs in their home. We do these seemingly "little" things, because we care, and that is our culture here at Hunt. We want to make our residents' day-to-day lives a little better.

Although we are always looking to improve, this year has presented itself as a unique opportunity for industry-wide improvement. Twenty-three years into the MHPI program, the

timing is right to update and improve upon what has historically been a highly successful program. Hunt has taken a leadership role in pursuing improvements across the industry, inside our own company, and within our communities, but with the same goal in mind: to serve our military families, and to provide for a vastly improved and more consistent resident experience.

We are working hard to retool Hunt Military Communities. We are improving our communication processes because we want to make sure that all voices are heard. And while we are proud of the significant progress we have made over the past year, our work is far from done. We hope that our residents are already seeing the benefits of the changes we have made.

#### **A. Our Goal is to Provide Safe and Healthy Homes for Our Residents**

First and foremost, our goal is to provide safe, healthy, and quality homes for military families, which is fundamental to the success of our business. To that end, Hunt has reviewed its policies and procedures to, among other things, ensure close adherence to environmental management plans, including mold operations and maintenance plans. These plans address remediation of environment-related housing issues and ensure that such issues are being handled in a consistent manner with appropriate oversight from a corporate level. Hunt has also enhanced and reinforced the training requirements of its maintenance technicians for environmental conditions and, when necessary, deploys licensed and certified third-party environmental experts.

Hunt believes it is important to educate its residents on health- and safety-related issues. Upon move-in, we affirmatively provide new residents with health and safety information regarding moisture and mold, lead-based paint, asbestos, radon, and/or pesticides. We have also redesigned for greater visibility and expanded the content of the Hunt Safety Zone, an online library of safety information for residents that is regularly updated with new or seasonally-specific information.

Hunt has recently created a new move-in orientation process for new residents that is currently being tested at Fort Lee, with the goal of implementation across all Hunt properties in the first quarter of 2020. The topics covered at orientation include household safety tips, such as how to operate and care for appliances, HVAC, and water/gas/electric systems. Information is also provided on how to save energy, environmental and safety tips, and natural disaster preparedness.

As part of its mission to keep its homes in good condition, Hunt has an extensive inspection and preventative maintenance program at its properties to ensure the homes are meeting applicable standards. However, we recognize that there is no such thing as maintenance-free housing and that issues will inevitably arise that must be remedied. In these instances, we strive to address the situation in a professional, transparent, and timely manner.

We classify resident-reported issues that pose an immediate danger to life, safety, or health as “emergencies,” and we strive to respond in one hour or less; other work orders are classified as “urgent” or “routine” with priority-appropriate target response and completion times. If a resident is required to be out of their home during a repair for a night or more, we will secure temporary accommodations and may provide financial support to ensure that the resident is not paying out-of-pocket during this time. Recognizing that confusion has arisen as a result of

inconsistent displacement accommodations, we fully support the adoption of a Uniform Resident Displacement Policy across all MHPI communities to establish consistency no matter where residents reside, and to avoid confusion and missed expectations.

Hunt also supports a number of other industry-wide uniform initiatives to promote the safety and health of residents with respect to environmental conditions, and to provide for a more consistent living experience across the entire MHPI portfolio, including:

- A uniform approach to health and environmental inspections;
- A uniform moisture and mold program designed in conjunction with licensed and accredited specialists;
- Implementation of a radon testing program in conjunction with the DoD;
- Developing a process to identify, record, and resolve environmental health hazards that is consistent with EPA and DoD standards;
- Conducting annual training for employees on the identification and remediation of environmental hazards; and
- Creating standard operating procedures to inspect and remediate rodent waste in attic spaces.

**B. We Want and Need to Hear From All of Our Residents: Improved Communications**

Hunt recognizes that quality homes and resident services depend on open and regular communications with residents. We want and need to hear from all of our residents in order to be made aware of issues so we can address them. We also need to make it as easy and comfortable as possible for our residents to communicate with us. To that end, we have made significant improvements to our resident communication processes throughout our portfolio over the last year, including:

- Work Order Mobile Application: We have launched the RENTCafé mobile app for the real-time submission and tracking of routine work orders and to access select historic work order data. The app also encourages convenient communication between on-site Hunt employees and residents by (i) facilitating direct calls or emails to on-site staff; (ii) providing community announcements at sign-in; (iii) announcing emergencies by the leasing office; and (iv) featuring community events on a calendar.
- Surveys: We have implemented an enhanced resident survey tool run by a third party, SatisFacts, to measure customer satisfaction at move-in, move-out, and after work order completion. It is a very quick 5-star survey that is automatically sent to the resident at the conclusion of each of these events to ask the resident about their satisfaction. The resident completes the survey, and the results go immediately to the site management team at the resident's property. If the response yields a score of less than 3.5 (in the SatisFacts scale, a 3 is "Satisfied"), the Community Director at the property is to contact that resident the same day to ascertain where we fell short of expectations so we can better resolve the issue and make improvements going forward.



- Hunt Promise Helpline: This 24/7, toll-free hotline makes it easier for residents to voice concerns about issues they feel have not been resolved at the property level by facilitating direct contact between residents and Hunt Military Communities senior management.
- Social Media Coordinator: We now have a dedicated specialist to liaise with each Hunt community online to make sure issues are identified and addressed in a timely manner. This initiative has improved our ability to monitor resident complaints and concerns made on social media and follow up accordingly.
- Resident Resolution Tracker: As part of our quality assurance efforts, if we learn that a resident is not completely satisfied after his or her work order has been completed, the resident is added to this tracker for follow up from our management team through issue resolution.
- Community Advisory Board (“CAB”): Residents serve as volunteer members of CABs and meet with the Hunt property leadership on a monthly basis to discuss what they see happening in their neighborhoods and offer to Hunt suggestions for improving processes and service. In addition, the CAB will be involved in identifying opportunities to deploy the resources and services offered by the Hunt Heart program.
- Secret Shopping: We will be launching an independent third-party “secret shopping” service in January 2020 to engage with Hunt employees to assess customer service. Training plans will be based on the results obtained.

Hunt has always valued open and transparent communications. It is a vital part of our Core Value of Partnership. And while we have always encouraged our residents’ feedback via traditional means, such as town halls, “open office hours,” monthly command meetings, or smaller meetings within a community, now making broader use of current technology, we hope to make communicating with our residents more convenient and effective. But the goal remains the same: hearing from our residents in order to address any concerns or issues they may have, improve performance, and increase resident satisfaction.

A recent example of what is possible with open resident communications and a strong relationship with a military partner can be seen at Fort Lee. Earlier this year, Hunt participated in town halls at Fort Lee where residents voiced serious concerns about housing conditions. The Garrison Commander at Fort Lee was personally involved and determined to hold Hunt accountable to improve performance. Hunt worked hard to address resident concerns, and three weeks ago the Garrison Commander recognized the Hunt team with a Certificate of Appreciation for enduring service.

### **C. We Want to Provide Better Homes for Our Residents: Maintenance, Staffing, and Training Improvements**

Hunt understands that maintenance service is a critical part of providing quality homes, and early this year it became clear to us that we had substantial room for improvement. While maintenance issues will inevitably arise, it is our goal to provide professional, transparent, and

timely service. As a result, in the last year, we have enhanced maintenance processes, increased staffing, and improved training.

- Staffing Improvements: We have evaluated every one of our properties for additional staffing needs, and we have added positions where necessary to ensure effective service to our residents. The following environmental and technical experts have joined our team to advise and support our maintenance operations across our properties:
  - Two full-time environmental experts added (3 total Hunt FTE);
  - One full-time Regional Maintenance Director added (5 total Hunt FTE);
  - QA/QC positions at each property: We are also in the process of adding a Quality Assurance/Quality Control position at each property to conduct additional work order quality inspections. In some cases, this represents an additional 1 to 2 full-time employees per site depending on the size of the property.
- The Hunt Standard: Because the privatization of properties that comprise the MHPI program took place over a 15- to 20-year period, the standards for response and completion of resident-initiated service requests vary greatly among the Military Services and across properties for a particular Service. At any given property, the applicable standards may simply be unclear. Hunt supports ongoing efforts to engage with the DoD and the Services to develop and adopt uniform, clear, and workable standards for all Services, across the industry, and at all properties. In the meantime, Hunt has adopted a company-wide “Hunt Standard” for work order response and completion. We expect these efforts to promote consistent and improved maintenance practices and performance.
- COM Checklist: We have also improved the checklist our employees use when completing the turnover of homes for new residents. This will help us to provide a better move-in experience for our residents.

#### **IV. Hunt is Dedicated to the Long-Term Success of the MHPI: Reinvesting in Properties**

Prior to the creation of the MHPI program in 1996, military housing was subject to a cycle of investment and subsequent neglect that resulted in a subpar quality of life for service members and their families. The MHPI program paved the way for private partners like Hunt to provide the expertise, efficiency, and hands-on oversight needed to break that cycle. The program allowed owner/operators to bid in an open competition to operate and maintain housing communities at more than 150 military installations while the DoD maintained ownership of the land of each property.

The MHPI program has significantly improved the standard of living for military families. Since its inception, the program has resulted in the construction of 75,000 new units and major renovations of 50,000 units to date. Approximately 55,000 units were demolished and removed from inventory as they were identified as substandard in quality, and surplus relative to calculated demand. The program has saved taxpayers billions of dollars by leveraging \$4 billion

in government funding to execute more than \$32 billion in total development for a portfolio of over 200,000 units across 150 military installations.

Hunt is dedicated to the long-term success of the MHPI program, which requires continual reinvestment in the properties. Hunt dedicates significant reserve funds to replenishing parts of its housing stock. At the outset of its partnership with the DoD, Hunt was aware that many housing units would need to be replaced during the span of the relationship, and we have planned accordingly. Over the next five years, Hunt plans to invest nearly \$530 million in capital improvements across its portfolio, including the construction of 230 new homes in replacement of existing housing stock. This is one of the many benefits of the MHPI program and one of the problems it sought to solve over 20 years ago.

One example is in Hawaii, where we have begun the process of replacing existing homes in our Nani Ulupau neighborhood with 40 new houses at a total cost of \$32 million. We also have plans to replace the homes in the Hokulani neighborhood with 190 new houses at an estimated cost of \$100 million.

At their peak of activity, the combined projects are expected to create 200 private sector jobs on the island of Oahu, and ultimately improve the quality of housing offered to our Marine Corps and Navy residents. Both projects demonstrate our steadfast commitment to addressing challenges posed by aging housing structures and providing homes that serve the safety and health of our residents. But, at a higher level, they demonstrate why the MHPI program works, and why we believe in the program and are committed to standing behind it for the long term.

Hunt recognizes that the MHPI program must reform if it is to continue to provide quality homes to service members, while remaining economically viable. The accrual of funds into the project reinvestment accounts for use in long-term project sustainment has not kept up with the needs of some of our properties. This requires the exploration of more innovative ways to raise capital at projects that cannot afford to take on additional debt. At Hunt, we have always been focused on the delicate balance between short-term management and long-term sustainment of both our portfolio and the program as a whole. We will remain vigilant in working with our military partners in advancing approvals for execution of short-, medium-, and long-term sustainment efforts. We will also remain focused on innovative thinking to augment available funds wherever practicable.

#### **V. We See This as an Opportunity: Hunt Supports Reforms to the MHPI Program**

We have viewed this year as an opportunity for growth and improvement. The attention the program has received this year has yielded the forum for building a foundation for enduring improvement. Those residents who previously felt disenfranchised have made their voices heard. We are listening, and we are better for it. We have come together across the industry and across the Services, in partnership with the responsible government officials, and we are working together in unprecedented ways towards one common goal: to provide a better living experience in our communities for the men and women who protect this country.

To that end, Hunt has actively engaged with the DoD and our residents to identify areas for improvement, develop solutions, and implement reforms with the goal of improving the living experience delivered by the MHPI program. One overarching solution is to provide a more universal experience for our service members as they move from base to base. They should be able to count on a consistent housing experience, so they can focus on the well-being of their families and their important service to our country. Other related goals include clarifying resident rights and responsibilities, establishing more effective and consistent government oversight, and standardizing documents and processes where appropriate.

Hunt has been a leading voice for ongoing industry-wide reform and standardization, and supports a number of initiatives to standardize and improve the MHPI program in partnership with the Services, including:

- Resident Lease;
- Resident Bill of Rights;
- Resident Responsibilities;
- Dispute Resolution Guidelines;
- Facilities Management and Maintenance Plan;
- Moisture and Mold Procedures;
- Resident Displacement/Relocation Policy; and
- Performance Incentive Fee Metrics.

## **VI. Conclusion**

Every resident needs to have a voice and be heard, and we have welcomed the voices of those not previously heard this past year.

While I cannot promise you, or our residents, maintenance-free housing, what I can say is that we have heard our residents loud and clear, and we have implemented tools, services, processes, and procedures so that we can better address their concerns in a diligent, timely, and consistent manner. Over the past year, we have made significant improvements, but our work is not done.

We are singularly focused on rebuilding the trust between Hunt and our residents, and working together with our DoD partners to improve the living experience of our military families and ensure the continued success of the MHPI program.

We recognize that we have been entrusted to build quality communities for America's heroes. We take that responsibility very seriously and believe our ongoing efforts today, and in the days and years ahead, will reflect that commitment.

Thank you for the opportunity to testify today. I look forward to hearing your views and answering any questions.



Mr. Ehle is currently President of Hunt Military Communities (“HMC”), where he is responsible for overall company strategy and financial performance, and for supervising the development, construction, management, and partner relationships associated with the company’s military family housing privatization portfolio, encompassing approximately 32,000 units owned and under management, and totaling 51,000 units when including units owned as a limited partner. Prior to joining HMC, Mr. Ehle served in the same position with Forest City Military Communities (“FCMC”) and its portfolio of approximately 15,000 units owned and under management. Prior to his role as President of FCMC, Mr. Ehle held the position of Senior Vice President with portfolio-wide supervisory responsibility from 2010 to 2014, regional-level portfolio responsibility from 2007 to 2010, and Project Executive responsible for the Navy Midwest project from 2005 to 2008.

Mr. Ehle has over 26 years of experience in the real estate industry, with a background in both acquisition of existing real estate assets and ground-up real estate development. Prior to joining FCMC, Mr. Ehle was pursuing commercial real estate acquisition opportunities in the greater Chicago market in partnership with high net worth individuals under his own company, Northern Lakes Real Estate Investments, LLC. Before his launch of Northern Lakes, Mr. Ehle was a Vice President – Development for ORIX Real Estate Equities, Inc., in Chicago, focused on office and industrial projects in the Midwest, Mountain and Pacific Northwest regions of the United States. While at ORIX, Mr. Ehle managed the development of over 1.4 million square feet of office space; approximately 660,000 square feet of industrial space; and over 80,000 square feet of specialized retail space. Mr. Ehle started his real estate career at Birtcher Property Services in Laguna Niguel, CA, where he became an Acquisitions Manager, sourcing investment opportunities, and leading due diligence inspections and closings in the acquisition of existing real estate assets. During his time at Birtcher, Mr. Ehle was involved in the acquisition of over 875,000 square feet of office product, 280 apartment units, and helped advise on the development of approximately 150,000 square feet of industrial space.

Mr. Ehle holds a Bachelor of Arts degree from the University of Wisconsin-Madison.

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COMMITTEE ON ARMED SERVICES  
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**Hearing Date:** Thursday, December 5, 2019

**Hearing Subject:**

Privatized Housing: Are Conditions Improving for Our Military Families?

**Witness name:** John Ehle

**Position/Title:** President, Hunt Military Communities\*

**Capacity in which appearing:** (check one)



Individual



Representative

**If appearing in a representative capacity, name of the organization or entity represented:**

Hunt Military Communities

\*Hunt Military Communities refers to Hunt's military housing business.

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**Fiduciary Relationships:** If you are a fiduciary of any organization or entity that may have an interest in the subject matter of the hearing, please provide the following information:

Organization or entity	Brief description of the fiduciary relationship
Hunt Military Communities	President (see annex)

**Organization or Entity Contract, Grant or Payment Information:** If you or the entity you represent before the Committee on Armed Services has contracts or grants (including subcontracts or subgrants) or payments originating from an organization or entity, whether public or private, that has a material interest in the subject matter of the hearing, received during the current and two previous calendar years, please provide the following information:

**2019**

Contract/grant/ payment	Entity	Dollar value	Subject of contract, grant or payment
See annex			

**2018**

Contract/grant/ payment	Entity	Dollar value	Subject of contract, grant or payment
See annex			

2017

Contract/grant/ payment	Entity	Dollar value	Subject of contract, grant or payment
See annex			

**Annex to  
Hunt Military Communities Disclosure Form for Witnesses  
Committee on Armed Services  
U.S. House of Representatives  
December 5, 2019 Hearing**

**Federal Contract or Grant Information:**

Hunt Military Communities (“Hunt”) has not received contracts or grants from the federal government under the Military Housing Privatization Initiative (“MHPI”) from 2017 to 2019. Hunt or its affiliates received federal contracts under the MHPI before 2017.

Under the MHPI, Hunt currently owns and operates 21 separate projects in partnership with the Department of Defense. Hunt also maintains a minority ownership interest in some properties that it does not manage or oversee. All of Hunt’s projects, some of which include multiple property sites, are located on or near Air Force, Navy, Marine Corps, and Army bases throughout the United States. Each project that Hunt operates is governed by a ground lease and limited liability company operating agreement. Below are the 21 projects that Hunt currently owns and operates. Information on the property sites of these projects can be found at <https://www.huntcompanies.com/what-we-do/military-communities>.

1. Air Force Academy Military Communities, LLC
2. AETC II Privatized Housing, LLC
3. BLB Privatized Housing, LLC
4. Buckley Family Housing, LLC
5. De Luz Housing, LLC
6. Dover Air Force Base Properties, LLC
7. Western AH 406, Ltd.
8. HP Communities, LLC
9. Fort Lee Commonwealth Communities, LLC
10. Hampton Roads PPV, LLC
11. Kingsville Two Family Housing, Ltd.
12. Kirtland Family Housing, LLC
13. Nellis Air Force Base Properties, LLC
14. Midwest Family Housing, LLC
15. Pacific Northwest Communities, LLC
16. Ohana Military Communities, LLC
17. Redstone Communities, LLC
18. WRAF Housing, LLC
19. Robins Air Force Base Properties II, LLC
20. Scott Air Force Base Properties, LLC
21. Hunt Southern Group, LLC

**Fiduciary Relationships:**

John Ehle is a fiduciary of Hunt Military Communities and of the applicable Hunt entity that owns the project owners listed above.

**Organization or Entity Contract, Grant or Payment Information:**

Hunt has not received contracts or grants from the federal government under the MHPI from 2017 to 2019. Please see above for additional information.

For the MHPI projects that Hunt currently owns and operates, Hunt's management revenue is generated primarily through the applicable project owner's receipt of rent payments from residents who opt to live in the project owner's property. These rent payments are in large measure covered by a service member's Basic Allowance for Housing ("BAH"). The project owner receives the BAH as gross revenue. It then uses portions of the BAH to cover operating expenses, service debt payments, pay asset management and property management costs, and contribute prescribed amounts to reinvestment accounts, which fund long-term sustainment.

**Statement for the Record**  
**by Denis Hickey, Chief Executive Officer, Lendlease Americas Inc.**

**House Armed Services Committee, Subcommittee Readiness**  
**Hearing on “Privatized Housing: Are Conditions Improving for Our Military Families?”**

**December 5, 2019**

Chairman Garamendi, Ranking Member Lamborn and distinguished Members of the subcommittee, my name is Denis Hickey, Chief Executive Officer of Lendlease Americas Inc. Thank you for inviting me to appear before you today.

Lendlease is pleased to be able to discuss the work we are doing to improve the Military Housing Privatization Initiative (MHPI). Lendlease has been a proud partner of the Department of Defense (DoD) across the MHPI program for over 15 years and we currently manage approximately 40,000 homes that contain over 120,000 military family members. Overall, we are proud of the service we provide our residents and of our close working relationship with the DoD, the House and Senate Armed Services Committee as well as the military families and communities throughout our portfolio.

Ten months ago, Congress commenced an inquiry into the living conditions of military families across the United States. This inquiry revealed some living standards which were clearly unacceptable, and which needed to be immediately addressed. Over the last ten months, Lendlease has reflected deeply on its performance and has reviewed all aspects of its customer service, resident engagement and operational activities - each of which directly impacts the experience of military families in our communities.

We have undertaken significant consultation with our residents as we greatly appreciate their feedback and insights into how we can improve our performance. We have also consulted with advocacy groups, such as the Safe Military Housing Initiative, regarding their perspectives on the issues which are facing certain military families living in our communities. In addition, we have worked extensively with our various military partners to review our leadership and operational structures to identify areas for improvement. This extensive collaboration has been instrumental in guiding us to understand the steps that we need to undertake to improve the resident experience across our communities. We address the initiatives that we have undertaken below in this statement.

Mr. Chairman, we appreciate the work this Committee has done to find sensible and viable solutions to problems and challenges addressed in the House version of the FY20 National Defense Authorization Act (NDAA). We are confident those proposed solutions and the initiatives we are undertaking will enhance the lives of military families while maintaining the financial viability of the MHPI program. We look forward to a continued dialogue with this Committee and with your colleagues in the Senate, as the NDAA is finalized and implemented.

Finally, while the MHPI has been a notable success for nearly two decades, and we are proud of our work on behalf of service members and their families living in our communities, we do realize there will always be opportunities to improve our performance. Lendlease remains focused on working with Congress, our partners and, above all, our residents and communities, to improving all aspects of our business and providing the highest quality housing possible to our military families living within our communities.

### **Lendlease Background**

Lendlease is a leading global property company founded in Sydney, Australia in 1958. We have been operating in the United States since 1970. Lendlease Americas is a full tax paying U.S. corporation, directly employing nearly 2,000 people across the United States, 95% of whom are American citizens. We are proud of our long history in America.

As an Australian, I can attest to the fact that Australia - the only country to have stood and fought beside America in every major conflict since World War I - is very proud of the strong military ties between our countries. We at Lendlease are humbled by the opportunity to serve American military personnel and their families by providing quality, healthy, safe, and sustainable communities where military families live, work, and thrive.

Our military housing business is headquartered in Nashville, TN. We have the privilege of overseeing and managing approximately 40,000 single-family rental homes and approximately 200 apartments across 28 installations in 12 states, from Upstate New York to Alaska and Hawaii. We are very proud that 132,400 military personnel and dependents call a Lendlease community home. In addition, many of our managers and employees also live in the local communities we serve and a large number of them are veterans or military spouses who have lived in military housing. They know first-hand the sacrifices our military families make every day.

These people have dedicated their careers to serving our military families. It gives me great pride to know that these men and women are thoroughly motivated to do right by our service men and women and their families every day.

### **The MHPI Program**

As you know, the MHPI program was enacted out of a critical need to modernize old and dilapidated housing on military bases that, after decades of deferred maintenance, had fallen into disrepair. When DoD realized the full scope of the problem, it became apparent that it would never be able to tackle this massive backlog if it relied solely on appropriated funds. To do so would only consign our military families to an ever-worsening housing crisis. Business as usual was no longer an option.

At that point, Congress and DoD made the decision to partner with the private sector to accelerate the process of providing quality homes. The enactment of military housing privatization through MHPI allowed for much needed private capital and private sector expertise to rebuild and refurbish military housing.

After a full and open procurement process, the military services selected private sector developers to handle construction, refurbishment, operations, and ongoing sustainment of their housing facilities.

To organize these privatizations efforts, Lendlease formed arm's length Project Companies to own, develop, finance, and operate family housing on military installations. Often, the military service elected to become a member of the Project Company. In our case, Lendlease is engaged as the asset manager and the development manager, and we partner with Winn Companies to

perform the property management at the individual installations. The corresponding military service retains governance oversight and control over major decisions of the Project Company.

#### **The Basic Allowance for Housing**

While billions of dollars in private sector investment have been brought to bear as a result of MHPI, the ongoing funding for the Project Companies comes in the form of rent from the residents - the Basic Allowance for Housing (BAH). The BAH is deposited into secured accounts and is used to pay for the following:

1. Operating expenses
2. Debt service
3. Approved management fees and agreed investment returns
4. Long-term reinvestment

BAH funds are not distributed to the private sector developers. They remain within the project to fund future development and maintenance work.

As the reinvestment account balance grows, the Project Company, in consultation with the military service and the local installation, assesses how those funds can be utilized to best improve the quality of housing on the installation. Generally, the military service, as a member of the Project Company, shares authority for approving plans for how funds are expended from the reinvestment accounts.

Our current forecast is that a further \$16.4B of surplus net operating income (NOI) will be generated for deposit into the reinvestment accounts across our MHPI portfolio over the remaining balance of the ground leases, subject of course to projected occupancy rates. Funds in the reinvestment accounts will be used for further upgrades and new enhanced facilities over the remaining term of the projects.

#### **Environmental Challenges and Legacy Homes**

One of the great successes of the MHPI program has been the creation of new housing on military installations. As older homes are torn down, they are replaced with new, modern ones that conform to the latest building codes and are built to meet the needs of a modern military family. To date, across Lendlease's MHPI portfolio we have invested more than \$7.2B to build over 15,000 new homes and renovated over 25,000 existing homes.

For all our progress to date, it is worth remembering that the MHPI program was not created to replace every existing home with a new one. It was always contemplated that a percentage of "legacy homes" (those built over the years by the Services prior to privatization), would remain in the MHPI portfolios until such time as funds became available to replace them. These legacy homes often contained environmental conditions, such as lead-based paint, asbestos, pesticide impacted soils, and other issues such as creosote.

For these legacy homes, plans to effectively manage these existing conditions were prepared in consultation with our military service partners and other consultants. Lendlease has implemented the recommendations contained in these management plans across our portfolio and continues to actively monitor and manage these issues.

For example, we have implemented innovative solutions as preventative measures for our approach to environmental concerns. Some of the new protocols include:

- ✓ New lead-based paint inspections and repairs (as applicable) during change of occupancy, 90-day resident follow-up, and annual resident follow-up
- ✓ New mold-inhibiting paint and primer to prevent mold and mildew used during change of occupancy
- ✓ Utilization of enhanced HVAC filters designed to filter out mold spores and new ventilation systems in bathrooms, where needed
- ✓ New radon protocols to increase periodic testing in homes
- ✓ Improved home assessment tools
- ✓ Expanded change of occupancy scope

We continue to be open and transparent with our residents regarding latent environmental issues and take all resident concerns extremely seriously. Our policy requires that any known presence of lead-based paint, in homes is disclosed to residents prior to occupying their home. Residents are encouraged to immediately report any suspected lead-based paint flaking, mold, or other environmental concerns and those service orders are addressed as "urgent" and we respond with a maintenance technician within 24 hours.

We are committed to being proactive in tackling issues within our homes and communities. Utilizing the latest GIS technology, we plan for critical system upgrades such as HVAC units and hot water heaters, while also creating registers for items such as environmental inspections. This information has resulted in a planned and organized maintenance and environmental management program.

#### **Customer Service is Critical for Success**

Lendlease's customer-first culture underpins its vision to "create the best places" where military families can live, work, and thrive.

Every service member, other than command-designated personnel required to live on an installation, has the option to live on or off base, as they can use their BAH to reside in off-base housing. As a result, for an MHPI housing project to become the housing provider of choice and aggressively compete with the homes off the installation, it must consistently provide the best value and customer service to its residents and distinguish itself from the competition.

As part of our efforts to continuously improve our program and respond to the challenges from Congress, our DoD partners and our residents, we have recently taken the following steps:

- **Resident Advisory Boards** – At the center of our customer/resident engagement strategy is Lendlease's significant investment to establish a Resident Advisory Board (RAB) in each of our military communities. These RABs are designed to give residents the opportunity to directly work with our team to help shape their local community, express their concerns, share their ideas and suggestion and to work directly with our local management team to develop and implement effective solutions (see more detail below).
- **Director of Customer Care** – We have appointed a Director of Customer Care who administers our resident relations program across our entire MHPI portfolio and focuses 100% on working with our teams, employees and partners to deliver the highest standards of customer care.



- **Increased customer service resources** – We have renewed our focus on customer service and have increased our customer service staff to over 1,600, some of whom are now located on site. Additionally, we have refreshed our suppliers and subcontractors to assist with responses to general maintenance, environmental testing, painting, roof work, and other specialized services.
- **Extensive training** – We have invested in a series of new staff training modules across our entire portfolio, focused on assisting teams to improve their customer service skills and ultimately improve the customer experience in our communities.
- **Introduction of smart phone resident app** – Recognizing that our residents need to have the tools to make their voices heard and ensure their service requests are being responded to appropriately, Lendlease was the first of the MHPI partners to utilize a smart phone app, Military Café. We rolled it out more than two years ago, and have worked directly with the software creator to launch additional features this year such as the addition of survey feedback options, progress tracking of the repair, new resident resources section to provide escalation paths, and the ability to upload photos of their request as well as our technicians to upload photos of a completed repair. Use of the Military Café app has increased by 123% this year alone.
- **Enhanced service order process** – We have developed a new virtual dispatch solution to replace our current call center. This will also allow the use of new scheduling tool or work order requests that allow the resident to customize and schedule repairs according to availability and repair type.
- **Increased focus on reducing outstanding maintenance orders** – We have significantly reduced outstanding maintenance orders and seek to continuously achieve and improve performance targets around response times.
- **Crisis response plans** – We have created Business Continuity Plans and Crisis Response Plans for each of our communities. As we learned from Hurricane Florence, our communities must be prepared to continue to perform its operations or rapidly and efficiently resume mission-essential functions in the event of any incident, emergency, or disaster that significantly affects its employees, residents, infrastructure, facilities, or systems.
- **Resident Satisfaction Surveys** – We measure resident satisfaction using independent surveys conducted by CEL & Associates and SatisFacts. We work with our DoD partners to make sure they are independent and credible, and we routinely receive the highest scores in the industry on these surveys.

#### **Resident Advisory Boards**

We believe that the effective establishment of these Resident Advisory Boards is critical for creating the environment needed to foster collaboration between the resident community, the Service and Lendlease. These boards provide a forum for all of us to work together to ensure that housing issues and quality of life concerns are quickly addressed, and best practices are shared and celebrated. As the RABs are made up of resident representatives, our goal is to have at least one neighborhood representative for every 400 families. For example, on an average

3,000 home base, the RAB would have eight neighborhood representatives. In addition to these eight neighborhood representatives, each Lendlease base project director and a dedicated Service representative would also become members of the RAB. This group meets monthly to discuss base performance, new initiatives, community engagement as well as focusing on both what is working well and what may need to be improved.

For example, if a family has an issue with their home which they believe has not been satisfactorily resolved, they can bring their concern to their local RAB representative or directly to the Chair or the RAB. Our expectation is that any outstanding housing issues will be addressed via this process to the full satisfaction of the resident. If in the unlikely event that the RAB cannot effectively address the issue, we have established an arbitration panel to ensure the matter is resolved fairly, quickly, and with finality.

This RAB structure was piloted at Lendlease's AMCC Camp Lejeune. As this Committee knows, significant time and attention has been focused at Camp Lejeune as last fall, Hurricane Florence wrought unprecedented damage to the base. More than 60% of the housing at Camp Lejeune (3,818 of the 6,182 homes) sustained damage totaling in excess of \$175M. This not only impacted families physically, but it also became apparent that our relationship with residents was rapidly eroding as a direct result of a lack of informed communication, which in turn created a perceived lack of action.

In the immediate aftermath of the storm, it was clear that AMCC had to find a way to treat every impacted resident on an individual basis, no small task for a project that had over 5,888 residents impacted to some extent by the storm. During this recovery effort our initial Customer Care Center was established as a direct result of the sheer magnitude of the communication and coordination that had to occur between the project and the residents during the hurricane recovery effort.

To repair homes in extreme demand and under extraordinary conditions was a severe test, but to repair trust and credibility with our residents was an even bigger challenge. We have made significant progress in both areas and several customer service initiatives implemented at Lejeune have been adopted as best practices across our portfolio. At this time, Lendlease remains on track to have all housing repairs completed by the end of this year.

The actions taken and initiatives at AMCC demonstrate Lendlease's commitment to and focus on our residents and have informed our broader efforts across our portfolio to enhance our customer care. We have worked diligently to recover from a catastrophic weather event while improving our relationship with Navy and Marine Corps partners, and reestablishing trust and credibility with our residents through performance and personalized customer care.

### **Conclusion**

Mr. Chairman, we fully understand the privatized military housing challenges that have been brought to light since the SASC inquiry commenced.

Over the past year, we have actively worked with our residents, DoD partners and with the House and Senate Armed Services Committees to reform and improve our entire MHPI portfolio to better serve military families for the life of the program. We realize that the eventual enactment of the FY20 NDAA will require further reforms to how we operate and interact with our residents. Lendlease will do its part to implement these various provisions as quickly and efficiently as practicable.

Mr. Chairman, as we noted above, Lendlease is proud of its work on behalf of service members and their families and strives to continuously improve performance. Lendlease remains committed to and focused on working with Congress, our partners and, above all, our residents and communities, to improve all aspects of our business and to provide the highest quality housing possible to our military families living within our communities.

**DENIS HICKEY**

CHIEF EXECUTIVE OFFICER, AMERICAS



Denis Hickey  
*Chief Executive Officer, Americas*

Denis was appointed Chief Executive Officer of the Americas in 2014 and is based in New York. Denis oversees all aspects of the Lendlease business in the Americas and is a member of the Global Leadership Team. Prior to this, Denis joined Lendlease in 2012 as Managing Director of Lendlease's Australian development business.

Denis brings more than 25 years' experience to Lendlease, working across all aspects of real estate development and investment management. He has been responsible for leading a range of activities in the sector, including retail, residential, office, retirement and major urban renewal projects.

Prior to joining the Group Denis was Chief Executive Officer of ING Real Estate, Australia and held senior executive positions at Stockland Group and Jennings Group Limited. Denis holds a Bachelor of Business Degree from Monash University and is a graduate of Harvard University's Advanced Management Program.

**DISCLOSURE FORM FOR WITNESSES  
COMMITTEE ON ARMED SERVICES  
U.S. HOUSE OF REPRESENTATIVES**

**INSTRUCTION TO WITNESSES:** Rule 11, clause 2(g)(5), of the Rules of the U.S. House of Representatives for the 116<sup>th</sup> Congress requires nongovernmental witnesses appearing before House committees to include in their written statements a curriculum vitae and a disclosure of the amount and source of any federal contracts or grants (including subcontracts and subgrants), or contracts or payments originating with a foreign government, received during the current and two previous calendar years either by the witness or by an entity represented by the witness and related to the subject matter of the hearing. As a matter of committee policy, the House Committee on Armed Services further requires nongovernmental witnesses to disclose whether they are a fiduciary (including, but not limited to, directors, officers, advisors, or resident agents) of any organization or entity that may have an interest in the subject matter of the hearing. Committee policy also requires nongovernmental witnesses to disclose the amount and source of any contracts or grants (including subcontracts and subgrants), or payments originating with any organization or entity, whether public or private, that has a material interest in the subject matter of the hearing, received during the current and two previous calendar years either by the witness or by an entity represented by the witness.

Please note that a copy of these statements, with appropriate redactions to protect the witness's personal privacy (including home address and phone number), will be made publicly available in electronic form not later than one day after the witness's appearance before the committee. Witnesses may list additional grants, contracts, or payments on additional sheets, if necessary. Please complete this form electronically.

**Hearing Date:** Thursday, December 5, 2019

**Hearing Subject:**

Privatized Housing: Are Conditions Improving for Our Military Families?

**Witness name:** Mr. Denis Hickey

**Position/Title:** CEO Lendlease Americas Inc

**Capacity in which appearing:** (check one)



Individual



Representative

**If appearing in a representative capacity, name of the organization or entity represented:**

Lendlease (US) Public Partnerships Holdings LLC

**Federal Contract or Grant Information:** If you or the entity you represent before the Committee on Armed Services has contracts (including subcontracts) or grants (including subgrants) with the federal government, received during the current and two previous calendar years and related to the subject matter of the hearing, please provide the following information:

**2019**

Federal grant/ contract	Federal agency	Dollar value	Subject of contract or grant
n/a			

**2018**

Federal grant/ contract	Federal agency	Dollar value	Subject of contract or grant
n/a			

**2017**

Federal grant/ contract	Federal agency	Dollar value	Subject of contract or grant
n/a			

**Foreign Government Contract or Payment Information:** If you or the entity you represent before the Committee on Armed Services has contracts (including subcontracts or subgrants) or payments originating from a foreign government, received during the current and two previous calendar years and related to the subject matter of the hearing, please provide the following information:

**2019**

Foreign contract/ payment	Foreign government	Dollar value	Subject of contract or payment
n/a			

**2018**

Foreign contract/ payment	Foreign government	Dollar value	Subject of contract or payment
n/a			

**2017**

Foreign contract/ payment	Foreign government	Dollar value	Subject of contract or payment
n/a			

**Fiduciary Relationships:** If you are a fiduciary of any organization or entity that may have an interest in the subject matter of the hearing, please provide the following information:

Organization or entity	Brief description of the fiduciary relationship
Lendlease (US) Public Partnerships Holdings LLC	Lendlease (US) Public Partnerships Holdings LLC is the holding company with subsidiary entities that act as sole member, managing member or general manager to the following entities: AA Family Housing Holding Company LLC, Fort Hood Family Housing LP, Campbell Crossing LLC, Island Palm Communities LLC, Hickam Communities LLC, Atlantic Marine Corps Communities LLC, Fort Drum Mountain Community Homes LLC, Knox Hills LLC, Soaring Heights Communities LLC, Tierra Vista Communities LLC, and NHC Capital LLC.

**Organization or Entity Contract, Grant or Payment Information:** If you or the entity you represent before the Committee on Armed Services has contracts or grants (including subcontracts or subgrants) or payments originating from an organization or entity, whether public or private, that has a material interest in the subject matter of the hearing, received during the current and two previous calendar years, please provide the following information:

**2019**

Contract/grant/ payment	Entity	Dollar value	Subject of contract, grant or payment
Lendlease (US) Public Partnerships Holdings LLC is ultimately owned by Lendlease Corporation Ltd, which is an Australian corporation publicly traded on the Australian Stock Exchange (ASX). Lendlease Corporation Ltd publishes its consolidated accounts, which reflect grants, payments, or contracts originating from such entities and can be accessed at <a href="http://www.lendlease.com">www.lendlease.com</a> under Investment Center. Please note that Lendlease operates on a July-June financial year.			

**2018**

Contract/grant/ payment	Entity	Dollar value	Subject of contract, grant or payment
Lendlease (US) Public Partnerships Holdings LLC is ultimately owned by Lendlease Corporation Ltd, which is an Australian corporation publicly traded on the Australian Stock Exchange (ASX). Lendlease Corporation Ltd publishes its consolidated accounts, which reflect grants, payments, or contracts originating from such entities and can be accessed at <a href="http://www.lendlease.com">www.lendlease.com</a> under Investment Center. Please note that Lendlease operates on a July-June financial year.			



2017

Contract/grant/ payment	Entity	Dollar value	Subject of contract, grant or payment
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## WRITTEN STATEMENT

Prepared statement by Richard Taylor, President, Facility Operations, Renovations and Construction, Balfour Beatty Communities

Before the Subcommittee on Readiness of the House Armed Services Committee  
Hearing on "Privatized Housing: Are Conditions Improving for Our Military Families?"  
December 5, 2019

### I. INTRODUCTION

On behalf of Balfour Beatty Communities, I would like to begin by saying that we sincerely apologize for having fallen short of the high standards our nation's military families deserve. We fully accept that we must make improvements, and we are determined to regain the trust and confidence of our residents and our military partners.

Balfour Beatty Communities welcomes ongoing Congressional interest in privatized military housing, and I want to assure you that we share your commitment to promoting the safety, health and well-being of our service members and their families.

Before addressing some of the improvements we have already made, please permit me to provide you with a brief summary of my personal background. Following a recent reorganization of the management team at Balfour Beatty Communities, I now serve as the president of Facility Operations, Renovations and Construction, and have overall responsibility for the Facilities Management function of the company's military housing portfolio. I direct nearly 70% of our military housing workforce. My responsibilities also cover the execution of all renovations and construction activity associated with the renovation of homes, grounds, roads and infrastructure at on-base military housing communities across the United States. I am a Navy veteran, a civil engineer, and a champion of public-private partnership ventures. Before becoming involved in leadership roles in the management and operation of military and student housing, I held the position of Civil Engineer Corps Officer in the U.S. Navy for over twelve years. In my last Active Duty assignment, I served as the Officer in Charge of Construction for the U.S. Navy field office at the Naval Air Station in Willow Grove, Pennsylvania, responsible for construction management at U.S. Navy and Marine Corp facilities throughout Pennsylvania, New York and New Jersey. I held a Naval Facilities Engineering Command (NAVFAC) Contracting Officer warrant and executed several hundred million dollars in construction and facilities support contracts.

### II. SERVING THOSE WHO SERVE

Balfour Beatty Communities is a diversified real estate services company focused on the acquisition, management and renovation of residential assets in the military housing, multifamily and student

sectors. As one of the earliest partners in the Military Housing Privatization Initiative (MHPI), we consider it an honor and privilege to serve those who serve our country. From the delivery of new and renovated housing, to the provision of responsive property management and maintenance support, we strive to create thriving communities that fully support the unique and evolving housing needs of our service members and their families. We also pride ourselves on delivering dynamic resident events, community gathering spaces, playgrounds, parks and other amenities.

The Balfour Beatty Communities team has been a leader in the U.S. residential real estate market for more than 20 years. Today, we are responsible for housing operations at 55 Army, Navy and Air Force installations in 26 states, encompassing more than 43,000 military homes and 150,000 residents. Through these projects, we have partnered with the Department of Defense to oversee the construction of more than 15,000 new military homes and the renovation of more than 14,000 legacy military homes. This portfolio also includes nearly 1,000 homes that qualify as historic properties.

### III. ALLEGATIONS OF FRAUD

Balfour Beatty Communities takes the allegations that work orders were handled inappropriately very seriously. We have instructed external counsel, Hunton Andrews Kurth LLP (Hunton), to investigate the allegations and the way in which work orders were processed. To assist in the investigation, Hunton has appointed PricewaterhouseCoopers Advisory Services LLC to perform a forensic audit work plan under AICPA consulting standards relating to our submission of requests for incentive fee payments. The Hunton investigation covers our entire military housing portfolio and is expected to take several more months to complete. If it is determined that we did not properly earn incentive fees paid to us, we will refund those amounts. If the investigation determines wrong-doing by any member for our staff, we will take appropriate action.

When broader allegations were made in June, we proactively reached out to the Department of Justice (DoJ) to notify them of Hunton's review. The DoJ subsequently issued a Civil Investigative Demand and we have been cooperating with their investigation.

In addition to the Hunton investigation, Balfour Beatty Communities has also undertaken an extensive internal review of our work order processes. Based on this review, we already have implemented several important changes and improvements across our military housing portfolio, including providing a mobile device app for residents to enter, track and sign-off on work orders, and changes to our staffing and remediation processes to ensure we have appropriate resources and checks and balances in place to properly manage our military portfolio. We also are focused on making changes to improve both the experience and living conditions for our residents.

### IV. TRANSFORMING OUR APPROACH

The responsibility to provide safe, high-quality housing for the men and women of our country's armed services is of the utmost importance and we are fully committed to transforming the way in which we operate in order to ensure we accomplish this mission. To do this, we have initiated several significant changes.

#### *Organizational Changes*

We have recently restructured our senior leadership to strengthen the alignment of responsibilities, authority, and accountability. Specifically, we have split the roles of Community Management, which is responsible for customer service and support and community leasing activities, and Facilities Management, which is responsible for maintenance. This realignment will allow the Facilities Management function, for which I am responsible, to have more focused technical oversight and provide greater management support.

We are in the process of appointing a senior executive to serve as the Transformation Director for Military Housing. The Transformation Director will be responsible for ensuring that an appropriate change management program is in place and will focus on coordinating all policy and process changes and improvements that are being made across the company's military housing portfolio to ensure they add value, are appropriately integrated, and effectively delivered.

We also have significantly bolstered our staff and third-party contractor resources. Specifically, we have increased our military housing staffing levels by 130 positions in the last nine months. We have also supplemented our local teams by engaging more third-party specialist contractors, including an HVAC servicing and maintenance company, environmental remediation firms and industrial hygienists.

We have implemented more robust performance metric tracking and reporting, including key performance indicators related to resident satisfaction, work orders, displaced residents, preventive maintenance, occupancy, staffing levels and special projects. And, to reinforce management focus and ensure resident and partner expectations are being met, we have increased installation visits by members of senior Balfour Beatty Communities management. This will allow us to gain insights into challenges being faced by local teams so that support and resources can be allocated appropriately, and help improve engagement with residents, Installation Commanders and their military housing offices.

#### *Improving Maintenance Services*

Balfour Beatty Communities recognizes that a key aspect of delivering a high-quality living experience is providing responsive, effective maintenance services. While we deliver high-quality maintenance services at most installations, we fell short at some, and we realize this has resulted in a loss of confidence in our ability to be responsive to our residents needs.

In addition to realigning our leadership structure, we are taking additional steps to ensure the consistent delivery of responsive and effective maintenance services across our military housing portfolio. These include:

- **Strengthened oversight and quality control of repair/maintenance work.** We have hired Quality Control Specialists who are responsible for inspecting and approving all completed life, health and safety-related work orders and for conducting random checks on all other completed work orders.

- **Improved work order process transparency and ease of use.** We are making it very simple for residents to report any issues with their homes through the use of Yardi – a mobile app available both on their phones and on the internet. We are continuously enhancing the work order platform to increase resident transparency and control and we are actively encouraging residents to use the app to submit and track work orders online, giving them increased visibility into the process. As a result of our marketing and resident outreach programs approximately 80% of our residents have downloaded the app. Finally, we are empowering residents by requiring their sign-off on completed work orders.
- **Improved work order system controls to ensure integrity of data and process.** Work orders can no longer be cancelled by Balfour Beatty Communities staff. Work orders can only be cancelled by a member of the Corporate Business Support team and require a detailed explanation and the approval of a senior manager.
- **Established a uniform Temporary Relocation policy** which provides a consistent approach when dealing with a family that has to be relocated in order to carry out maintenance work in their home.
- **Outsourcing HVAC maintenance to third-party specialty contractor.** We have engaged a national, licensed contractor, managed at the local installation level by the Balfour Beatty Communities Facility Manager, and they will provide comprehensive HVAC services, including annual inspections, preventive maintenance and routine servicing.
- **Continuing a comprehensive evaluation of the work order system and processes.** This includes identifying and implementing improvements to work order policies, procedures and training on the Yardi work order system to improve performance and controls.
- **Implementing ongoing technical training and education programs.** Facilities Management employees are required to take courses to refresh technical skills for the specific services they provide. We have also appointed an experienced Vice President of Training to oversee the development of a robust training program across the company. This will include customer service training and training related to maintenance work order policies and procedures to ensure accurate recordkeeping. This training executive is assessing our existing training programs and, where necessary, revising them or developing new ones to ensure that we are properly aligned with service industry best practices.

#### *Improving the Resident Living Experience*

Delivering an exceptional living experience to military members and their families who call our communities home is Balfour Beatty Communities' top priority. We have many examples of excellent customer service across our portfolio, as evidenced by improving resident satisfaction

scores and we recognize the need to embed that level of resident experience consistently across our portfolio and our culture.

We have reorganized our management structure to drive more focused oversight and development of our key resident-facing functions, we have increased our local staff resources and added new technologies and programs to significantly improve communication with residents and, particularly, their experience with work orders. In addition, we have implemented other changes specifically intended to improve the living experience for our residents.

- **Further enhancing resident engagement, communication and transparency.** We have added new Resident Engagement Specialists at multiple locations. These individuals monitor resident needs and feedback through frequent interaction and outreach, assist with service-related questions, help new residents get settled and continuously identify opportunities to improve the overall resident experience.
- **Completed additional workforce training to reinforce company culture and expectations.** We have delivered mandatory live Code of Conduct training to all our military housing employees to underscore the importance the company places on business integrity and ethics. In addition, we have given 'BBC Exceptional Customer Service' training to all employees to refresh their understanding of best practices and management expectations and given in-person Work Order Process training to all Work Order Administrators.
- **Creating a more robust employee learning and development program to improve services being delivered to residents.** We have appointed an experienced Vice President of Training, who reports directly to operational leadership, to oversee development of a redesigned training program for all employees.
- **Conduct lifecycle analysis of military housing portfolio** to identify where short and long-term housing improvements and/or replacements can be made to achieve and ensure a consistently high standard across all our military communities. As part of this initiative, we will collaborate with the Department of Defense and each Military Service to determine alternative financing solutions—beyond standard capital repair, replacement and reinvestment accounts—to execute lifecycle improvements more quickly than current funding sources allow.

#### *Safely Managing Environmental Hazards*

Many homes in our military housing portfolio were constructed prior to 1981 and, as a result, they may have asbestos-containing building materials and/or lead-based paint. In addition, in certain geographies, extreme heat and humidity have created moisture-related issues that could prompt higher incidences of mold growth. Additionally, we closely monitor other regulated environmental hazards. The health and safety of our residents is always our top priority. We fully recognize the importance of carefully managing environmental hazards.

Below we highlight the specific actions we are taking to ensure these hazards are carefully managed according to rigorous protocols across our military housing portfolio.

- **We have hired Regional Environmental Specialists.** The new team members, who report to our Environmental Director, advise local teams, monitor environmental processes and projects, and manage resident communications on environmental repair/remediation work. In addition, we have retained a third-party expert mold remediation firm to advise on enhanced protocols and procedures.
- **We are enhancing mandatory environmental training for all Facilities Management employees.** All Facilities Management employees are required to participate in mold/moisture, asbestos and lead-based paint courses annually. In addition, all employees authorized to engage contractors are required to have a thorough understanding of the company's contracting policies and procedures, with a specific focus on requirements for work being performed in older homes where environmental hazards may be present.
- **We are improving quality assurance on environmental work orders.** We have engaged Quality Control Specialists to inspect completed environmental work orders and validate work performed where we have experienced significant incident levels that require additional resources.
- **We have increased monitoring of all homes for mold/moisture issues.** Enhanced inspections of all homes for mold/moisture issues, with a specific focus on HVAC systems, will be conducted during annual preventive maintenance visits.

*Improving Operations at Tinker Air Force Base*

The multiple challenges at Tinker AFB have caused disruption and dissatisfaction for many residents. Our local team has been focused on managing crises which has negatively impacted overall customer service and maintenance support for our residents. This has resulted in an increase in complaints, reduced occupancy and a general loss of confidence in the Balfour Beatty Communities team.

Addressing these issues has proven both complex and difficult and we have continued to make adjustments to ensure we have the right resources in place. We take ownership of the situation and have recently increased available resources, enhanced policies and procedures and put in place long-term, sustainable solutions.

We will continue to work diligently to address the root cause of the mold/moisture issues. Nevertheless, we know the climate in the region will always present a challenge and we will continue to vigilantly monitor conditions in all Tinker homes, as well as seeking to educate residents on mold and its relationship to climate.

We are complying with the Air Force's request to provide a Performance Improvement Plan, which will include specific actions being taken to address issues at Tinker AFB, including work related to the HVAC systems. The plan is comprehensive and demanding. We have been in discussions with the Air Force on its content and will present it for their review later this month.

#### VI. COLLABORATING TO IMPROVE MHPI

We share a common interest with Congress and our military partners to provide a quality living experience for service members and their families. We have listened carefully to our residents, the Military Services, the Department of Defense and Congress and remain committed to working with each of those stakeholders—and the other MHPI developers—to continuously improve the quality and sustainability of military housing projects in each Service Branch.

We support many of the MHPI provisions offered in the House and Senate versions of the National Defense Authorization Act and we have been actively participating in meetings with DoD to help implement these enhancements. Some of those include:

- Creating a Tenant Bill of Rights
- Implementing new transparency measures for residents
- Standardizing the resident experience including move-in/move-out processes, establishment of a common lease, and developing a dispute resolution process
- Development of uniform mold policy
- Development of resident displacement policy
- Collaborating with Services on incentive fee metrics

#### VII. CONCLUSION

In summary, over the last 9 months we have made significant changes to improve the living conditions for our military residents and their families. Some of those changes are summarized below.

- We have changed the leadership of our organization to ensure we align technical and customer service responsibilities appropriately.
- We have implemented extensive changes to our work order processes and the way in which we verify incentive fee submissions.
- We have increased staffing levels, adding quality control and environmental health specialists and retaining third-party contractors to provide specialty services, particularly for HVAC maintenance and servicing and mold remediation.
- We have strengthened oversight of the management and handling of potentially hazardous material.

When the Hunton investigation is complete, we expect to implement even more improvements to our processes and procedures as their findings may require.



Thank you for the opportunity to testify today. I would like to reaffirm, personally and on behalf of Balfour Beatty Communities, our commitment to providing our service members and their families with safe, quality homes, and to ensuring that they are supported by responsive, professional property management personnel who deliver excellent customer service.

Our goal is to provide our residents with outstanding customer service and high standards of maintenance. That is the obligation we owe to service members and their families who choose to live in housing for which we are responsible. Achieving this goal is of the utmost importance to me in my new role.

## Richard (Rick) C. Taylor, President, Facility Operations, Renovations & Construction



**Company**  
Balfour Beatty Communities

**Years' Experience**  
19 Firm, 28 Industry

**Professional Affiliations**  
Member, American Society of Civil Engineers (ASCE)

**Member, Society of American Military Engineers (SAME)**

**Education**  
Pennsylvania State University,  
Masters Degree, Civil Engineering  
(Construction Management)

**Pennsylvania State University,  
Bachelors Degree, Civil Engineering**

### General Profile

Richard (Rick) C. Taylor is President, Facility Operations, Renovations & Constructions for Balfour Beatty Communities with overall responsibility for the direct oversight of the facilities management function of the company's military housing portfolio focusing on preventive maintenance, optimal utilities management, quality assurance, and above all, Zero Harm, the Balfour Beatty safety pledge. His responsibilities extend to the execution of all construction activity associated with the renovation of homes, grounds, roads and infrastructure at on-base military housing communities across the United States. These construction projects range from planned and routine to restoration efforts borne from natural disasters and unforeseen events. Rick has served as President, Infrastructure Investments, for Balfour Beatty Investments in North America, with overall responsibility for the organization's strategy, development, and operations. A Navy Veteran, a civil engineer, and a pioneer in public-private partnership ventures in the United States, he has leveraged his expertise and made a commitment to the creation and care of essential assets including communities in the Military Housing Privatization Initiative, hospitals like the British Columbia Children's and Women's Hospitals, college and university housing including Aspire at Discovery Park for Purdue University, and transformative transportation projects such as the Los Angeles International Airport Automated People Mover.

Rick served in a similar capacity for GMH Military Housing, a division of GMH Communities Trust, a real estate investment trust specializing in the management and operation of military and student housing throughout the U.S. Under his leadership, GMH Military Housing grew to become one of the nation's largest providers of privatized housing for military service members and their families. Rick also had overall responsibility for the commercial construction division of GMH Capital Partners, LP, an international corporate real estate company.

Previously, Rick held the position of Civil Engineer Corps Officer in the U.S. Navy for over twelve years. While in the Navy, he held various leadership and managerial roles worldwide. In his last assignment, he served as the Officer in Charge of Construction for a Navy field office located at the Naval Air Station in Willow Grove, Pennsylvania. In this capacity, he was responsible for the construction management at U.S. Navy and Marine Corps facilities throughout Pennsylvania, New York, and New Jersey. Rick held a Naval Facilities Engineering Command (NAVFAC) Contracting Officer warrant and executed several hundred million dollars in construction and facilities support contracts funded by MILCON and other appropriations.

**DISCLOSURE FORM FOR WITNESSES  
COMMITTEE ON ARMED SERVICES  
U.S. HOUSE OF REPRESENTATIVES**

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**Hearing Date:** Thursday, December 5, 2019

**Hearing Subject:**

Privatized Housing: Are Conditions Improving for Our Military Families?

**Witness name:** Richard C. Taylor

**Position/Title:** President, Facility Operations, Renovations & Construction

**Capacity in which appearing:** (check one)

☒ Individual ☐ Representative

**If appearing in a representative capacity, name of the organization or entity represented:**

Balfour Beatty Communities, LLC

**Federal Contract or Grant Information:** If you or the entity you represent before the Committee on Armed Services has contracts (including subcontracts) or grants (including subgrants) with the federal government, received during the current and two previous calendar years and related to the subject matter of the hearing, please provide the following information:

**2019**

Federal grant/ contract	Federal agency	Dollar value	Subject of contract or grant

**2018**

Federal grant/ contract	Federal agency	Dollar value	Subject of contract or grant

**2017**

Federal grant/ contract	Federal agency	Dollar value	Subject of contract or grant

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Organization or entity	Brief description of the fiduciary relationship

**Organization or Entity Contract, Grant or Payment Information:** If you or the entity you represent before the Committee on Armed Services has contracts or grants (including subcontracts or subgrants) or payments originating from an organization or entity, whether public or private, that has a material interest in the subject matter of the hearing, received during the current and two previous calendar years, please provide the following information:

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TESTIMONY OF JARL BLISS  
PRESIDENT, LINCOLN MILITARY HOUSING

BEFORE THE  
SUBCOMMITTEE ON READINESS  
OF THE  
HOUSE COMMITTEE ON ARMED SERVICES

DECEMBER 5, 2019



Chairman Garamendi, Ranking Member Lamborn, and distinguished members of the Subcommittee:

Thank you for the opportunity to testify before you to discuss Lincoln Military Housing's (LMH) provision of residential property management services to our women and men in uniform through the Military Housing Privatization Initiative (MHPI). LMH welcomes your subcommittee's oversight of the MHPI to ensure that all of the public-private ventures (PPVs) are delivering the highest level of service to military families.

We heard the concerns many of our residents raised and have restructured and strengthened our project management approach to address them. We apologize to any military families who have been displaced or inconvenienced throughout this process; we agree they deserve better. We worked directly with military families to develop and implement a number of reforms over the last year, including working with the Safe Military Housing Initiative, which has helped us place resident advocates in our communities to better support our military families. And although we have more work ahead, I am pleased to report that residents are telling us both in person and in anonymous surveys that we are heading in the right direction.

We understand that we serve a special subset of the American population—our Nation's heroes. We regret when we do not live up to the expectations of even one military family. At LMH, we challenge ourselves every day to think outside the box about how we can continue to improve the quality of life in our housing. We invite continued constructive dialogue with military families, the Department of Defense (DOD), this subcommittee, and other members of Congress about how we can better serve the military families who have chosen to serve us.

#### BACKGROUND

As this subcommittee is aware, in the mid-1990s, military family housing was in serious disrepair; residents at that time rated their satisfaction at around 60 out of 100 and DOD estimated that rehabilitating the housing stock would cost taxpayers at least \$16 billion over 30 years. Through the MHPI, private sector investment in military housing has exceeded \$20 billion over the past 16 years, and military families have experienced a marked improvement in the quality of housing, as evidenced by a 20-25 point increase in their self-reported satisfaction scores across the portfolio of homes.

Today, LMH manages around 37,000 residential units at several locations throughout the U.S. Together with our military partners and with the power of private capital markets, we have been able to raise and invest approximately \$4 billion into housing for military families. Much of that has been new construction. Some of that has been significant renovations to existing properties. And some of that has been new schools, parks, recreational facilities and other amenities that are not available to military families who choose to live off base.

LMH employs over 1,200 men and women who dedicate themselves every day to making sure our military families enjoy a quality living experience, thereby enabling them to be their most effective when serving their country. About half of our employees are veterans, military spouses,

or have family members that served; many were once residents in our housing. These shared backgrounds contribute to a sense that serving our military family customers is more of a vocation than simply a job. And part of that culture of dedication means owning up to mistakes when they are made and fixing them promptly, whether that means repairing a piece of drywall or making sweeping reforms throughout our entire housing portfolio.

LMH is proud of its partnership with the DOD, which has, since its inception, significantly improved the quality of military housing for military families. Working with military families, we have developed and implemented a series of reforms over the last few years to address concerns raised by military families and members of Congress. And we are pleased that many of the reforms we have put in place are aligned with those that this Committee and other Members in the House and Senate have offered.

#### PROGRESS TOWARD REFORM

LMH takes very seriously any resident who believes their concerns have not been remedied in professional and satisfactory way. Every day, we work with servicemember families to try to go above and beyond to serve their needs because we understand the unique nature of their residency and their contribution to the readiness of our Armed Forces.

Over the past several years, LMH has implemented a number of changes in response to residents' concerns. A non-exhaustive list of these reforms is below.

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RESIDENTS' CONCERNS	ACTIONS TAKEN
Third Party Review of Mold Policy	Review complete and protocols meet or exceed industry standards
Additional tools for submitting and tracking work orders	Lincoln Military Resident App completed and launched
Incentive fee structure modifications	Discussions in process
Mechanism for withholding rent if repair or resolution is disputed.	Working within state/local tenant law for affected residents.
Access to LMH Senior Leadership	Senior leadership has met personally with family members across the country and added an executive hotline for concerns.
Additional resident feedback opportunities	Adjusted work order survey timing to day service completed and added anonymous survey option.
Increased government access to CRM software	Provided additional access to CRM software and additional weekly info.
Work order follow up	Update phone calls are made to families that have work orders that have not been completed in one calendar day.
Residents wanting to feel more connected to the local PM teams.	Implemented an outreach program that is scheduled to knock on every door multiple times a year (and leave flyers for families not home) to address any concerns.
Residents feeling work orders were being closed before work was complete.	Began sending completion notifications to residents and are in the process of having residents sign for completed work.
Families feeling that homes were not ready when they moved in.	In the process of hiring a National QC Manager and only management-level employees can certify homes ready for move-ins.
Families feeling that there was no dispute resolution with PPV.	Emphasizing our 3-step resolution process and working on an independent dispute resolution solution with professional mediators.

We have received feedback concerning these reforms. Many families believe that we have improved the quality of our housing and services; others are pleased that we are working collaboratively with military families and their representatives but believe that we have more work to do.

We are encouraged by objective third-party survey data about the quality of our military housing, which shows that a majority of families believe we are on the right path. Almost a year ago, an independent survey showed that nearly half of military families were not satisfied with their housing. We were as disappointed in those results as our residents. Immediately, we began to implement reforms. In April 2019, the Navy and Army both commissioned independent surveys of our families and found that their "Overall Satisfaction" rated "Average." This was progress, but still not what our families deserve. In September of this year, after more reforms were implemented, the same independent survey with the same questions was sent out to our families. This time, the scores increased by nearly 15% and averaged a "Very Good" rating. While we have more work to do, the impact of the reforms instituted as a result of feedback and the work of this Committee, along with our DOD partners, seem to be delivering a much improved experience for our families. Still, we continue to make adjustments and changes that are responsive to resident needs and requests.

#### CONCLUSION

LMH values congressional oversight of our PPVs and constructive dialogue with the military family community. We believe hearings like this strengthen our collective resolve to improve the quality of housing and property management services. We welcome your input as we, our DOD partners, and other stakeholders evaluate and implement ideas for reform, and we thank you for the opportunity to testify at this hearing.

Jarl Bliss  
President  
Lincoln Military Housing

Since joining Lincoln Property Company in 1987, Mr. Bliss has been involved in many facets of Lincoln's business. Mr. Bliss has worked in a variety of positions for Lincoln in his thirty plus years - including development, construction, finance and now military housing. He has been personally involved in the development of over \$3 billion of commercial real estate.

In his finance role, Mr. Bliss oversaw all interim and permanent financing for the Mid-Atlantic / Northeast region. During the course of Mr. Bliss' Lincoln career he has also had the responsibility of heading up Lincoln's property management operations for the East Coast (Boston to Miami). In this role he supervised a team that managed over 25,000 units for over 40 different institutional clients. Mr. Bliss then supervised all development activities for the Mid-Atlantic / Northeast region where his duties included all aspects of development supervision from land acquisition, design, construction.

Mr. Bliss now oversees the Lincoln Military Housing as the President. LMH comprises over 36,000 military homes in bases from coast-to-coast for the Army, Navy and the Marines.

Prior to joining Lincoln, Mr. Bliss was a senior auditor for Arthur Andersen & Co. specializing in Real Estate and Financial Services. Mr. Bliss is a graduate of James Madison University, where he earned a Bachelor of Business Administration with a concentration in Accounting and is a Certified Public Accountant in the Commonwealth of Virginia. Jarl serves on the Board of Advisors for the College of Business at James Madison University.

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Hearing Date: Thursday, December 5, 2019

Hearing Subject:

Privatized Housing: Are Conditions Improving for Our Military Families?

Witness name: Jarl Bliss

Position/Title: President

Capacity in which appearing: (check one)

☒ Individual ☐ Representative

If appearing in a representative capacity, name of the organization or entity represented:

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Organization or entity	Brief description of the fiduciary relationship
Lowell H. Mil. Housing	president

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see attached			

2018

Contract/grant/ payment	Entity	Dollar value	Subject of contract, grant or payment
see attached			

2017

Contract/grant/ payment	Entity	Dollar value	Subject of contract, grant or payment
see attached			

LMH is a privately held company with affiliates that participate in various capacities in public-private ventures under the Military Housing Privatization Initiative and that earn property management and related fees in accordance with applicable contracts.



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**DOCUMENTS SUBMITTED FOR THE RECORD**

DECEMBER 5, 2019

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ANTHONY G. BROWN  
4TH DISTRICT, MARYLAND

HOUSE ARMED SERVICES COMMITTEE  
VICE CHAIR  
TRANSPORTATION &  
INFRASTRUCTURE COMMITTEE  
NATURAL RESOURCES COMMITTEE

## U.S. House of Representatives

December 5, 2019

Colonel Erich C. Spragg  
Garrison Commander  
Fort George G. Meade  
4551 Llewellyn Avenue  
Fort Meade, MD 20755

Dear Colonel Spragg:

I am writing to express my serious concern with the substandard housing overseen by Corvias Management-Army LLC. Servicemembers and their families continue to live in moldy, rodent infested and dilapidated housing. Despite repeated promises to address these health and safety hazards, insufficient – if any – progress has been made. I have also been informed about retaliation against these military families who are trying to leave these abysmal conditions. We are still failing these families and it is totally unacceptable.

The significant issues with privatized military housing have been well documented over the last two years, and rectifying them has been a top priority for Congress and the Department of Defense. We share a commitment that every military family deserves a safe, healthy home. I appreciate the personal commitment you made at the beginning of the year to accept responsibility, urgently fix the problems and rebuild trust with the servicemembers under your command.

However, nearly 12 months later problems persist and have worsened – with real consequences on servicemembers and their families, including children. And despite touting the resources and attention Corvias has supposedly brought to improving housing, there are reports that they are manipulating tests, falsifying repairs, punishing families who speak out by purposefully delaying maintenance requests, waiting for the families to permanently change station, and harassing servicemembers. Families facing severe financial strain from having to fix their homes themselves, replace moldy furniture, pay related medical bills or move – are finding second jobs and selling their blood. This is shameful.

As the garrison commander, it is your responsibility to ensure the health and welfare of those who serve under you. Our servicemembers and their families deserve to be provided with living accommodations that are in good order, safe and clean. I expect that the base where our military families live and work to be welcoming and accountable, and where they shouldn't fear reprisal or revenge. Unfortunately, it seems that Corvias is no longer a partner with Fort Meade. If they refuse to do right by our men and women in uniform, the base must step up.

WASHINGTON OFFICE  
1327 LONGWORTH HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-6600

PRINCE GEORGE'S OFFICE  
9701 APOLLO DRIVE, SUITE 103  
UPPER MARLBORO, MD 20774  
(301) 458-2600

ALINE ABUNDEL OFFICE  
2666 RIVA ROAD, SUITE 120  
ANNAPOLIS, MD 21403  
(410) 266-3249

Colonel Erich C. Spragg  
December 5, 2019  
Page 2

I ask that you take immediate action to address the serious maintenance issues and prevent any retaliation against servicemembers and their families.

Sincerely,

A handwritten signature in black ink, appearing to read "AG Brown", is positioned above the printed name.

Anthony G. Brown



In connection with your rental agreement, the landlord is required to provide you with a habitable dwelling unit and, in exchange for living in the unit, the tenant agrees to pay rent and comply with the terms of the rental agreement.

A rental unit is deemed habitable on the basis of applicable federal, state or local laws, but is generally defined as the provision of basic necessities, including working electrical, plumbing, sanitary, heating/ventilation systems; management of any regulated environmental hazards, such as lead-based paint and asbestos; basic structural elements of the home, such as roofing, floors, stairs and walls are safe and intact; and the absence of severe pest infestations (after the landlord has been given the opportunity to cure through extermination).

At times, situations may arise in which a tenant must be temporarily relocated because a rental unit needs to be vacated for maintenance or repair. These circumstances may vary from anything to a plumbing leak that results in flooding of the rental unit, to a fire that is caused by the tenant.

In certain circumstances, the landlord may be legally responsible for providing the tenant with temporary relocation and/or compensation if the repairs or maintenance are so significant that the rental unit is unable to be occupied during such work. The landlord is not responsible if:

- it is determined the tenant or their guests were responsible for the damage, repair or maintenance of the rental unit;
- the repair or maintenance was caused by a third party not associated with the landlord; or
- the damage was caused by the direct result of a natural event (such as a hurricane or earthquake) and not caused by the result of something defective on or in the unit.

In the event the rental unit is damaged beyond the point of being habitable, the lease agreement may be cancelled – in which case the tenant is no longer obligated to pay rent and the landlord is no longer obligated to provide the tenant housing.

Resident concerns regarding mold may arise in the context of habitability. There are no established governmental or professional organization health standards for airborne fungal spore or culturable concentrations. Mold is ubiquitous in the environment, and is normally found in both outdoor and indoor air. The presence of visible mold could signify a water leak or other condition within the rental unit that the landlord should repair. However, it also may be the result of housekeeping practices on the part of a tenant, in which case the landlord is not responsible for mold remediation. Regardless of the cause of mold within a rental unit, where visible mold is present in small amounts, vacating occupants from the rental unit altogether is not necessary. The determination as to whether the rental unit must be vacated by occupants during any remediation work should be based on the professional scientific opinion of a licensed industrial hygienist who has inspected the home.

The landlord is only responsible for providing housing that is considered habitable based on a reasonable person standard. In other words, if the resident has his/her own special medical conditions, such as allergen sensitivities, this does not obligate the landlord to perform repairs or provide compensation to meet those heightened standards. The landlord, however, always will consider all requests for reasonable accommodation or modification based on disability in accordance with its fair housing policies and procedures.

This policy outlines the terms upon which the landlord will provide temporary accommodations to tenants where it is determined that a rental unit is required to be vacated during the performance of maintenance or repairs.<sup>1</sup>

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<sup>1</sup> The landlord will consider all reasonable accommodation requests by residents for the provision of temporary relocation housing during the performance of work in a rental unit, notwithstanding that the rental unit is not deemed to be uninhabitable or to pose a threat to life, health or safety of a reasonable tenant.

**TEMPORARY RELOCATION POLICY**

1. Landlord will provide temporary accommodations to tenant a fully-furnished "Patriot Home" to the extent such a unit is available.
2. Where a Patriot Home is not available, the landlord will arrange for the tenant to be relocated to a local area hotel/temporary lodging facility. The landlord will select from a list of pre-approved hotels/lodging facilities that may be obtained through the local Community Management Office. To the extent the resident has approved animals living in the rental unit and a pet-friendly hotel/temporary lodging facility is unavailable, the landlord will pay for the reasonable costs to board such animals.
3. In connection with any temporary relocation, the resident will be required to sign an acknowledgment of receipt of this Temporary Relocation Policy and; with respect to relocation to a Patriot Home, a Patriot Home Temporary Assignment Form.
4. During the period of temporary relocation to a Patriot Home or hotel/temporary lodging facility, the tenant will receive a weekly allotment of \$300.00 if the temporary accommodations contain a kitchen, or \$100.00 per day if the temporary accommodations do not contain a kitchen. This first allotment will be credited to the tenant's rental unit account upon commencement of the temporary relocation, and credited every week thereafter (pro-rated for partial weeks) until the resident's rental unit is available to be re-occupied. The tenant otherwise will continue to be responsible for the payment of monthly rent minus such credits for the period that the landlord continues to provide temporary accommodations.
5. All contractors performing work in the rental unit will be selected at the sole discretion of the landlord and will be required to maintain professional licenses as required by applicable law. During the term of the tenant's temporary relocation, the landlord and its property manager and contractors will be permitted to enter the rental unit at any time without providing advance notice to the tenant.
6. Tenant acknowledges that construction cores may be placed on all locks at the rental unit during tenant's temporary relocation as a means of ensuring not only protection for the contractors working in the rental unit, but also the protection of personal belongings remaining in the home by preventing access by anyone other than verified contractor personnel.
7. Tenant will not be able to access the rental unit during the period of temporary relocation. If an emergency arises requiring such access, tenant must coordinate such access with the local Community Management Office to schedule an escorted visit to obtain the necessary item(s).
8. Landlord will notify tenant in writing (which may include email) upon completion of the maintenance or repairs performed in the rental unit' and tenant will vacate the temporary accommodations and re-occupy the rental unit no later than two (2) business days from the delivery by landlord of such notice.  
  
To the extent a licensed mold remediation contractor was required to perform mold remediation services in the rental unit, the landlord will deliver a certification of clearance of post-remediation work from an appropriately licensed third-party contractor in accordance with applicable state law. Landlord will not be required to perform air quality or other environmental post-remediation testing except to the extent required by the licensed contractor engaged by landlord to perform clearance inspection services.
9. Tenant will be required to leave any temporary relocation housing/lodging in the same condition in which it was provided; and tenant will be responsible for any damages to such property caused by the tenant or other occupants/guests.
10. To the extent the tenant elects not to utilize temporary housing and instead opts to stay with family or friends (or at another place of their choosing), the landlord will credit tenant's rent the daily rate for the days the tenant is unable to occupy the rental unit. Daily rent is calculated as 1/30 of the monthly rent value, or as otherwise stated in the lease agreement.

11. If the repairs to the rental unit are expected to take longer than thirty (30) days:
  - a) the tenant may elect to terminate the lease agreement without penalty to the extent tenant does not wish to accept temporary relocation or permanent transfer to a comparable rental unit (i.e., similar number of bedrooms/bathrooms);
  - b) the landlord is not responsible for providing alternative housing accommodations or other compensation (i.e., weekly allotment or rent abatement/credit) beyond such thirty (30) day timeframe where tenant has declined another comparable rental unit for permanent transfer at the landlord's cost.
12. Except as noted otherwise in this policy, during the term of temporary relocation, tenant will remain subject to the terms and conditions of the tenant's lease agreement.

If you have any questions regarding this Temporary Relocation Policy, please contact your local Community Management Office.

**STANDARD PROCEDURES  
for  
OPERATIONS AND MAINTENANCE  
of  
ASBESTOS  
and  
LEAD BASED PAINT**

**San Diego Family Housing, LLC  
Naval Base Ventura County  
Ventura County, California**

**Prepared for:**

**San Diego Family Housing, LLC  
4225 Executive Square, Suite 325  
San Diego, CA 92037**

**September 2007**



**STANDARD PROCEDURES  
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**September 2007**

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#### APPENDICES

Appendix A: Limited Hazardous Materials Survey Report

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## 1.0 STATEMENT OF PURPOSE \_\_\_\_\_

The Operations and Maintenance Program (O&M) is part of the San Diego Family Housing, LLC ("SDFH") Plan for the Naval Base Ventura County (NBVC) military family housing neighborhoods.

This O&M Program describes the policies, procedures and work practices established by SDFH to inform employees and building occupants of asbestos and lead based paint in the NBVC neighborhoods and address maintenance or other activities that may contact or disturb asbestos-containing materials ("ACM") and lead-based paint ("LBP"). This program was developed under the assumption that SDFH employees will not handle ACM/LBP on any facility components unless they have been adequately trained in handling ACM/LBP. Proper implementation of this program will enable SDFH to protect workers and building occupants from potential health hazards associated with asbestos and lead based paint exposure.

This O&M Program includes detailed information for worker training and outlines specific work practices to prevent or control disturbance of ACM/LBP.

This program addresses all aspects of routine building maintenance and emergencies involving ACM/LBP, and provides an ongoing system to evaluate the condition of ACM/LBP in the NBVC neighborhoods.

This O&M program shall remain in effect until further notice.



## 2.0 INFORMATION ABOUT ASBESTOS AND LEAD BASED PAINT HAZARDS

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### 2.1 *Asbestos*

#### 2.1.1 Physical Characteristics and Uses

Asbestos is the name used to describe a group of naturally occurring fibrous hydrous mineral silicates. They are important because of their unique physical properties, including: high thermal stability, excellent tensile strength, resistance to chemical attack, good electrical resistance and ability to be subdivided into microscopic fibers.

Their unique properties have made various types of asbestos useful in insulation (electrical and thermal), roofing and flooring products, and as reinforcing additions to cements, mortars and other coatings. Two major uses for asbestos have included its use in automobile brake linings and in building insulation, often sprayed or troweled on with mortar as a binder.

Large-scale use of asbestos in industry began only after 1900, but worldwide production of the various mineral forms now amounts to about 5.5 million tons annually. Of this total, Chrysotile is by far the most common type. Amosite and crocidolite are the other two types of asbestos typically found in products used in the U.S.

During the early part of this century, asbestos was universally regarded as a harmless and inert substance, one of nature's blessings for mankind. Gradually, however, beginning in the 1930's, it has become apparent that asbestos fibers can present a serious health hazard.

While it is difficult to determine actual risks posed to individuals because of exposure to asbestos, research has demonstrated that exposure should be minimized to protect the health and safety of building occupants and workers. For this reason, the federal government has issued regulations on asbestos detection and control.

The Environmental Protection Agency ("EPA") is currently assessing the disease-causing potential of intermittent, low-level exposures that can occur from ACM in buildings. The EPA has established a guidance program to inform state and local school officials of the possible health hazards associated with asbestos, and is providing

guidance to schools as they undertake programs to identify and remove asbestos containing materials. Although this program is specifically directed at schools, information and assistance from the EPA is also available to contractors, workers and any individuals who are concerned about exposure to asbestos in buildings.

The presence of asbestos in a building does not necessarily mean that the health of building occupants is endangered. As long as the ACM remains in good condition and is not disturbed, exposure is unlikely. When building maintenance, repair, renovation or other activities disturb ACM; asbestos fibers are released, creating a potential hazard to building occupants.

In 1983, the EPA prepared and distributed *Guidance for Controlling Friable ACM in Neighborhoods* subsequently amended and improved in 1985. Since these guidelines were published, EPA has gathered additional information and has gained valuable experience through its continuing Asbestos-in-Neighborhoods Program. These guidance documents have been substantially revised to incorporate new information and to reflect the comments and suggestions of building owners and other readers. EPA offers building owners guidance to understand the technical issues, determine if asbestos is present in a building, plan a control program and choose the course of further action if necessary.

In 1995, the Occupational Safety and Health Administration ("OSHA") adopted new asbestos regulations that, for the first time, may extend to many previously unregulated commercial and industrial buildings. The regulations lower the permissible asbestos exposure level in the workplace. They also make a number of technical changes both in the way various regulated activities are classified and in the practices required when asbestos is used, removed, managed or disturbed. The biggest changes; however, are to afford regulatory protection to more workers in more workplaces and to impose certain obligations on owners of buildings where employees (of the owner or of third parties) are present.

Asbestos only presents a hazard when it becomes airborne. Various diseases have been linked with industrial exposure to airborne asbestos, and the extensive use of asbestos products in buildings has raised concerns about exposure to asbestos in non-industrial settings. Surveys conducted by the EPA estimate that ACM can be found in approximately 31,000 schools and 733,000 other public and commercial buildings in this country. The potential for it to become airborne is a key factor in hazard assessment. The term "friable" is used to describe ACM that can easily be crumbled and release

fibers. Friable ACM is defined as material that contains greater than one-percent asbestos and can be crumbled, pulverized, or reduced to powder by hand pressure.

ACM in buildings is found in three forms: (1) sprayed or troweled on ceilings and walls such as acoustical or decorative plaster (surfacing material); (2) in insulation around hot or cold pipes, ducts, boilers, and tanks (thermal system insulation); and (3) in a variety of other products such as ceiling and floor tiles and wall boards, siding, textiles and roofing products (miscellaneous materials). In general, ACM in the first two categories is of greatest concern, especially if it is friable.

This Asbestos O&M Program provides procedures for dealing with the ACM found in the following NBVC Housing Neighborhoods. The housing area at NBVC is composed of the following:

#### Bruns Park

Bruns Park consists of 285 two, three, and four-bedroom units. The buildings are fourplexes and sixplexes with wood-frame construction and stucco exteriors. The units were built in 1952.

#### Bard Estates

Bard Estates consists of 116 three and four-bedroom units. The buildings are duplexes and single family homes with wood-frame construction and stucco exteriors. The units were built in 1963.

#### Coral Sea Cove

Coral Sea Cove consists of 98 three and four-bedroom units. The buildings are duplexes with wood-frame construction and stucco exteriors. The units were built in 1963.

#### Santa Rosa

Santa Rosa consists of 216 two, three, and four-bedroom units. The buildings are single family homes with wood-frame construction and stucco exteriors. The units were built in 1958.

#### Santa Barbara

Santa Barbara consists of 16 three and four-bedroom units. The buildings are eightplexes and duplexes with wood-frame construction and stucco exteriors. The units were built in 1958.

Santa Cruz

Santa Cruz consists of 95 three and four-bedroom single family homes which will be conveyed at closing. The buildings are wood-frame construction with stucco exteriors. The homes were built in 1958.

San Miguel

San Miguel consists of 73 three and four-bedroom units which will be conveyed at closing. The buildings are duplexes and single family homes with wood-frames and stucco exteriors. The units were built in 1963.

Friable materials are of particular concern because they can be crumbled to powder by hand pressure, or become airborne as a result of work performed directly on them or in their vicinity. Friable materials are more likely than non-friable to release fibers when disturbed. However, materials traditionally considered non-friable (such as asbestos cement pipe, vinyl asbestos floor tiles, mastic or linoleum), may also release fibers if disturbed or mishandled.

### **2.1.2 Evaluating the Potential for Exposure**

The presence of asbestos in a building does not automatically mean that building occupants are at risk. As long as ACM remains in good condition and is not disturbed, asbestos exposure is unlikely. The purpose of this O&M program is to describe the notification, training and work practice requirements that will be implemented to reduce the possibility of disturbance or improper handling of this material.

The NBVC neighborhoods have been surveyed for asbestos, to document the amount, locations and condition and provide a hazard assessment for ACM. The current condition of the ACM was evaluated to determine prior disturbance, including such factors as: evidence of deterioration or delamination from underlying surface (substrate), evidence of physical damage (e.g., presence of debris, rips and tears) and evidence of water damage.

The potential for future disturbance, damage or erosion of ACM was evaluated according to several factors, including: proximity to air plenum or direct airstreams, visibility, and accessibility to building occupants and maintenance personnel, degree of activity in area (air movement, vibration, movement of building occupants), and changes in building use, such as renovation and construction projects or demolition.

The characteristics and location of ACM within the building will affect the work procedures, implementation and enforcement of the O&M approach to each situation.

O&M procedures alone may not be sufficient for ACM that is significantly damaged or that is situated in precarious or highly accessible areas.

Projects, which involve major repairs and/or renovation with the potential for substantial disturbance or removal of ACM, are not considered part of this Asbestos O&M Program. These large-scale asbestos control projects will require the employment of accredited abatement contractors, as described under Section 6, "O&M Management System".

## **2.2 Lead-Based Paint**

Lead may cause a range of health effects, from behavioral problems and learning disabilities, to seizures and death. Children 6 years old and under are most at risk, because their bodies are growing quickly.

Research suggests that the primary sources of lead exposure for most children are:

- deteriorating lead-based paint,
- lead contaminated dust, and
- lead contaminated residential soil.

Results of the surveys conducted in the housing areas are set forth in section 4.2. If during renovation work LBP is encountered, LBP shall be managed in place or abated on all painted surfaces disturbed by the work. During maintenance, renovation and demolition activities all LBP work will be accomplished by USEPA-certified LBP workers and in accordance with applicable Environmental Laws. No LBP waste shall be disposed of on-site. All LBP waste shall be handled, stored and disposed of in accordance with applicable Environmental Laws pertaining to LBP waste at the time the waste is generated. SDFH may develop LBP abatement specifications to address LBP-covered building materials in accordance with applicable Environmental Laws.

Lead-based paints ("LBP") were used extensively prior to 1977. In 1977, the Consumer Product Safety Commission prohibited the sale of LBP to consumers and banned the use of such paints where consumers may have direct contact with the paint. These materials do not typically pose a human health hazard when left undisturbed, but during demolition and renovation activities these materials may pose a risk. Such effects are minimized by use of Best Management Practices (BMPs) during demolition and renovation activities.

OSHA, EPA, and the Department of Housing and Urban Development ("HUD") are responsible for regulating lead and lead hazards. OSHA standards were promulgated to

protect workers from harmful exposures to lead, regardless of the work or where the work is being performed. EPA is responsible for developing and enforcing regulations necessary to protect the general public from exposure to airborne contaminants that are known to be hazardous to human health. HUD is responsible for ensuring residential occupants, especially children, are protected from lead paint hazards.

HUD regulates lead-based paint at 5,000 parts per million ("ppm") or 0.50%. The Consumer Products Safety Commission ("CPSC") defines LBP, and requires that all paints manufactured and sold in the United States be below 0.06% by weight or 600 ppm. If during remodeling LBP is encountered, SDFH will establish in-place management protocol for LBP in accordance with CALOSHA, HUD and USEPA guidelines throughout the project duration. LBP hazards will be managed in-place until such time as each individual unit is demolished.

This Lead Based Paint ("LBP") O&M Program provides procedures for dealing with the LBP found in the NBVC Housing Neighborhoods. These are:

#### Bruns Park

Bruns Park consists of 285 two, three, and four-bedroom units. The buildings are fourplexes and sixplexes with wood-frame construction and stucco exteriors. The units were built in 1952.

#### Bard Estates

Bard Estates consists of 116 three and four-bedroom units. The buildings are duplexes and single family homes with wood-frame construction and stucco exteriors. The units were built in 1963.

#### Coral Sea Cove

Coral Sea Cove consists of 98 three and four-bedroom units. The buildings are duplexes with wood-frame construction and stucco exteriors. The units were built in 1963.

#### Santa Rosa

Santa Rosa consists of 216 two, three, and four-bedroom units. The buildings are single family homes with wood-frame construction and stucco exteriors. The units were built in 1958.

Santa Barbara

Santa Barbara consists of 16 three and four-bedroom units. The buildings are eightplexes and duplexes with wood-frame construction and stucco exteriors. The units were built in 1958.

Santa Cruz

Santa Cruz consists of 95 three and four-bedroom single family homes which will be conveyed at closing. The buildings are wood-frame construction with stucco exteriors. The homes were built in 1958.

San Miguel

San Miguel consists of 73 three and four-bedroom units which will be conveyed at closing. The buildings are duplexes and single family homes with wood-frames and stucco exteriors. The units were built in 1963.

### **3.0 GENERAL RESPONSIBILITIES OF ALL O&M PROGRAM PARTICIPANTS**

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The O&M Program is structured around the cooperation of building occupants, maintenance staff, consultants, and outside contractors who service the building. The roles and responsibilities of SDFH personnel involved in administering and implementing the program are detailed below.

#### **3.1 *Responsibilities of Program Manager***

The Program Manager will administer this program, and has authority to direct all Neighborhood Maintenance Engineers, consultants and outside contractors with regard to operations and maintenance activities involving asbestos and lead based paint materials in the NBVC Neighborhoods. Specific responsibilities of the program manager include:

- Overseeing implementation of initial and ongoing training of building maintenance engineers;
- Arranging services to be performed by outside contractors, consultants, and maintaining required documentation;
- Providing authorization for emergency and non-emergency maintenance work that may involve asbestos and lead based paint;
- Maintaining project files on all operations and activities involving asbestos and lead based paint; and
- Supervising and evaluating emergency procedures followed by maintenance personnel for any major or minor ACM fiber release.
- Overseeing inspections
- Determine personnel requiring training including personnel and non-maintenance personnel.
- Training of workers (or insuring that training takes place)
- Maintain required recordkeeping and transfer to successive owners

#### **3.2 *Recordkeeping and Policies and Procedures***

The Program Manager is responsible for recordkeeping requirements. Detailed written descriptions of the measure or action taken including methods used, location, start and completion dates of work, names of all contractors and state of accreditation and



certificate number. If ACM/LBP were removed, the name and location of the storage or disposal site of ACM/LBP should be recorded.

Name and signature of any persons collecting any air samples required to be collected at the completion of response actions, locations where samples were taken, dates of collections, name of lab analyzing the samples, date of analysis, results of analysis, method of analysis, name and signature of person performing analysis and a statement that the lab is accredited.

Documentation of personnel trained under the training requirements for custodial personnel (2-hour mandatory) including:

- Name
- Job title and date of training
- Location of training
- Number of hours completed

Documentation of each time the periodic surveillance is conducted, including:

- Name and date of surveillance
- Any changes in material condition

When any asbestos and lead based paint activity is performed, whether small-scale, short-duration or a major removal/repair activity, the following must be documented:

- Name
- Signature
- State of accreditation and certificate number of each person performing the activity
- State and completion dates of the activity
- Location where the activity occurred
- A description of the activity, including preventative measures used
- If ACM/LBP was removed, name and location of storage or disposal site

For each ACM fiber release episode:

- Date and location of the episode
- Method of repair, preventative measures or response action taken

- Name of each person performing the work
- If ACM was removed, name and location of the storage or disposal site

### ***3.3 Responsibilities of Building Maintenance Engineers***

Successful asbestos and lead based paint materials control can only be accomplished by a "team" approach, with direction from the Program Manager. Specific responsibilities of the NBVC Neighborhood Maintenance Engineers are:

- Ensure that outside vendors and contractors are informed regarding the presence of ACM/LBP;
- Participating in training to maintain familiarity with the applicable asbestos materials building surveys and asbestos control measures for operations and maintenance activities;
- Maintaining familiarity with the Program Manager's responsibilities in the event of his/her absence;
- Evaluate procedures followed by outside contractors to complete maintenance work involving asbestos;
- Overseeing implementation of special cleaning procedures by outside vendors;
- Overseeing special work practices for maintenance activities involving asbestos by outside contractors;
- Coordinate work practices for maintenance activities involving asbestos and lead based paint;
- Following required emergency procedures for isolation of area following any major or minor ACM fiber release;
- Determine if maintenance or building alteration activities will contact or disturb ACM/LBP. Contact the consultant or the Program Manager if contact or disturbance is likely; and
- Take precautions not to contact or disturb ACM/LBP.

### ***3.4 Services to be Performed by the Consultant***

A consultant properly licensed, certified, and who represents that it is trained and experienced as provided in Section 5.1, will coordinate all asbestos and lead-based paint related work including:

- Design and coordination of the O&M plan;
- Provide training for SDFH building maintenance personnel;

- Handle communication with employees;
- Maintain familiarity with the asbestos building survey, asbestos-related policies, state-of-the-art removal procedures, maintenance activities involving asbestos and lead based paint materials and emergency procedures for ACM fiber release episodes;
- Arrange services by outside abatement contractors;
- Provide project designs or work plans for all abatement projects;
- Maintain required recordkeeping;
- Coordinate and supervise work areas to determine proper work procedures;
- Conduct annual surveillance and update asbestos materials building survey;
- Implement labeling of identified ACM/LBP;
- Coordinate patch and repair of damaged ACM/LBP; and
- Provide air monitoring services and project supervision during all maintenance, repair or abatement activities involving ACM/LBP.

### **3.5      *Regulation of Outside Vendors and Contractors***

Any outside contractor whose work may bring them into contact with asbestos and lead based paint in the NBVC neighborhoods must be familiar with the rules and procedures outlined in this program manual. This O&M program regulates the activities of outside vendors and contractors as well as the activity of the building maintenance staff and occupants. Any work by outside vendors and contractors that may contact or disturb asbestos and lead based paint materials shall be handled in the manner specified in this manual.

Contractors will be informed of the SDFH policies and required work practices described in this program manual before submitting a proposal for a project involving contact with asbestos and lead based paint materials. This can be done through a letter disclosing all known ACM/LBP locations. This will give them adequate time to prepare for the added procedures they will be required to perform during their work in the NBVC neighborhoods.

### **3.6      *SDFH Employees (General)***

- Participate in training as necessary, and otherwise comply with the O&M Program as requested;
- Report any damage to ACM/LBP to your supervisor; and
- Do not contact or disturb ACM/LBP

#### 4.0 ASBESTOS/LEAD IDENTIFIED

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Apex Companies, LLC (Apex) a private environmental consulting firm, conducted a limited 5% survey and inspection of selected housing units of the NBVC neighborhoods. The purpose of the survey and inspection was to identify areas of environmental concern and constraints, and to recommend opportunities to avoid, minimize, and mitigate future environmental damage. Apex conducted the asbestos and LBP inspection at the housing units in July 2007. The Limited Hazardous Materials Survey Report for NBVC is included as Appendix A.

The asbestos inspection involved the identification of suspect homogeneous building materials, sampling and laboratory analysis of building materials, and an assessment of the condition, friability, location, accessibility, and potential for damage of building materials. The LBP inspection involved a surface-by-surface investigation of the painted components within the building to document the presence of LBP. The LBP inspection was conducted by taking paint chip samples.

During the survey, Apex personnel conducted a systematic room-by-room inspection of selected units in neighborhoods constructed prior to 1986 (where ACM and LBP are most likely to be present).

##### 4.1 Asbestos Survey Results

As part of the survey 6 Bard Estates units, 14 Bruns Park units, 5 Coral Sea Cove units, 9 San Miguel units, 7 Santa Cruz units, and 11 Santa Rosa units were inspected. The homes are constructed of wood framing on a concrete slab foundation. The exterior is constructed of a stucco system and shingle roofing systems. The interior consists of drywall composite walls and ceiling. The floor coverings are floor tile and vinyl sheet linoleum. Asbestos containing materials were identified in the Santa Cruz and Burns Park housing units.

The following materials were identified as an asbestos containing material (ACM):

##### Bruns Park

- Penetration mastic (non-friable, inaccessible)

**Santa Cruz**

- Leveling compound/mastic (non-friable, inaccessible)

In addition, although not identified as part of the Apex survey, a previous survey performed by the Navy (*NBVC Asbestos Activity Summaries*) identified the following ACM at the NBVC Housing:

**Port Hueneme Housing**

- Thermal system insulation (friable, inaccessible)
- Flue pipe wrap (friable, accessible)
- Floor tiles (non-friable, accessible)
- Window putty (non-friable, accessible)
- Linoleum (non-friable, accessible)

**Point Mugu Housing**

Previous survey information on ACM was not identified.

Tables 4-1 through 4-15 below provides the suspect ACM identified and sampled at the Site during Apex's Limited hazardous Materials Survey. Materials found to be asbestos are marked in bold.

<b>Table 4-1</b> <b>ASBESTOS-CONTAINING MATERIALS ("ACM")</b> <b>ANALYTICAL RESULTS</b> <b>1113 B Homosa</b> <b>Coral Sea</b>			
<b>Sample ID</b>	<b>Sample Location</b>	<b>Sample Description</b>	<b>Result</b>
CS-1	Roof	Shingle	NAD
CS-2	Roof	Shingle	NAD
CS-3	Roof	Shingle	NAD
CS-4	Kitchen	Linoleum/Mastic	NAD
CS-5	Kitchen	Linoleum/Mastic	NAD
CS-6	Kitchen	Linoleum/Mastic	NAD
CS-7	Living Room	Drywall/Joint Compound	NAD
CS-8	Living Room	Drywall/Joint Compound	NAD
CS-9	Living Room	Drywall/Joint Compound	NAD
CS-10	Exterior	Stucco	NAD

**Table 4-1**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**1113 B Homosa**  
**Coral Sea**

CS-11	Exterior	Stucco	NAD
CS-12	Exterior	Stucco	NAD

NAD = No Asbestos Detected.

**Table 4-2**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**1089 A Homosa**  
**Coral Sea**

Sample ID	Sample Location	Sample Description	Result
CS-13	Kitchen	Linoleum (Top Layer)	NAD
CS-14	Kitchen	Linoleum (Top Layer)	NAD
CS-15	Kitchen	Linoleum (Top Layer)	NAD
CS-16	Kitchen	Linoleum (Bottom Layer)	NAD
CS-17	Kitchen	Linoleum (Bottom Layer)	NAD
CS-18	Kitchen	Linoleum/Mastic (Bottom Layer)	NAD
CS-19	Living Room	Drywall Composite	NAD
CS-20	Living Room	Drywall Composite	NAD
CS-21	Living Room	Drywall Composite	NAD
CS-22	Roof	Shingle (Top Layer)	NAD
CS-23	Roof	Shingle (Top Layer)	NAD
CS-24	Roof	Shingle (Top Layer)	NAD
CS-25	Roof	Shingle (Bottom Layer)	NAD
CS-26	Roof	Shingle (Bottom Layer)	NAD
CS-27	Roof	Shingle (Bottom Layer)	NAD
CS-28	Roof	Felt Paper	NAD
CS-29	Roof	Felt Paper	NAD
CS-30	Roof	Felt Paper	NAD

NAD = No Asbestos Detected.

**Table 4-3**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**1017 Addor**  
**Bard Estates**

<b>Sample ID</b>	<b>Sample Location</b>	<b>Sample Description</b>	<b>Result</b>
BE-1	Living Room	Leveling Compound	NAD
BE-2	Living Room	Leveling Compound	NAD
BE-3	Living Room	Leveling Compound	NAD
BE-4	Laundry Room	Floor Tile	NAD
BE-5	Laundry Room	Floor Tile/Mastic	NAD
BE-6	Laundry Room	Floor Tile/Mastic	NAD
BE-7	Kitchen	Linoleum	NAD
BE-8	Kitchen	Linoleum	NAD
BE-9	Kitchen	Linoleum	NAD
BE-10	Living Room	Drywall Composite	NAD
BE-11	Living Room	Drywall Composite	NAD
BE-12	Living Room	Drywall Composite	NAD
BE-13	Roof	Penetration Mastic	NAD
BE-14	Roof	Penetration Mastic	NAD
BE-15	Roof	Penetration Mastic	NAD
BE-16	Roof	Shingle (Top Layer)	NAD
BE-17	Roof	Shingle (Top Layer)	NAD
BE-18	Roof	Shingle (Top Layer)	NAD
BE-19	Roof	Shingle (Middle Layer)	NAD
BE-20	Roof	Shingle (Middle Layer)	NAD
BE-21	Roof	Shingle (Middle Layer)	NAD
BE-22	Roof	Shingle (Bottom Layer)	NAD
BE-23	Roof	Shingle (Bottom Layer)	NAD
BE-24	Roof	Shingle (Bottom Layer)	NAD
BE-25	Roof	Felt Paper	NAD
BE-26	Roof	Felt Paper	NAD
BE-27	Roof	Felt Paper	NAD
BE-28	Exterior	Stucco	NAD
BE-29	Exterior	Stucco	NAD
BE-30	Exterior	Stucco	NAD

**Table 4-4**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**1026 Addor**  
**Bard Estates**

<b>Sample ID</b>	<b>Sample Location</b>	<b>Sample Description</b>	<b>Result</b>
BE-31	Kitchen	Linoleum (Top Layer)	NAD
BE-32	Kitchen	Linoleum (Top Layer)	NAD
BE-33	Kitchen	Linoleum (Top Layer)	NAD
BE-34	Kitchen	Linoleum/Mastic (Bottom Layer)	NAD
BE-35	Kitchen	Linoleum/Mastic (Bottom Layer)	NAD
BE-36	Kitchen	Linoleum/Mastic (Bottom Layer)	NAD
BE-37	Bathroom	Cove Base/Mastic	NAD
BE-38	Bathroom	Cove Base/Mastic	NAD
BE-39	Bathroom	Cove Base/Mastic	NAD
BE-40	Exterior	Stucco	NAD
BE-41	Exterior	Stucco	NAD
BE-42	Exterior	Stucco	NAD
BE-43	Roof	Shingle (Top Layer)	NAD
BE-44	Roof	Shingle (Top Layer)	NAD
BE-45	Roof	Shingle (Top Layer)	NAD
BE-46	Roof	Shingle (Bottom Layer)	NAD
BE-47	Roof	Shingle (Bottom Layer)	NAD
BE-48	Roof	Shingle (Bottom Layer)	NAD
BE-49	Roof	Felt Paper (Top Layer)	NAD
BE-50	Roof	Felt Paper (Top Layer)	NAD
BE-51	Roof	Felt Paper (Top Layer)	NAD
BE-52	Roof	Felt Paper (Bottom Layer)	NAD
BE-53	Roof	Felt Paper (Bottom Layer)	NAD
BE-54	Roof	Felt Paper (Bottom Layer)	NAD
BE-55	Living Room	Drywall Composite	NAD
BE-56	Living Room	Drywall Composite	NAD
BE-57	Living Room	Drywall Composite	NAD

NAD = No Asbestos Detected.



**Table 4-5**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**1447 Regulus**  
**Santa Rosa**

<b>Sample ID</b>	<b>Sample Location</b>	<b>Sample Description</b>	<b>Result</b>
SR-1	Kitchen	Floor Tile	NAD
SR-2	Kitchen	Floor Tile	NAD
SR-3	Kitchen	Floor Tile	NAD
SR-4	Living Room	Drywall Composite	NAD
SR-5	Living Room	Drywall Composite	NAD
SR-6	Living Room	Drywall Composite	NAD
SR-7	Garage	Felt Paper	NAD
SR-8	Garage	Felt Paper	NAD
SR-9	Garage	Felt Paper	NAD
SR-10	Roof	Penetration Mastic	NAD
SR-11	Roof	Penetration Mastic	NAD
SR-12	Roof	Penetration Mastic	NAD
SR-13	Roof	Shingle (Top Layer)	NAD
SR-14	Roof	Shingle (Top Layer)	NAD
SR-15	Roof	Shingle (Top Layer)	NAD
SR-16	Roof	Shingle (Bottom Layer)	NAD
SR-17	Roof	Shingle (Bottom Layer)	NAD
SR-18	Roof	Shingle (Bottom Layer)	NAD
SR-19	Roof	Felt Paper	NAD
SR-20	Roof	Felt Paper	NAD
SR-21	Roof	Felt Paper	NAD
SR-22	Exterior	Stucco	NAD
SR-23	Exterior	Stucco	NAD
SR-24	Exterior	Stucco	NAD

NAD = No Asbestos Detected.

**Table 4-6**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**1427 Regulus**  
**Santa Rosa**

<b>Sample ID</b>	<b>Sample Location</b>	<b>Sample Description</b>	<b>Result</b>
SR-25	Exterior	Stucco	NAD
SR-26	Exterior	Stucco	NAD
SR-27	Exterior	Stucco	NAD
SR-28	Roof	Shingle (Top Layer)	NAD
SR-29	Roof	Shingle (Top Layer)	NAD
SR-30	Roof	Shingle (Top Layer)	NAD
SR-31	Roof	Shingle (Bottom Layer)	NAD
SR-32	Roof	Shingle (Bottom Layer)	NAD
SR-33	Roof	Shingle (Bottom Layer)	NAD
SR-34	Roof	Felt Paper	NAD
SR-35	Roof	Felt Paper	NAD
SR-36	Roof	Felt Paper	NAD

NAD = No Asbestos Detected.

**Table 4-7**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**1226 Lark Road**  
**Santa Cruz**

<b>Sample ID</b>	<b>Sample Location</b>	<b>Sample Description</b>	<b>Result</b>
SC-1	Kitchen	Floor Tile	NAD
SC-2	Kitchen	Floor Tile	NAD
SC-3	Kitchen	Floor Tile	NAD
SC-4	Living Room	Leveling Compound/Mastic	3% Chrysotile
SC-5	Living Room	Leveling Compound/Mastic	3% Chrysotile
SC-6	Living Room	Leveling Compound/Mastic	<1% Chrysotile
SC-7	Living Room	Drywall Composite	NAD
SC-8	Living Room	Drywall Composite	NAD
SC-9	Living Room	Drywall Composite	NAD
SC-10	Exterior	Stucco	NAD

**Table 4-7**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**1226 Lark Road**  
**Santa Cruz**

SC-11	Exterior	Stucco	NAD
SC-12	Exterior	Stucco	NAD
SC-13	Roof	Shingle	NAD
SC-14	Roof	Shingle	NAD
SC-15	Roof	Shingle	NAD
SC-16	Roof	Felt Paper	NAD
SC-17	Roof	Felt Paper	NAD
SC-18	Roof	Felt Paper	NAD

NAD = No Asbestos Detected.

**Table 4-8**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**1410 Oriole**  
**Santa Cruz**

<b>Sample ID</b>	<b>Sample Location</b>	<b>Sample Description</b>	<b>Result</b>
SC-19	Kitchen	Linoleum (Top Layer)	NAD
SC-20	Kitchen	Linoleum (Top Layer)	NAD
SC-21	Kitchen	Linoleum (Top Layer)	NAD
SC-22	Kitchen	Linoleum (Bottom Layer)	NAD
SC-23	Kitchen	Linoleum (Bottom Layer)	NAD
SC-24	Kitchen	Linoleum (Bottom Layer)	NAD
SC-25	Living Room	Drywall Composite	NAD
SC-26	Living Room	Drywall Composite	NAD
SC-27	Living Room	Drywall Composite	NAD

NAD = No Asbestos Detected.

**Table 4-9**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**1929 Sparrow Drive**  
**San Miguel**

<b>Sample ID</b>	<b>Sample Location</b>	<b>Sample Description</b>	<b>Result</b>
SM-1	Living Room	Drywall Composite	NAD
SM-2	Living Room	Drywall Composite	NAD
SM-3	Living Room	Drywall Composite	NAD
SM-4	Laundry Room	Floor Tile	NAD
SM-5	Laundry Room	Floor Tile	NAD
SM-6	Laundry Room	Floor Tile	NAD
SM-7	Kitchen	Linoleum	NAD
SM-8	Kitchen	Linoleum	NAD
SM-9	Kitchen	Linoleum/Leveling Compound	NAD

NAD = No Asbestos Detected.

**Table 4-10**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**1934 Sparrow Drive**  
**San Miguel**

<b>Sample ID</b>	<b>Sample Location</b>	<b>Sample Description</b>	<b>Result</b>
SM-10	Kitchen	Floor Tile/Mastic	NAD
SM-11	Kitchen	Floor Tile/Mastic	NAD
SM-12	Kitchen	Floor Tile/Mastic	NAD
SM-13	Bathroom	Linoleum/Mastic	NAD
SM-14	Bathroom	Linoleum/Mastic	NAD
SM-15	Bathroom	Linoleum/Mastic	NAD

NAD = No Asbestos Detected.

**Table 4-11**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**932 D Perry Drive**  
**Burns Park**

<b>Sample ID</b>	<b>Sample Location</b>	<b>Sample Description</b>	<b>Result</b>
BP-1	Kitchen/Bath	Linoleum/Mastic	NAD
BP-2	Kitchen/Bath	Linoleum/Mastic	NAD
BP-3	Kitchen/Bath	Linoleum/Mastic	NAD
BP-4	Bathroom	Cove Base/Mastic	NAD
BP-5	Bathroom	Cove Base/Mastic	NAD
BP-6	Bathroom	Cove Base/Mastic	NAD
BP-7	Living Room	Drywall Composite	NAD
BP-8	Living Room	Drywall Composite	NAD
BP-9	Living Room	Drywall Composite	NAD
BP-10	Kitchen	Sink Undercoating	NAD

**Table 4-12**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**934 E Perry Drive**  
**Burns Park**

<b>Sample ID</b>	<b>Sample Location</b>	<b>Sample Description</b>	<b>Result</b>
BP-11	Kitchen	Linoleum (Top Layer)	NAD
BP-12	Kitchen	Linoleum (Top Layer)	NAD
BP-13	Kitchen	Linoleum (Top Layer)	NAD
BP-14	Kitchen	Linoleum (Bottom Layer)	NAD
BP-15	Kitchen	Linoleum (Bottom Layer)/Mastic	NAD
BP-16	Kitchen	Linoleum (Bottom Layer)	NAD
BP-17	Bathroom	Cove Base/Mastic	NAD
BP-18	Bathroom	Cove Base	NAD
BP-19	Bathroom	Cove Base/Mastic	NAD
BP-20	Kitchen	Sink Undercoating	NAD
BP-21	Living Room	Drywall Composite	NAD
BP-22	Living Room	Drywall Composite	NAD
BP-23	Living Room	Drywall Composite	NAD

**Table 4-13**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**935 B Perry Drive**  
**Burns Park**

Sample ID	Sample Location	Sample Description	Result
BP-24	Kitchen	Linoleum/Mastic	NAD
BP-25	Kitchen	Linoleum/Mastic	NAD
BP-26	Kitchen	Linoleum/Mastic	NAD
BP-27	Bathroom	Cove Base/Mastic	NAD
BP-28	Bathroom	Cove Base/Mastic	NAD
BP-29	Bathroom	Cove Base/Mastic	NAD
BP-30	Living Room	Drywall Composite	NAD
BP-31	Living Room	Drywall Composite	NAD
BP-32	Living Room	Drywall Composite	NAD
BP-33	Exterior	Stucco	NAD
BP-34	Exterior	Stucco	NAD
BP-35	Exterior	Stucco	NAD
BP-36	Kitchen	Sink Undercoating	NAD

NAD = No Asbestos Detected.

**Table 4-14**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**955 E Perry Drive**  
**Burns Park**

Sample ID	Sample Location	Sample Description	Result
BP-37	Kitchen	Floor Tile/Mastic (Bottom Layer)	NAD
BP-38	Kitchen	Floor Tile/Mastic (Bottom Layer)	NAD
BP-39	Kitchen	Floor Tile/Mastic (Bottom Layer)	NAD
BP-40	Kitchen	Linoleum (Top Layer)	NAD
BP-41	Kitchen	Linoleum/Mastic (Top Layer)	NAD
BP-42	Kitchen	Linoleum/Mastic (Top Layer)	NAD
BP-43	Roof	Shingle (Top Layer)	NAD
BP-44	Roof	Shingle (Top Layer)	NAD

**Table 4-14**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**955 E Perry Drive**  
**Burns Park**

BP-45	Roof	Shingle (Top Layer)	NAD
BP-46	Roof	Shingle (Bottom Layer)	NAD
BP-47	Roof	Shingle (Bottom Layer)	NAD
BP-48	Roof	Shingle (Bottom Layer)	NAD
BP-49	Roof	Felt Paper	NAD
BP-50	Roof	Felt Paper	NAD
BP-51	Roof	Felt Paper	NAD
BP-52	Living Room	Drywall Composite	NAD
BP-53	Living Room	Drywall Composite	NAD
BP-54	Living Room	Drywall Composite	NAD
BP-55	Exterior	Stucco	NAD
BP-56	Exterior	Stucco	NAD
BP-57	Exterior	Stucco	NAD
BP-58	Roof	<b>Penetration Mastic</b>	8% Chrysotile
BP-59	Roof	<b>Penetration Mastic</b>	7% Chrysotile
BP-60	Roof	<b>Penetration Mastic</b>	8% Chrysotile

NAD = No Asbestos Detected.

**Table 4-15**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**960 D Perry Drive**  
**Burns Park**

<b>Sample ID</b>	<b>Sample Location</b>	<b>Sample Description</b>	<b>Result</b>
BP-61	Shed	Felt Paper	NAD
BP-62	Shed	Felt Paper	NAD
BP-63	Shed	Felt Paper	NAD
BP-64	Electrical Room	Roll Roof Shingle	NAD
BP-65	Electrical Room	Roll Roof Shingle	NAD
BP-66	Electrical Room	Roll Roof Shingle	NAD
BP-67	Roof	Shingle	NAD
BP-68	Roof	Shingle	NAD

**Table 4-15**  
**ASBESTOS-CONTAINING MATERIALS ("ACM")**  
**ANALYTICAL RESULTS**  
**960 D Perry Drive**  
**Burns Park**

BP-69	Roof	Shingle	NAD
BP-70	Roof	Penetration Mastic	NAD
BP-71	Roof	Penetration Mastic	NAD
BP-72	Roof	Penetration Mastic	NAD

NAD = No Asbestos Detected.

#### **4.2 Lead-Based Paint Survey Results**

Apex performed lead-based paint ("LBP") chip sampling in selected homes in the NBVC neighborhoods. The Department of Housing Urban Development ("HUD") guidelines consider all paint that is greater than 0.5% percent by weight or higher to be lead containing. Therefore, those samples that are found to be above this level are considered lead-based paint materials for the purpose of this report. Based on the inspection and sample results, "LBP materials were detected in the units surveyed at Coral Sea, Santa Rosa, and Santa Cruz.

In addition, the LBP survey conducted by Alliance Compliance Group as part of the Navy's Environmental Condition of Property Survey (Appendix B), identified LBP.

Based upon all survey data the following components are coated with LBP:

##### **Bard Estates**

- Exterior roof components
- Support components
- Door jambs

##### **Bruns Park**

- Roof components

##### **Coral Sea Cove**

- Exterior trim
- Roof components
- Support components
- Door jambs



**Santa Rosa**

- Exterior trim
- Roof components
- Support components
- Door jambs

**Santa Cruz**

- Exterior trim
- Roof components
- Support components
- Door jambs

The units, locations, and identification of where Apex collected lead-based paint chip samples are listed below.

<b>Table 4-16</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>1113 B Homosa</b> <b>Coral Sea</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
CS-LBP-1	White Paint	Garage Trim	<0.01
CS-LBP-2	Brown Paint	Exterior House Trim	<0.01
CS-LBP-3	White Paint	Interior Walls	<0.01
CS-LBP-4	White Paint	Exterior Porch	<0.01

<b>Table 4-17</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>1089 A Homosa</b> <b>Coral Sea</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
CS-LBP-5	White Paint	Interior Walls	<0.01
CS-LBP-6	White Paint	Exterior Porch	<0.01
<b>CS-LBP-7</b>	<b>Green Paint</b>	<b>Exterior Trim</b>	<b>3.3</b>
CS-LBP-8	Blue Paint	Exterior Vent Pipes	<0.01

<b>Table 4-18</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>1017 Addor</b> <b>Bard Estates</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
BE-LBP-1	Red Paint	Exterior Trim	0.050
BE-LBP-2	Brown Paint	Exterior Roof Vents	0.11
BE-LBP-3	Tan Paint	Exterior House	<0.01
BE-LBP-4	White Paint	Interior Walls	<0.01

<b>Table 4-19</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>1026 Addor</b> <b>Bard Estates</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
BE-LBP-5	Peach Paint	Exterior Trim	0.027
BE-LBP-6	Brown Paint	Exterior Vents	<0.01

<b>Table 4-20</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>1447 Regulus</b> <b>Santa Rosa</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
SR-LBP-1	Green Paint	Exterior Trim	3.3
SR-LBP-2	White Paint	Interior Walls	<0.01
SR-LBP-3	Blue Paint	Garage Floor	<0.01
SR-LBP-4	Blue Paint	Exterior Roof Vent	<0.01

<b>Table 4-21</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>1427 Regulus</b> <b>Santa Rosa</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
SR-LBP-5	White Paint	Exterior House	0.011
<b>SR-LBP-6</b>	<b>Blue Paint</b>	<b>Exterior Trim</b>	<b>1.2</b>
SR-LBP-7	Gray Paint	Exterior Roof Vents	0.010

<b>Table 4-22</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>1226 Lark Road</b> <b>Santa Cruz</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
SC-LBP-1	White Paint	Interior Walls	<0.01
<b>SC-LBP-2</b>	<b>Blue Paint</b>	<b>Exterior Trim</b>	<b>0.57</b>
SC-LBP-3	Brown Paint	Exterior Roof Vents	<0.01

<b>Table 4-23</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>1410 Oriole</b> <b>Santa Cruz</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
SC-LBP-4	White Paint	Interior Walls	<0.01
<b>SC-LBP-5</b>	<b>Blue Paint</b>	<b>Exterior Trim</b>	<b>1.2</b>

<b>Table 4-24</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>1929 Sparrow</b> <b>San Miguel</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
MB-LBP-1	Teal Paint	Exterior Trim	<0.01
MB-LBP-2	White Paint	Interior Walls	<0.01

<b>Table 4-24</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>1929 Sparrow</b> <b>San Miguel</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
MB-LBP-3	White Paint	Exterior House	<0.01

<b>Table 4-25</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>1934 Sparrow</b> <b>San Miguel</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
SM-LBP-4	White Paint	Interior Walls	<0.01
SM-LBP-5	Teal Paint	Exterior Trim	<0.01

<b>Table 4-26</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>932 D Perry Drive</b> <b>Burns Park</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
BP-LBP-1	White Paint	Interior Wall	<0.01
BP-LBP-2	White Paint	Exterior Fence	<0.01
BP-LBP-3	Peach Paint	Exterior Door	<0.01

<b>Table 4-27</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>934 E Perry Drive</b> <b>Burns Park</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
BP-LBP-4	White Paint	Interior Wall	<0.01
BP-LBP-5	White Paint	Exterior Door	<0.01

<b>Table 4-28</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>935 B Perry Drive</b> <b>Burns Park</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
BP-LBP-6	White Paint	Interior Wall	<0.01
BP-LBP-7	White Paint	Exterior Fence	<0.01

<b>Table 4-29</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>955 E Perry Drive</b> <b>Burns Park</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
BP-LBP-8	Pink Paint	Exterior Metal Flashing	<0.01
BP-LBP-9	White Paint	Exterior Eaves	0.10
BP-LBP-10	Pink Paint	Exterior Door	<0.01
BP-LBP-11	White Paint	Interior Walls	<0.01
BP-LBP-12	White Paint	Exterior Fence	<0.01
BP-LBP-13	White Paint	Exterior Door	<0.01

<b>Table 4-30</b> <b>LEAD BASED PAINT MATERIAL SURVEY</b> <b>960 D Perry Drive</b> <b>Burns Park</b>			
<b>Sample ID</b>	<b>Material Description</b>	<b>Location</b>	<b>Result</b>
BP-LBP-14	Gray Paint	Roof Vent	<0.01

## 5.0 TRAINING FOR PARTICIPANTS IN O&M PROGRAM\_\_\_\_\_

The Program Manager shall ensure that all initial and ongoing training requirements for building maintenance personnel are met. The Program Manager shall maintain all employee-training records for one year beyond the last date of employment of the employee with SDFH.

Training requirements for program participants are described below.

### 5.1 *Training for Consultants*

The Consultant is responsible for overseeing all asbestos and lead based paint activities in the NBVC neighborhoods. He/she must be familiar with state-of-the-art removal procedures, appropriate procedures for operations and maintenance activities, respiratory protection, and emergency procedures. At a minimum, these individuals shall complete an initial EPA-accredited training course for abatement contractors and supervisors (competent person training) and attend annual refresher training for contractors and supervisors.

Consultant personnel conducting asbestos materials inspections and periodic surveillance shall complete an initial EPA accredited building inspector training course and attend annual refreshers.

Consultant personnel conducting asbestos air monitoring shall have completed NIOSH 582 or equivalent training.

Consultant personnel conducting lead-based paint inspections and clearance testing shall have certification as a California Lead Inspector / Risk Assessor.

In addition, the Consultants shall be well versed in the following areas concerning asbestos and lead-based paint materials:

- History of Uses
- Health Effects of Exposure
- Legal and Liability Considerations
- Criteria for Hazard Assessment
- Neighborhood Survey Results
- Personal Protective Equipment

- Regulatory Requirements
- Recordkeeping and Report Preparation
- SDFH Policies
- Guidance for recognition of damage, deterioration and delamination
- Contact person(s) for questions in the SDFH neighborhoods
- Demonstrations of proper methods for handling
- Hands-on training in the proper use of respiratory protection, other personal protection measures and good work practices.

## **5.2 Minimum Qualifications for Outside Contractors**

### **5.2.1 Abatement Contractors, General Contractors, and Outside Vendors**

All outside contractors and workers that remove or perform abatement work in the NBVC shall be licensed and certified to perform asbestos and lead material abatement work by the State of California.

General contractors or outside vendors that may disturb ACM during their work, must show evidence of at least 16 hours (two days) of training (OSHA/CALOSHA Class III operation training requirements) in asbestos control. It is the contractor's responsibility to provide training records and to ensure that their employees have proper training and documentation to verify it.

General contractors or outside vendors who will come into contact with asbestos, but will not disturb the ACM during their work, must show evidence of at least 2 hours of training in asbestos awareness (CALOSHA Class IV operation training requirements). It is the contractor's responsibility to provide training records and to ensure that their employees have proper training and documentation to verify it.

## **5.3 Training for the Program Manager, Neighborhood Maintenance Personnel, and Other Employees Identified by the Program Manager**

The Program Manager and all building maintenance personnel shall complete two (2) hours of training in asbestos awareness annually. This course of training will be in accordance with the EPA ACM in Schools Rule, 40 CFR Part 763.92 "O&M" and OSHA/CALOSHA Class IV training. At a minimum, training will cover:

- Information regarding asbestos and its various uses and forms;
  - Information on the health effects associated with asbestos exposure and medical
  - Surveillance requirements;
  - Locations of ACM as identified by the building surveys;
  - Guidance for recognition of damage, deterioration and delamination of ACM;
  - OSHA/CALOSHA requirements related to housekeeping;
  - Contact person(s) for questions regarding asbestos in SDFH buildings; and
  - Summary of regulatory requirements pertaining to asbestos operations and maintenance activities.
- OSHA General Industry Standard and self-help and smoking cessation program material.



## **6.0 ASBESTOS/LEAD MATERIALS O&M MANAGEMENT SYSTEM**

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The asbestos/lead materials management system outlined in this manual addresses all maintenance that is likely to disturb or contact asbestos/lead materials. Program participants must be able to recognize jobs, which will involve these materials and select the proper work practices required for these jobs.

### **6.1 *Job Request and Approval for Maintenance Work***

Before initiating any work, which may involve disturbance or contact of ACM/LBP, the Building Maintenance Personnel shall submit a Request for Maintenance and Emergency Maintenance Work to the Program Manager. This covers information on the location of the requested work, the type of work needed, and whether the requestor is aware of any ACM/LBP in the vicinity of the requested work is likely to be disturbed or contacted.

The Program Manager shall refer to the building survey and relevant section of this program manual and consult with the consultant, as necessary, to determine required work procedures. The Program Manager, or the consultant, may need to visit the site of the requested work to determine what work practices are required for the activity.

### **6.2 *Work Performed by Outside Contractors***

This program also addresses work conducted by outside contractors and vendors, when the work may involve ACM/LBP. Contracts with such companies will include the following provisions; to ensure that service or abatement workers can and will follow appropriate work practices.

#### **6.2.1 Abatement Contractors**

The Program Manager shall require abatement contractors to submit the following information for work, which may involve ACM/LBP:

- A training acknowledgement indicating the contractor's employees have seen the building survey and have been properly notified about ACM/LBP in the building;
- A copy of the contractor's respiratory protection program;
- A description of the contractor's medical surveillance program;

- A copy of the contractor's license; State permits, if applicable;
- A listing of employee's names and certificate numbers for all employees who will be involved in the work.
- Submit copies of waste disposal manifests; and
- Submit OSHA/CALOSHA compliance air monitoring records conducted during the work.

### **6.2.2 General Contractors and Outside Vendors**

The Program Manager shall require general contractors and vendors to submit the following information with any proposal for work, which may ACM/LBP:

- A training acknowledgement indicating the contractor's employees have seen the building survey and have been properly notified about ACM/LBP in the building;
- A copy of the contractor's respiratory protection program, if necessary;
- A description of the contractor's medical surveillance program, if necessary;
- Documentation that contractor's employees have received at least 16 hours (two days) of training in asbestos control for class III work or 2 hours of awareness training for class IV work;
- A detailed description of the work practices which will be used to avoid or minimize disturbing asbestos and/or lead based paint; and
- A list of personal protective equipment and clothing, which will be used by the contractor's employees for this project.

## 7.0 PERIODIC SURVEILLANCE ACTIVITIES \_\_\_\_\_

The ACM/LBP present in the NBVC neighborhoods is subject to deterioration with aging, the effects of building occupancy, and accidental damage. To monitor the condition of the ACM/LBP in the neighborhood, a program of periodic inspection is necessary. This program is designed to periodically evaluate the potential exposure to damaged asbestos and lead based paint within a neighborhood, and alerts the Program Manager to adverse situations, which may require special corrective action. The Program Manager, consulting with the consultant as necessary, shall complete the annual surveillance.

### 7.1 *Annual Surveillance*

A visual inspection of ACM/LBP is to be conducted not less than once annually of the locations/units identified as containing known/suspect ACM and/or LBP in Section 4.1 and 4.2 of this O&M Plan. The inspections will include re-evaluation of friable and non-friable ACM and lead containing materials. The materials are to be reexamined for general condition, and any signs of deterioration. If a change is noted for the materials in a specific location, appropriate response actions shall be taken.

All suspect ACM/LBP identified in Sections 4.1 and 4.2 shall be managed in accordance with this O&M Plan unless proper testing is performed that determines the material is not ACM/LBP.

## 8.0 INFORMING BUILDING OCCUPANTS REGARDING ACM/LBP

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Neighborhood occupants who are informed and instructed about ACM/LBP will be reassured to learn that an effective control program is in place for the building, and are less likely to inadvertently disturb or contact the material. SDFH is responsible for informing building occupants within their building of any asbestos and/or lead related hazards.

Neighborhood occupants can be informed about the presence of asbestos and/or lead through the distribution of notices, posting of signs or labels, and through awareness or information sessions. The methods used to inform building occupants will depend on the type and location of the ACM/LBP, and on the number of people affected. Any building occupant who has a concern is welcome to call Human Resources.

### 8.1 *Sign Posting, Labels*

Signs or labels placed directly on or adjacent to the ACM will serve to alert and remind building occupants and maintenance workers not to disturb or contact ACM. Under 29 CFR 1926.1001, OSHA and Title 8 California requires that where feasible, all installed asbestos is to carry a visible label. Labels are to be printed in large, bold letters on a contrasting background, and must contain the following information: DANGER, CONTAINS ASBESTOS FIBERS, AVOID CREATING DUST, CANCER AND LUNG DISEASE HAZARD, AVOID BREATHING ASBESTOS.

Warning signs shall be provided and displayed at each regulated area. In addition, warning signs shall be posted at all approaches to regulated areas to that an employee may read the signs and take necessary protective steps before entering the area.

The warning signs shall bear the following information:

**DANGER  
ASBESTOS  
CANCER AND LUNG DISEASE HAZARD  
AUTHORIZED PERSONNEL ONLY  
RESPIRATORS AND PROTECTIVE CLOTHING  
ARE REQUIRED IN THIS AREA**

The employer shall ensure that employees working in and contiguous to regulated areas comprehend the warning signs. Means to ensure employee comprehension may include the use of foreign languages, pictographs and graphics.

**8.2     *Information Sessions: Initial Orientation & Training & Subsequent Training***

All SDFH employees who work in buildings with asbestos and lead based paint materials shall receive information on asbestos and lead based paint materials during their initial employee right-to-know training. Asbestos and lead based paint materials information sessions will also be held annually. A tenant notification memo is required all non-SDFH tenants. Information must be provided to reinforce and clarify written notices and signs, and to provide employees with answers to any questions they may have.

## 9.0 ASBESTOS PROGRAM PRACTICES

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SDFH personnel shall not handle ACM unless they have been adequately trained in handling ACM/LBP.

### 9.1 *Cleaning Procedures*

Cleaning procedures involving contact with ACM or involving ACM that have been disturbed shall be conducted by personnel who have completed the appropriate asbestos control training (16 hour OSHA/CALOSHA Class III training or 2 hour OSHA/CALOSHA Class IV training).

#### 9.1.1 Special Cleaning Procedures

Contact the O&M coordinator in the event that special cleaning procedures are necessary.

Special cleaning procedures are required for many ACM. If the building contains only non-friable ACM, if all the ACM is isolated behind airtight barriers, or if thermal system insulation is completely enclosed by protective jackets in good repair, special cleaning practices may not be needed unless ACM is disturbed. Where ACM is confined to a single room or area, cleaning just that area may be sufficient. Where the ACM is more widespread and where fibers can be transported in the ventilation system, special cleaning practices may be extended to the entire building.

Maintenance staff shall avoid bumping pipes and walls or other surfaces with brooms, mops, vacuum cleaners and other cleaning equipment. These disturbances are likely to cause the release of asbestos fibers, even if the ACM has been encapsulated. Dry brooms, mops and dust cloths and standard vacuum machines will simply resuspend fibers. All dusting and mopping in buildings with exposed, sprayed-on or troweled-on ACM shall be conducted using wet cleaning techniques (mops or cloths dampened with water or a dust suppressant) or with vacuum cleaners equipped with HEPA filters.

#### 9.1.2 Additional Cleaning

##### **\*\*\*Immediate Reporting is Mandatory\*\*\***

The presence of debris that is friable and has the appearance of asbestos in the area with asbestos-containing surfacing material or asbestos-containing thermal insulation will

be immediately cleaned by properly trained vendors in the manner described below, and reported to the Asbestos Program Manager.

Any debris, which is found near ACM, shall be wetted with a fine mist of water applied at low pressure. After the material is thoroughly wet, the debris can be collected in a dustpan and placed in appropriately labeled plastic bags for disposal. The dustpan shall be thoroughly wet wiped and then rinsed in a utility sink, and the sink thoroughly rinsed until it is free of debris.

Alternatively, the debris can be vacuumed into a HEPA-filtered vacuum cleaner while dry. Then the surface shall be wet wiped with a damp cloth. The cloth should be disposed of in an appropriately marked asbestos waste container. The waste container shall be sealable and leak tight.

### **9.1.3 Stripping, Sealing, and Refinishing Vinyl Asbestos Floor Coverings**

Asbestos floor coverings shall not be dry stripped, dry leveled, or sanded. Stripping shall only be performed wet, and only as necessary for proper maintenance. The following procedure shall be followed:

Use a water mop to wet down a small area in front of the floor machine with a solution of all-purpose cleaner or wax stripper. Leave cleaning solution on the floor for less than a minute. Use a putty knife to remove gum or other material, but be careful not to damage the floor covering. Avoid harsh scrubbing which may damage floor (do not use steel wool). For buffing, use only fiber or polish brush. Low RPM buffing and stripping machines (less than 300 RPM) only may be used on asbestos-containing flooring materials. Wet methods must be used.

## **9.2 *Storage and Disposal of Waste***

Any cloths, mop-heads, sponges, and other cleaning materials used to clean up asbestos debris shall be assumed to be asbestos-contaminated and sealed in leak-tight containers for disposal as asbestos waste. Asbestos-containing waste shall not be stored at SDFH buildings.

**9.3 Special Work Practices for Small-Scale, Short Duration Activities  
(Where Applicable)**

Small-scale, short-duration activities shall be conducted by personnel who have completed the 4- or 5-day worker or contractor/supervisor training (class I or II activities) or 16 hour asbestos control training (class III activities). Air monitoring shall be coordinated during all activities likely to disturb ACM.

Special work practices are only required where disturbance or contact with ACM is likely. For example, changing light bulbs in fixtures located near ACM may create disturbance of the material, where the periodic emptying of a trash can near heavily encapsulated asbestos cement sheeting may not disturb the material. Work around non-friable ACM is not likely to cause fiber release unless the ACM is directly manipulated such as by drilling or cutting. However, if in doubt about the possibility of disturbing ACM during maintenance activities, precautions must be used to minimize fiber release and building contamination, as well as to protect workers and the building environment.

The work is to be performed according to the following work practices:

- Warning signs will be posted to warn unauthorized personnel not to enter the demarcated area.
- Entry to the area will be restricted to persons necessary to carry out the small-scale, short-duration maintenance activity. This will be accomplished by physically closing an area or by performing the work during hours of lowest building use.
- The air-handling system will be temporarily modified or shut down in the immediate area of the small-scale, short-duration maintenance work. Or, at a minimum, the inlet and exhaust ventilators in the work area will be restricted.
- Wet methods, using amended water or a comparable method of control, will be used to thoroughly soak all ACM prior to commencing work.
- Full enclosures, glove bags and mini-enclosures, as appropriate, may to be used for work involving asbestos as part of this Asbestos O&M Program. All work shall be conducted in accordance with all federal and state regulations.
- All fixtures and furnishings in the immediate work area will be cleaned.
- All asbestos-containing debris and cleaned materials will be disposed of in an appropriately labeled asbestos waste container. The waste container should be sealable and leak tight.

Asbestos waste shall not be stored at SDFH buildings.



**9.4 *Asbestos-Contaminated Roofing Material Small-Scale Removal (less than 3 square feet) and Repair Procedure (Where Applicable)***

Following are recommended procedures for small-scale removal (less than 3 square feet) and repair of roofing material. Large-scale removal (larger than 3 square feet) of contaminated roofing materials should be done by an asbestos abatement contractor.

**9.4.1 Equipment Needed for Small-Scale Removing/Repairing of Asbestos-Contaminated Roofing Material**

- a. Disposable coveralls and gloves
- b. Respiratory protection
- c. Ladder
- d. HEPA vacuum
- e. 6-mil Polyethylene Drop Cloth (large enough to extend six feet in each direction beyond the floor space under the ceiling tile).
- f. 6-mil Polyethylene Waste Disposal Bags
- g. Airless sprayer with amended water and encapsulant
- h. Knife/razor blade
- i. Clean, disposable rags (dampened with amended water)

**9.4.2 Preparation for Small-Scale Removing/Repairing of Asbestos-Contaminated Roofing Material**

- a. Secure the work area. Roofing material is to be repaired and/or removed only when the HVAC system is shut off in the work area, preferably during non-business hours. The work area should then be secured by shutting all access points (doors and windows), and posting signs (for example: "Asbestos Danger" signs and "Contact Neighborhood Management" signs).
- b. Air sampling will be conducted during roofing material repair/removal jobs to document exposure levels. The area must be clean and free of contamination before the warning signs and barriers may be removed and unprotected personnel may enter the area.
- c. All equipment necessary for the removal should be placed in the work area. Worker should don, at a minimum, a half-face negative-pressure respirator and full body disposable suit.

- d. Thoroughly wet the area using the airless sprayer with water. Using the knife, make a small cut, no more than 3 square feet, to remove and/or repair the roofing materials.
- e. Place all the removed material and rags inside the 6-mil bags and seal them. Double bag all the waste.
- f. If drilling into the roofing material, wet the area and use a drill that is equipped with HEPA-vacuum attachment and a HEPA vacuum to make the holes.
- g. Encapsulate and thoroughly clean the work area using HEPA vacuum. Remove all the warning signs upon completion of the task.

#### **9.4.3 Decontamination Procedures Small-Scale Removing/Repairing of Asbestos-Contaminated Roofing Material**

- a. Vacuum and wet wipe all equipment.
- b. Vacuum the surface of each disposable suit before removing. Carefully remove the disposable suits by rolling down the suits from top to bottom to avoid touching the contaminated surface of the suit.
- c. Place contaminated suits in proper disposal bag.
- d. Once out of the work area, each person should wet wipe the outside of the respirator before removing it.

### **9.5 *Emergency Procedures (Where Applicable)***

The following steps describe the procedures to be followed in the event of the accidental disturbance of ACM.

Asbestos emergencies are divided into three categories: Emergency Maintenance Procedures, Minor Release Episodes and Major Release Episodes. Each requires a different plan of action.

#### **9.5.1 Emergency Maintenance Work**

- a. Make telephone contact with the Asbestos Program Manager to describe the situation and plan of action. Request verbal authorization to proceed;
- b. Proceed with the maintenance work, as directed by the Asbestos Program Manager; and
- c. The Asbestos Program Manager will contact the appropriate consultants and contractors to respond.

### 9.5.2 Minor Asbestos Fiber Release Procedures

A minor release episode is one in which less than three (3) square or linear feet of ACM separates from the surface to which it was attached, causing the release of dust and debris.

- a. Restrict entry to the area by persons other than those necessary to cleanup the asbestos;
- b. Make telephone contact with the Asbestos Program Manager to describe the situation. The Asbestos Program Manager will then contact the appropriate consultants and contractors to respond.
- c. Abatement contractor to proceed with the following:

#### *9.5.2.1 Clean-Up Procedures After A Minor Release*

- a. Establish a "Regulated Area" and air monitoring.
- b. Clean up the area using wet methods or a HEPA-filtered vacuum, mini-enclosure, or other containment methods necessary to reduce the spread of asbestos fibers.
- c. Place all asbestos debris in a sealed, leak-tight container.
- d. Wet mop all uncarpeted floors and HEPA vacuum all carpeted floors.
- e. HEPA vacuum all fixtures and then wipe each fixture with a damp cloth.
- f. Wipe all equipment used to cleanup the debris with a damp cloth to remove any asbestos that may cling to the surface of the equipment.
- g. Place all of the materials used to clean equipment in a sealed, leak-tight container.
- h. Provide documentation as required.
- i. Air monitoring shall be conducted in conjunction with all minor fiber release episodes.

### 9.5.3 Major Asbestos Fiber Release Procedures

In the event that a quantity greater than three (3) square or linear feet of ACM separates from the surface to which it was attached, causing the release of dust and debris, the following procedures are to be initiated immediately. Cleanup activity in the area is to be handled by an asbestos abatement contractor properly trained and equipped to conduct the cleanup.

- Make telephone contact with the Asbestos Program Manager to describe the situation and plan of action. Request verbal authorization to proceed.

- Proceed with the following:

#### ***9.5.3.1 Isolation of Area After A Major Release***

- Immediately restrict entry into the area by persons other than those necessary to cleanup the asbestos.
- Post signs, lock doors or take other actions to prevent the entry of unauthorized persons into the area.
- Shut off or modify the ventilation system in the area until the asbestos-containing debris has been cleaned up.
- Notify the Asbestos Program Manager.
- The Asbestos Program Manager shall arrange for clean-up by a licensed asbestos abatement Contractor.
- Air monitoring shall be conducted in conjunction with all major release episodes.

### ***9.6 Large-Scale Projects (Where Applicable)***

Large-scale projects will be conducted by consultants and outside contractors who are specifically selected by the Asbestos Program Manager to perform these "large-scale" activities. These projects must be performed under the supervision of a "third party consulting firm" and follow a "state-of-the-art" technical specification covering the project. Activities that fall into this category include:

- Removal of ACM in notifiable quantities;
- Removal of ACM from pipes or surfaces or for the sole purpose of getting the asbestos out of the area or out of the building; and
- Encapsulation and enclosure of ACM when it is not normal and usual part of the maintenance operation.

#### **9.6.1 Waste Disposal**

All asbestos waste shall be disposed of at a landfill designated by the consultant and in compliance with all applicable federal, state and local laws and regulations.

## 10.0 LEAD-BASED PAINT

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Lead-based paints are a hazardous substance that can cause serious health effects. However, when properly managed and maintained, lead paint poses little risk.

In-place management means preventing acceptable situations from deteriorating to create excessive lead exposures in the future. In this sense, in-place management amounts to preventative maintenance and periodic cleaning. Surfaces known, or suspected, to be painted with lead paint will be monitored.

There is no need to remove or abate components coated in lead based paint if the paint is intact (Lead Safe). Paint is intact if it is not flaking, peeling or chalking (i.e. you cannot remove or lift the paint from the substrate with your fingernail). Intact lead based paint is generally Lead Safe and does not require lead abatement.

In contrast, Lead Hazards exist when the lead based paint is defective (flaking, peeling or chalking). Paint in this condition will continue to disintegrate and create lead dust, which can contaminate a residence. Lead Hazards have been corrected.

Cleaning and abatement of Lead Hazard Areas shall be conducted by personnel who have completed the appropriate training and certification as required by 40 CFR 745.226. In general LBP abatement procedures, including use of HEPA vacuums are similar to those for Asbestos cleaning and abatement. Refer to Section 9 for specific requirements.

### 10.1 Maintenance Procedures

Prior to occupation of a unit that contains LBP, the following practices will be implemented to reduce the risk of lead exposure to occupants:

- a. Wash down the window wells, sills and troughs where dust may accumulate, using a high phosphate detergent.
- b. Wash down exterior walkways, stairs and landings where dust may accumulate, using a high phosphate detergent.
- c. If dust is observed on the floors under the window, the floor should be mopped or vacuumed with a HEPA vacuum. Primarily this should be done in the rooms containing lead positive components in defective condition.
- d. Place door mats at building entrances and exits so occupants can wipe their feet and avoid tracking dust into the building. Doormats should never be beaten as a

cleaning technique. Rather, the mats should be cleaned with a hose in an area where there is no foot traffic.

- e. If it is suspected that lead dust levels are increasing, periodic cleanups should be done to keep lead dust from accumulating to dangerous levels on accessible surfaces such as windowsills and floors.
- f. HEPA Vacuum: If dust appears around a lead positive component and the floors are carpeted, regular vacuums should not be used. The Occupant should notify Lincoln Property to properly clean the carpet using either a wet rag and high phosphate detergent or a High Efficiency Particulate Accumulator ("HEPA") Vacuum.

## **10.2 Notification and Disclosure**

Notify occupants regarding:

- The importance of good housekeeping measures, including frequent wet-wiping/wet-mopping interior surfaces.
- The importance of frequently washing children's toys and hands.
- The importance of notifying Lincoln Property personnel if dust appears around a lead positive component.

Disclosure:

- Provide the occupants with a copy of this O&M Plan if requested.
- Provide the tenants with a copy of the EPA disclosure pamphlet "Protect your family from lead in your home" pursuant to the Residential Lead-Based Paint Hazard Reduction Act of 1992 Section 1018.
- Provide the Lead-Based Paint Hazards Disclosure Addendum to the Tenant Lease.

**11.0 STANDARD OF CARE**

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The services performed by Apex Companies, LLC (Apex) on this project have been conducted with that level of care of skill ordinarily exercised by reputable members of the profession, practicing in the same locality under similar budget and time constraints. No other warranty is expressed or implied.

Prepared By:

Apex Companies, LLC

## **Water Intrusion / Mold Operations and Maintenance Management System**

### **Water Intrusion and Mold Management System Policy and Objectives**

Lincoln Military Housing (LMH) adopts this internal policy for the management of water intrusion and mold related conditions in LMH managed military family housing. All LMH employees must follow the procedures and policies set forth herein when addressing potential water intrusion and mold conditions. This policy is designed to (1) help assure that consistent and highest quality operations and management systems are in place and functioning sufficiently to address water intrusion and mold related conditions, and (2) verify compliance with applicable laws, regulations, project-related requirements and LMH policies.

This policy applies to water intrusion and mold conditions in the interior of residential units whether occupied or vacant. This policy must be followed for any water intrusion and mold conditions whether reported by a resident or discovered by LMH employees. The policy does not apply to: (1) the exterior of buildings or structures, and (2) non-residential structures such as storage sheds, fences and other unoccupied enclosures. The O&M Coordinator (as defined herein) may determine alternative criteria and procedures for de minimis and other conditions that do not require the management and oversight processes specified in this policy. Examples of de minimis and other exclusions include (1) mold/mildew on caulk/grout in and around showers, tub enclosures and sink vanities that can be addressed through routine housekeeping, and (2) mold on personal property of residents that is not due to water intrusion into the unit. Any such exclusions from this policy, and any alternative criteria and procedures for such exclusions, shall be documented by the O&M Coordinator and approved by the National Maintenance Director.

### **Points of Contact**

Points of contact for matters related to this policy will be the O&M Coordinators and are identified in Appendix A.

### **Policy Contents**

- A. Introduction
- B. Responsibilities of Participants in Mold Operations and Maintenance (O&M) Management System
- C. Training for Participants in Mold O&M Management System
- D. Water Intrusion/Mold O&M Management System – Yardi Work Orders & Forms
- E. Mold Prevention and Detection: Periodic Surveillance
- F. Remediation for Small Areas of Mold (less than 10 square feet of visible mold)



- G. Remediation for Moderate Areas of Mold (10 square feet to 30 square feet of visible mold)
- H. Remediation for Large Areas of Mold (more than 30 square feet of visible mold)
- I. Mold O&M Management System Files
- J. Additional State-Specific Requirements
- K. Documents and Forms

#### **A. Introduction**

##### Understanding Mold

The term “mold,” for the purposes of this policy, refers to all types of fungi that may be present in structures. Fungi are a group of organisms that also includes mushrooms and yeasts. Mold is present everywhere in indoor and outdoor environments. Some facts about mold include:

- Mold can be harmful or helpful, depending on where it grows.
- Mold needs moisture and nutrients to grow, and generally does not grow on dry materials.
- Correcting the source of any water intrusion is the necessary first step to addressing a mold condition.
- Mold growing inside a structure can affect the health of some sensitive occupants.
- Mold can damage the integrity of building materials and, in severe cases, inflict structural damage to the building.

##### Water Intrusion / Mold Operations and Maintenance Management System Overview

This policy serves as the Water Intrusion / Mold Operations and Maintenance Management System (herein referred to as the “Mold O&M Policy” or “policy”) for LMH properties. LMH employees are required to understand and implement their responsibilities under this policy (see Section B) and are required to receive training on this policy (see Section C).

#### **B. Responsibilities of Participants in Mold Operations and Maintenance (O&M) Management System**

The Mold O&M Policy is structured around the cooperation of Property Managers, Service Technicians, and third-party contractors. The roles and responsibilities of personnel in implementing and participating in the policy are described below.

##### Responsibilities of the Regional Property Manager

- Overall coordination of the Mold O&M Policy among all participants;
- Identifying the Mold O&M Coordinator;
- Authorizing implementation of initial and ongoing training of policy participants;
- Authorizing expenditures for training, equipment and outside contractor services;
- Authorizing services to be performed by outside contractors;

- Conducting long-term monitoring of the Mold O&M Policy program and assess correction action requirements.

Responsibilities of the Mold O&M Coordinator

- Implementation of the Mold O&M Plan in accordance with this policy;
- Coordination and implementation of initial and ongoing training of plan participants;
- Maintain familiarity with water intrusion / mold related guidelines and acceptable methods for mold removal;
- Handling communication with residents and employees relating to mold (this should be a coordinated effort between maintenance staff and management staff);
- Arranging services to be performed by outside contractors and maintaining required documentation;
- Providing authorization for emergency maintenance work involving mold;
- Assessing complex remediation projects and determining when hotel accommodations are necessary
- Visiting job sites as needed to determine proper procedures for a requested maintenance activity involving mold; and
- Maintaining project files with appropriate forms for all activities involving water intrusion / mold.

Responsibilities of the District Maintenance Supervisor

- Participate in training to maintain familiarity with this policy and control measures for operations and maintenance activities pertaining to water intrusion / mold;
- Prepare, submit and track necessary forms and Yardi work orders pertaining to water intrusion / mold; and
- Assist with coordination of outside contractors as necessary.

Responsibilities of Maintenance Personnel

- Participate in training to maintain familiarity with mold policy and control measures for operations and maintenance activities pertaining to mold;
- Accurately report the nature and size of mold conditions observed at properties to the Maintenance Supervisor; and
- Prepare, submit and track necessary forms and Yardi work orders pertaining to mold.

Services to be Performed by Mold Inspectors and Mold Remediation Contractors

This policy requires the use of a qualified mold remediation contractor for large areas as defined herein (i.e., greater than thirty (30) square feet of visible mold) and for any mold remediation within a unit for which there is evidence of a resident experiencing mold-related health effects.

**Note that state licensed mold inspectors and/or remediators are required in some states for mold inspections and for mold remediation projects less than thirty (30) square feet of visible mold. Follow all state-specific requirements applicable to the project (see Section J of this policy).**

All mold remediation contractors and their workers performing mold remediation work shall be qualified to perform mold remediation work; and, in states with mold remediation licensing requirements (see Section J), mold remediation contractors and workers shall hold current mold remediation licenses as required by applicable state laws. The O&M Coordinator will verify that the contractor meets all requirements described in Section H of this policy. The Regional Property Manager must be notified if a third-party mold inspector or mold remediation contractor will be used.

### **C. Training for Participants in Mold O&M Management System**

#### **Mold O&M Coordinator**

The O&M Coordinator is responsible for overseeing all water intrusion and mold related activities and must be familiar with up to date removal procedures as well as all Mold O&M policies and procedures. O & M Coordinators must take the Lincoln internal mold e-learn course annually within the month of March. In addition, all O & M Coordinators must attend annual training conducted by a qualified third-party vendor on mold and clean-up procedures. The required annual training may also be conducted by a Lincoln trainer approved by the Vice President of Operations or President of Lincoln Military Housing.

At a minimum the O&M Coordinator shall be well-versed in the following areas:

- Information on mold and its various forms;
- Information on potential health affects in sensitive individuals;
- Recognition of conditions favorable for the growth of mold;
- Capable of answering questions relating to mold;
- Have knowledge of regulatory requirements (if any) pertaining to mold;
- Have knowledge of legal and liability considerations related to mold;
- Have knowledge of inspection and cleanup procedures for mold; and
- Understand record-keeping requirements and report preparation procedures for water intrusion and mold related projects.

#### **Employee Training**

All LMH employees must take the Lincoln internal mold e-learn course annually within the month of March. New hires must take the course within three (3) days of their start date and then annually thereafter during the month of March.

In addition to the internal mold e-learn course, all maintenance employees must also attend annual training conducted by a qualified third-party vendor on mold and clean-up procedures which should occur no sooner than six (6) months after the internal e-learn course. The required annual training may also be conducted by a Lincoln trainer approved by the Vice President of Operations or President of Lincoln Military Housing.

At a minimum this training should include:

- Information on mold and its various forms;
- Information on potential health effects in sensitive individuals;
- Recognition of conditions favorable for the growth of mold;
- Information on how to prevent, inspect for and remove mold;
- Procedures specified in this policy for responding to water intrusion and mold conditions;
- Procedures specified in this policy for communicating with residents regarding a water intrusion or mold service request;
- Information on when a third-party inspector or remediation contractor should be hired; and
- Knowledge of whom to contact with mold related questions.

#### Training Documentation

All Mold O&M Policy training will be documented on the "*Mold Awareness Training Signature Sheet*" form as well as tracked within LMH's learning management system. The Regional Training Director will maintain training records for the O&M Coordinator. The form "*Mold Awareness Training Signature Sheet*" shall be completed and signed by the employee upon completion of training, and the form will be placed in the employee's file.

#### **D. Water Intrusion/Mold O&M Management System – Yardi Work Orders & Forms**

Every water intrusion / mold service request, regardless of the severity, is considered an emergency and a service request must be generated in Yardi. The request is assigned an "Emergency" priority. If a water intrusion / mold ticket is found to be invalid by a Service Technician on the initial visit, the ticket will not be subject to the Mold O&M Policy and will be labeled as "*Not Required/Not Moisture Related*" in the Yardi service record. See attached *Process Flowcharts for Work Involving Disturbance of Mold Affected Building Materials (Appendix B)*.

#### Service Requests for Occupied Units

- LMH employees must always take any resident complaint seriously and act promptly. Regional Property Manager or Regional Maintenance Director notification by phone is mandatory if a resident is reporting health symptoms due to a potential mold issue in their unit.

- When a resident initiates a service request, advise the resident that LMH will send a Service Technician to assess the situation. Notify the Service Technician that a water intrusion / mold service request has been received so they will be prepared with the proper equipment, if necessary.
- The Service Technician should assess the unit for signs of water intrusion or visible mold, giving particular attention to the areas listed in Section E of this policy. Inspect all adjoining surfaces and/or materials where water could have invaded or been absorbed resulting in water intrusion or mold in a separate and different location. If the assessment requires disturbing any building materials (e.g., cutting an inspection opening in a wall or ceiling, pulling back flooring, etc.), then the resident should be asked to leave the immediate work area and a plastic barrier installed around the work area (If the resident refuses to leave the area this must be noted on the service request and within Yardi). The area to be disturbed should be kept as small as practicable. The area should be assessed for signs of water intrusion and visible mold and the opening or flooring re-covered/re-secured before leaving the unit. Permanent repairs should be made as expeditiously as possible after the assessment.
- If water intrusion, leaks, moisture, or mold are discovered during the assessment, follow the remaining procedures in Sections D of this policy.

#### Service Requests for Make Readies or Annual Inspections

If water intrusion, leaks, moisture, or mold are discovered during the make ready process, a new step in Yardi Make Ready must be created through the *"Make Ready Details Screen."* If the make ready has already been completed create a work order in Yardi.

If water intrusion, leaks, moisture, or mold are discovered during the annual home inspection, then create a work order in Yardi.

All follow up visits, as outlined in section D, must be completed for all vacant homes as well.

#### Water Intrusion/Mold O&M Management System Procedures

The following procedures shall be followed for water intrusion/mold related service requests:

1. All reports of water intrusion, moisture, leaks or mold, regardless of the source of the request (i.e., resident service request, annual inspection or unit turn), must be entered into Yardi as an "Emergency" priority ticket.
2. The District assigns the ticket to a Service Technician for immediate response.
3. The Service Technician shall assess the situation and, if applicable, stop the source of any visible water leaks. If a water intrusion ticket is found to be invalid by a Service Technician on the initial visit, the ticket will not be subject to the Mold O&M Policy. Update the Service Requests for the follow-up visits to Review Cancel and type *"Not Necessary/Not Moisture Related"* in the Full Description field.

4. The Service Technician will notify the Maintenance Supervisor and report the size and scope of work needed to abate the water intrusion and/or mold condition, including the amount and location of visible mold, if any, that is present and the type and quantity of building materials, if any, that will need to be cleaned/dried or removed.
5. If the work will involve the disturbance of mold affected building materials, the Maintenance Supervisor, or Service Technician, will complete the "*Job Request for Maintenance Work Involving Mold*" form in Yardi and submit the form to the O&M Coordinator for approval or disapproval. The Maintenance Supervisor can approve the cleaning of small areas of mold (Section F) if the cleaning will not require the disturbance of mold affected building materials.
6. The O&M Coordinator will review the "*Job Request for Maintenance Work Involving Mold*" and determine whether a mold remediation contractor will be required or if LMH staff can perform the remediation work in-house.
7. If the O&M Coordinator determines that a mold remediation contractor is required, the O&M Coordinator shall complete the "*Approval for Maintenance Work Involving Mold*" form within Yardi to indicate "*Granted*" and select the section that refers to mold remediation by a third party. The O&M Coordinator shall notify the Regional Property Manager of the need for third-party mold remediation services and will coordinate with property management to contract with a mold remediation contractor in accordance with Section H of this policy.
8. If the O&M Coordinator determines the work can be completed by LMH maintenance staff, then the Maintenance Supervisor will be notified and the approval will be documented as "*Granted*" on the "*Approval for Maintenance Work Involving Mold*" form.
9. Once authorization is granted on the "*Approval for Maintenance Work Involving Mold*" form for projects to be completed by maintenance personnel staff, the procedures outlined in Sections F and G of this policy shall be followed as well as any special instructions provided on the "*Approval for Maintenance Work Involving Mold*" form.
10. If the O&M Coordinator determines that additional supporting documents must be submitted in order to make a decision on whom should remediate, the "*Approval for Maintenance Work Involving Mold*" form will be marked "*Denied*" and the O&M Coordinator will cite the supporting documents needed in the "*Other-Describe Denial*" section of the form. Documents should be gathered expeditiously and submitted to the O&M Coordinator who will remand the form and grant approval.

#### Follow-Up and Documentation Requirements for Water Intrusion Tickets

1. After the initial leak/water issue has been resolved, the service request is to be completed/closed in Yardi. For occupied homes, a follow-up letter will be mailed or emailed within seven (7) days to the resident asking if the situation has been corrected to their satisfaction. A copy of "*Guidelines for Prevention and Treatment of Moisture/Mold in Residential Housing*" memo will be included with the letter.

2. If additional work needs to be performed after the initial leak/water issue is resolved, such as finishing work (e.g., drywall repair, paint, etc):
  - a. A new work order must be created in Yardi with the original work order number documented in the Related Work Order field.
  - b. No additional follow up visits will be required on finishing work tickets as that work will be assessed during the follow up visits for the initial repair.
3. Within 24 hours of completing the initial service request, follow up visits must begin. Every water intrusion or mold related service request must have a minimum of two follow-up visits by a Service Technician. Three follow-up visits are required for water intrusion work orders involving wet cellulose materials, such as drywall and wood trim. During each follow up visit, inspect all adjoining surfaces and/or materials where water could have invaded or been absorbed resulting in water intrusion or mold in a separate and different location.
  - a. First follow-up: The day after the ticket has been closed to ensure the moisture/leak problem has been resolved and that any moisture-impacted building materials have been removed or properly dried.
  - b. The resident follow-up letter described above will be sent within approximately seven (7) days after the ticket is closed.
  - c. Second follow-up: One week (approximately seven (7) days) after the ticket has been closed to ensure the repair is still effective and to verify that there is no evidence of visible mold in or around the area. In the event the maintenance technician needs to account for holidays or weekends, this follow up may be performed up to 3 days before the 2nd follow up visit is actually due, but no sooner.
  - d. Third follow-up (if applicable): Two weeks (approximately fourteen (14) days) after the ticket has been closed to verify that there is no evidence of visible mold in or around the area.  
If the maintenance technician needs to account for holidays, this follow up may be performed up to 3 days before the 3<sup>rd</sup> follow up visit is actually due, but no sooner.
  - e. The 2<sup>nd</sup> and 3<sup>rd</sup> follow ups cannot occur simultaneously or in close proximity to one another. The maintenance technician is to perform the follow up visits based upon the time parameters set out in this Policy.
4. If there is no permission to enter for a water intrusion follow-up visit, make an attempt to contact the resident by phone, email, or to the door. If no response, immediately send or post a Notice to Complete Repairs.
5. All follow-up visits must be documented within Yardi on the water intrusion follow up Service Requests. The Service Technician's name, date of follow-up visit, and the action taken must be documented in the Yardi work order.
6. If a Service Technician discovers the need to perform additional water intrusion or mold-related repairs during a follow up visit:
  - a. A new work order must be created in Yardi with the original work order number documented in the Related Work Order field.
  - b. Update any of the remaining water intrusion follow up Service Requests to Review Cancel and type "N/A – New Work Order Required" in the Full Description field.

- c. Maintenance Supervisor or O&M Coordinator approvals may be required in accordance with this policy prior to performing additional mold related work.
- 7. If moisture did not wet cellulose materials (e.g., drywall or wood trim), then the third follow-up visit is not required. Document in Yardi by changing the Status of the 3<sup>rd</sup> follow up Service Request to Review Cancel and type "N/A – *Water Did Not Impact Cellulose Materials*" in the full description field.
- 8. Regional Property Managers and District Managers must review the "*Water Intrusion Follow up Report*" in Yardi on a weekly basis.

**E. Mold Prevention and Detection: Periodic Surveillance**

Each unit shall be inspected annually and on unit turn for the presence of visible mold or water intrusion conditions that could result in a mold condition. These inspections will be documented on the "*Annual Home Inspection Form*" for annual inspections and on the "*Make Ready Checklist and Inspection Form*" for unit turns.

During both Annual and Make Ready Inspections, check for the following and note on the forms any evidence of water intrusion or visible mold:

- a) Evidence of visible mold anywhere in or on the unit
- b) Water stains or discoloration on ceiling, walls, or floors
- c) Peeling paint or loose drywall tape on ceiling or walls
- d) Evidence of trapped moisture behind vinyl wallpaper
- e) Cracks or missing caulk around shower tiles
- f) Missing grout around shower door, tub, commode
- g) Bathroom exhaust fans not operating properly or not venting to the exterior of the unit
- h) Leaking shower heads, shower doors
- i) Cracks in grout or missing caulk around kitchen tiles and sinks
- j) Moisture or leaks from pipes under sink or around dishwasher
- k) Leaks around water heater
- l) Faulty washing machine hoses
- m) Clothes dryer improperly vented
- n) Dirty HVAC coils, interior panels or ducts for HVAC systems
- o) Moisture or condensation on windows

In addition, the following items should be checked during the Annual Home Inspection preventative maintenance check:

- p) Broken or worn shingles
- q) Missing or rotten fascia
- r) Defective flashing
- s) Deteriorated mastic at roof penetrations
- t) Tree limbs brushing against roof



- u) Tree roots that may cause foundation damage
- v) Insufficient caulking
- w) Rotting wood around doors, windows or chimneys
- x) Cracks in mortar joints
- y) Abnormally wide expansion joints
- z) Clogged weep holes
- aa) Make sure weep screed is free of mulch or dirt
- bb) Insufficient ventilation in attics and crawl spaces
- cc) Missing covers on sanitary sewer cleanouts (can result in debris in sewer lines)
- dd) Missing or broken sprinkler heads
- ee) Water accumulation behind retaining walls, in breezeways or around foundation
- ff) Water from downspouts not draining away from building
- gg) Interior common area and storage should be inspected for evidence of leaking pipes

If any evidence of water intrusion or mold is identified, promptly create a service request within Yardi and follow all procedures outlined in Section D of this policy.

**F. Remediation for Small Areas of Mold (less than 10 square feet of visible mold)**

Small areas of mold are defined for the purpose of this Mold O&M Policy as less than ten (10) square feet of visible mold in the unit. Examples of small areas of mold may include visible mold on caulking or grout, under a kitchen sink, and on HVAC registers. If there is less than ten (10) square feet of visible mold but other evidence of more extensive water damage (e.g., water staining of drywall in areas that cannot be readily observed), then these conditions must be reported to the O&M Coordinator prior to performing any remediation.

The source of any water leak or moisture must be found and corrected to prevent mold areas from reappearing. Small areas of mold may be removed by the Service Technician once approved by the O&M Coordinator (see Section D for O&M procedures). Supplies needed include:

- Two average maintenance sponges
- One spray mist bottle
- An approved antimicrobial cleaner
- One National Institute for Occupational Safety and Health (NIOSH) certified filtering face piece (for example a 3M 8210 dust mask or equivalent)
- Rubber gloves
- Goggles
- Garbage bags with ties
- HEPA vacuum
- One A/C filter

(Note: All mixing of cleaners should take place outside in a well ventilated area, wearing gloves, dust mask, and goggles.)

Use the following steps for cleaning small areas of mold on washable surfaces:

1. Notify the resident that the remediation work will be performed on a specific day.
2. Service Technician should ensure the resident is not present in the work area while mold is being cleaned or removed.
3. Service Technicians must open windows in the work area while performing work with bleach/water mixture and be sure that the HVAC system has been turned off.
4. Service Technicians must wear appropriate protection (i.e., rubber gloves, goggle and appropriate dust mask) while cleaning or removing mold.
5. Service Technicians should have two sponges and garbage bags that can be secured before the cleaning begins.
6. Use a one (1) part to ten (10) parts mixture of bleach and water (or other approved antimicrobial cleaner) in a hand spray bottle.
7. With protective gear on, lightly mist affected area with mixture. Mixture must stay wet on affected area for 15 minutes.
8. Remove mold and cleaner with dry sponge. Thoroughly dry area.
9. Replace HVAC air filter.
10. Place refuse in garbage bag and tie tightly. Remove mold cleaning supplies / refuse in tightly wrapped garbage bags and deposit in dumpster.
11. Clean the area with HEPA vacuum or wet wipe with a disinfectant solution.
12. Close windows to home and return the HVAC system to its previous setting.
13. Detail the above actions specifically on the service ticket.
14. Send resident follow up letter within seven (7) days of closing initial service ticket.

#### Removal of Moldy Drywall, Flooring, or Other Building Materials

If the water intrusion and/or mold condition will require the removal of mold affected drywall, floorings, or other building materials (e.g., cutting, sanding, or other disturbance of mold affected materials), then the O&M Coordinator must consult the Lead-Based Paint and Asbestos O&M Plans to determine whether lead and/or asbestos are present or are potentially present on these materials. If it is not clear from existing surveys or documentation, then appropriate analysis (e.g., surveys, samples, etc.) shall be performed prior to removal to determine the presence of lead and/or asbestos.

If lead and/or asbestos containing materials are present, then removal of these materials must be performed in accordance with the Lead and Asbestos O&M Plan. Contact the Regional Property Manager prior to contracting with third-party lead/asbestos abatement contractors.

If lead and/or asbestos containing materials are not present, then the materials may be removed by the Service Technician if under 30 square feet and as approved by the O&M Coordinator. Otherwise, a third-party mold remediation contractor must be hired to perform the mold removal work. Once moisture and mold affected materials are removed, building materials to remain in place (e.g., wood, concrete, etc.) should be confirmed to be clean and dry (acceptable level of moisture content as measured using a moisture meter).

**G. Remediation for Moderate Areas of Mold (10 square feet to 30 square feet of visible mold)**

Moderate areas are defined as a single or multiple patches of mold in a unit totaling between ten (10) square feet and thirty (30) square feet (i.e., approximately the size of a sheet of plywood). The Service Technician is responsible for accurately reporting the scope of mold cleanup to the Maintenance Supervisor who will report to the O&M Coordinator. The O&M Coordinator may require photographs be provided, inspect the unit, or request that a third-party mold inspector be used, to determine whether the remediation should be performed by a third-party mold remediation contractor. The O&M Coordinator may also request an outside contractor to provide post-remediation verification assessments to confirm the remediation was adequate. The Regional Property Manager must be notified if a third-party mold inspector or remediation contractor will be hired.

Except as provided in Section J of this policy, moderate areas of mold may be removed by the Service Technician when approved by the Mold O&M Coordinator (see Section D). Service Technicians must follow the procedures outline in Section F and the specific work practices required by the O&M Coordinator to clean moderate mold areas.

**H. Remediation for Large Areas of Mold (more than 30 square feet of visible mold)**

This Mold O&M Policy requires the use of qualified mold remediation contractors for remediation of large areas of mold (defined as greater than thirty (30) square feet of visible mold) and for remediation within a unit for which there is evidence of a resident experiencing mold-related health effects. The Regional Property Manager must be contacted prior to hiring a third-party mold inspector or mold remediation contractor. All outside contractors and their workers performing mold remediation work shall be qualified to perform mold remediation work, and shall also have any state-specific licenses and qualifications as required by applicable state laws (see Section J of this policy). All outside contractors are also required to sign a "**Contractor Acknowledgment**" form which states that they have received a copy of Lincoln's Water Intrusion/Mold Operations and Maintenance Management System policy. This acknowledgement may only be signed by an authorized representative from the contracted company and is to be stored with the project's records. The O&M Coordinator shall require mold remediation contractors to submit the following information with any proposal which may involve mold:

- A copy of contractor's license/certifications(s) and/or statement of qualifications;
- A list of employees names that will be working on the project and copies of relevant licenses/certifications or training;
- A description of the contractor's medical surveillance plan (if any); and
- Reference, including contact name and phone number, for similar projects completed within the last year.
- A signed Contractor Acknowledgement form

The contractor shall provide a report upon completion of the mold remediation work to include the following information:

- A copy of the scope of work performed to address all water intrusion and mold conditions;
- A summary of procedures used to abate the moisture and/or mold including use of containment, negative air ventilation, etc., if required;
- A summary of post-remediation verification techniques and a statement by the remediation contractor that all work was performed and verified complete in accordance with the approved scope of work;
- Copies of any analytical reports from the laboratory;
- Photographs showing abatement procedures; and
- Copies of statements of qualifications for all remediation supervisors and workers and copies of state issued licenses (if there are state required licenses) for persons conducting the mold remediation work.

#### **I. Mold O&M Management System Files**

The O&M Coordinator is responsible for maintaining project files relating to mold related inspections and remediation projects. The file information shall include copies of the following forms, filed in chronological order, by property and building address:

- Job Request for Maintenance Work Involving Mold Form;
- Approval for Maintenance Work Involving Mold Form;
- Records for all Contracted Mold Remediation Work; and
- Documentation of Training (assigned to the Regional Training Director).

#### **J. Resident Requests for Testing and/or Reports**

When a resident initiates a service request for water intrusion/mold, he or she may believe that testing should be performed in their unit. Maintenance technicians must inform the resident that Lincoln follows EPA and industry guidelines that call for mold testing only if that testing is recommended by a third-party inspector in their professional judgment. Third-party inspectors are typically not necessary for most water intrusion/mold service requests.

If a resident insists on testing prior to any recommendation from a third-party inspector, the service technician must gather the resident's contact information and advise the resident that the District Manager or Maintenance Supervisor will be contacting them. The District Manager or Maintenance Supervisor must consult with the O&M Coordinator about this request prior to contacting the resident.

Residents may request a copy of any reports that may be generated as a result of third-party inspections and/or third party remediation work. Maintenance technicians should be aware that:

- When water intrusion/mold remediation work is performed in-house by members of the Lincoln maintenance team, we maintain detailed information of our work in our Yardi system, but do not generate a report.
- When a third-party inspection or remediation is performed, the third-party may or may not generate a hard copy report depending on the circumstances.

Maintenance technicians should respond to any requests from residents for a copy of the reports based upon which of the instances above is applicable. In addition, the maintenance technicians should advise residents that, in instances where a report is generated, the report typically takes at least 3-4 weeks to be finalized.

Once a maintenance technician receives a request for report, the Regional Maintenance Director should be notified so that he/she may determine whether a report will be provided. Since these reports often contain highly technical, detailed information, the Regional Maintenance Director may opt to have a representative from the inspection or remediation company sit with the resident to verbally explain the findings in lieu of providing a report. The Regional Maintenance Director should be present during this exchange. Prior to releasing any report to the resident, the Regional Maintenance Director should confer with Legal.

#### **K. Additional State-Specific Requirements**

A few states have enacted laws for the licensing of mold inspectors and remediators, and landlord/tenant laws addressing inspection and remediation of mold in housing. This policy requires compliance with applicable state laws and regulations; and in the event of a conflict between a requirement of this policy and a requirement under applicable law, the more stringent requirement will apply.

The following states have enacted mold-related laws that may be applicable to the inspection and remediation of water intrusion and mold related conditions in LMH managed housing. Note that this is not a comprehensive list of state mold laws, and state laws should be reviewed periodically to identify changes relevant to this policy.

##### Texas

The Texas Mold Assessment and Remediation Rules (25 TAC § 2105.301 et seq.) contain requirements for the licensing of mold assessors and mold remediators by the Department of State Health Services, and set minimum work practice standards for mold assessments and remediation. Among several exemptions, the regulations do not apply to mold remediation in an area in which the mold contamination for the project affects a total surface area of less than twenty-five (25) contiguous square feet.

The Texas Mold Assessment and Remediation Rules do not specify when mold inspections must be performed; therefore, the O&M Coordinator should determine when a third-party mold

inspector is necessary or appropriate to the circumstances. When a licensed mold assessor is used, the inspector must perform a visual inspection for mold using documented methodologies that incorporate adequate quality control procedures.

A licensed mold remediator will be used for remediation of mold contamination affecting a total surface area of twenty-five (25) square feet or more in a contiguous area. The O&M Coordinator shall notify the Regional Property Manager when third-party mold remediation services are required and will coordinate with property management to contract with a licensed mold remediation contractor in accordance with Section H of this policy. The remediation contractor is responsible for preparing a mold remediation work plan for the project and conducting a post-remediation assessment and clearance as required under 25 TAC § 2105.324. Remediation of less than twenty-five (25) square feet of visible mold can be completed by LMH maintenance staff, when approved by the Maintenance Supervisor and/or O&M Coordinator.

#### **L. Documents and Forms**

##### Reference to Forms

Documentation of Employee Mold O&M Training – Required

Job Request for Maintenance Work Involving Mold Form (Yardi) – Required

Approval for Maintenance Work Involving Mold Form (Yardi) – Required

Contractor Acknowledgement Form – Required

Water Intrusion Follow Up Letter (Yardi) - Required

Guidelines for Prevention & Treatment of Moisture/Mold in Residential Housing (Yardi)- Required

Notice of Intent to Complete Repairs (Yardi) - Required

Make Ready Checklist and Inspection Form – Required

Annual Home Inspection Form – Required

**APPENDIX A** Points of Contact

**APPENDIX B** Process Flowchart for Work Involving Disturbance of Mold Affected Materials

#### **APPENDIX A**

##### **Points of Contact**

**I. East Coast Mold O&M Coordinators**

*MASD, Quantico, MAMFC North Region, MAMFC Camp Lejeune*

Eric Zambrano, 703-221-9610 office

*MAMFC Hampton Roads*

Butch Saner, 757-226-7828 office

Eric Zambrano, 703-221-9610 office

**II. West Coast Mold O&M Coordinators**

*CPQH (excluding Quantico)*

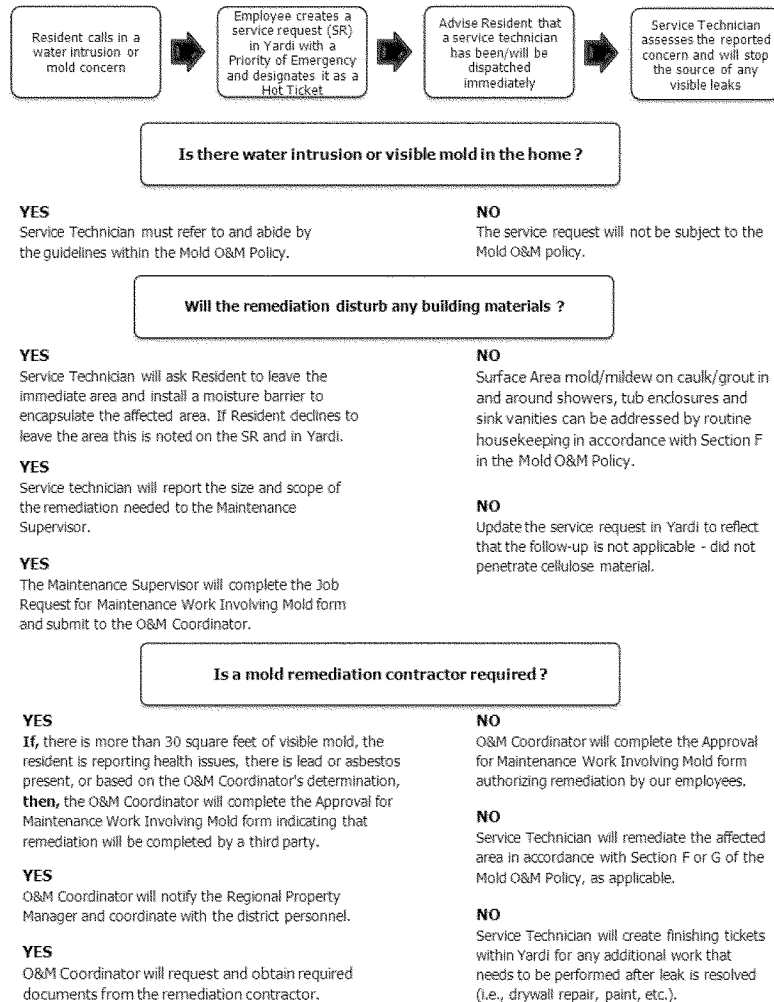
Jeff Lunsford, 760-400-8189 office

*SDFH - Scott and Brown Regions*

Mitch Hillerman, 858-292-6627 office

**III. Fort Sam Houston**

Kerry Oden, 210-226-5597 office

**APPENDIX B****Process Flowcharts for Work Involving Disturbance of Mold Affected Building Materials**



Priority Code	Definition	Response
<b>Emergency 1</b>	A life threatening situation exists	Response time to be 1 hour or less Completed within 24 hours
<b>Emergency 2</b>	Health hazard or damage to house exists	Response time to be 4 hours or less Completed within 24 hours
<b>Emergency 3</b>	Not life threatening or health hazard; No structural damage	Response time to be 8 hours or less Completed within 24 hours
<b>Urgent</b>	Repair/Maintenance work	Completed within 48 hours
<b>Routine</b>	Repair/Maintenance work	Respond in 3 days and complete in 6 days
<b>Preventative</b>	Repair/Maintenance work	Respond in 3 days and complete in 6 days

**EMERGENCY 1**

Natural gas leak  
Electrical short sparking  
Fire  
Resident lock-out  
Hot water tank busted or leaking  
Sewage back up into home

**EMERGENCY 2**

No heat (55 degrees or below)  
No A/C (85 degrees or above)  
\* Please Note if a home has an upstairs and downstairs unit and only one unit is not working, it is still an Emergency 2.  
Electrical problems - no shorting, sparking, fire  
No water  
Hot Water leaks (pipes, drains, faucets etc.)  
Frozen water lines  
Toilet clog (1 toilet only)  
No hot water  
Refrigerator inop (not cooling or freezing)  
Unsecured quarters  
Roof leaks (rain or snow)  
Drain clogs (tubs, sinks, washer drain)  
Resident Needs new locks due to key loss or personal issue  
(this applies even if it's a resident charge)

**EMERGENCY 3**

Water leaks (faucets, sinks, tubs)  
Oven not working  
Broken glass or window  
Smoke detector calls  
All burners on stove inop  
Playground equipment (safety hazard)  
Telephone inop (unless resident has other means - cell)  
Fire Extinguishers

**URGENT**

Dishwasher leaks when in use / resident secure  
Cracked glass or window  
Garbage Disposal jammed or inop  
Replace lost keys  
Exterior faucet leaks (no drain issues)  
Faucet drips in tub or sink (no drain issues)  
Light fixtures, switches, receptacles not working (no shorting, sparking)  
Replace light bulbs in common areas  
Roof repairs  
Toilet clog (more than one toilet in home)  
Toilet Running

**ROUTINE**

Dishwasher inop (no leaks)  
1 burner on stove inop  
Screen repairs  
Repair/replace storm door/sliding screen door  
Broken cabinets or countertops  
Repair or replace ceramic tile  
Repair floors (unless safety hazard)  
Repair or replace woodwork, trim, drywall  
Repair or replace weather stripping  
Repair or replace blinds  
Incidental improvements  
Drain problems (exterior)  
Repair or replace down spout  
Fencing repairs  
Barricades  
Trim trees or shrubs  
Concrete/Asphalt repairs  
Delivery of trash cans/ recycling bins  
Slow drains (no clog)  
Telephone wiring or jacks (cell phone avail.)  
Key stuck in Lock  
Hot Water does not last long  
Check A/C Vents

**PREVENTATIVE**

Extermination\*\*  
Self help items (filters, bait stations etc.)  
Turnover maintenance

\*\* Extermination and Turnover tickets should be left in "call" status. All other maintenance tickets should be placed in "scheduled" status.



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**WITNESS RESPONSES TO QUESTIONS ASKED DURING  
THE HEARING**

DECEMBER 5, 2019

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## RESPONSES TO QUESTIONS SUBMITTED BY MS. HOULAHAN

Mr. PICERNE. Over the last year, our property management group's policy toward displaced families has evolved and been standardized across our portfolio. Operations Directors at each installation have the authority to make reasonable adjustments to our policy as is determined to be appropriate upon consultation with our partners in the Army and Air Force. Under all circumstances, we provide residents with alternate housing, including either a fully furnished hospitality suite on post or a hotel on or off-post as available, as well as an allowance for food and personal items. If provided a hospitality suite on post, then we may reimburse the family's BAH on a prorated basis depending on how long they have been displaced. We only ask that families move into a hotel suite if a fully furnished on-post hospitality suite is unavailable, and if that is necessary, will reimburse them 100% of the daily BAH rate for all days they are displaced, as well as provide a per diem for food, additional expenses, and for pet lodging if necessary. We expect that this policy will continue to evolve, as we are working with the Services and other MHPI partners to standardize our policies pursuant to Congressional direction in the recently-passed National Defense Authorization Act for 2020. I have attached a copy of our property management company's current standard operating procedures with respect to lead-based paint and suspected mold. Please note that these policies are also subject to revision as we, along with other MHPI partners, continue to work with the Services to developed standards policies and procedures. [See page 18.]

[The documents referred to are retained in the committee files and can be viewed upon request.]

Mr. PICERNE. "If a family's personal belongings are damaged or destroyed due to conditions in a home that our property management group has not properly addressed, we will work with them to ensure that they are compensated. We strongly encourage all of our residents to obtain renters insurance, which will typically cover costs to replace belongings damaged by weather, fire, and other common events. But, in instances when a renter does not have insurance, or where insurance does not cover damage, we will work with the resident to clean belongings that we can, and replace those that cannot be preserved." [See page 18.]

Mr. EHLE. First and foremost, our goal at Hunt Military Communities ("Hunt") is to provide safe, healthy, and quality homes for military families. To that end, Hunt has reviewed its policies and procedures to, among other things, ensure close adherence to environmental management plans, including mold operations and maintenance plans. These plans address remediation of environment-related housing issues and ensure that such issues are being handled in a consistent manner with appropriate oversight from a corporate level. Hunt has also enhanced and reinforced the training requirements of its maintenance technicians for environmental conditions and, when necessary, deploys licensed and certified third-party environmental experts. Hunt has also added in-house environmental positions to augment support, oversight, and compliance related to addressing environmental matters when they arise in our homes.

Hunt's operations and maintenance plans for lead-based paint, mold, and asbestos-containing material follow the published guidance of the U.S. Environmental Protection Agency ("EPA"), Centers for Disease Control and Prevention, and applicable state regulatory agencies. Prescriptive remediation/abatement procedures are performed in accordance with guidance documents and standards, such as the Institute of Inspection, Cleaning and Restoration Certification ("IICRC") S500-Standard and Reference Guide for Professional Water Damage Restoration, IICRC S520-Standard and Reference Guide for Professional Mold Remediation, the EPA National Emission Standards for Hazardous Air Pollutants, the Asbestos Hazard Emergency Response Act, and EPA's Renovation, Repair, and Painting Rule.

Hunt believes it is important to educate its residents on health- and safety-related issues. Upon move-in, we affirmatively provide new residents with health and safety information regarding moisture and mold, lead-based paint, asbestos, radon, and/or pesticides. We have also redesigned for greater visibility and expanded the content of the Hunt Safety Zone, an online library of safety information for residents that is regularly updated with new or seasonally-specific information.

As part of its mission to keep its homes in good condition, Hunt has an extensive inspection and preventative maintenance program at its properties to ensure the homes are meeting applicable standards. However, we recognize that there is no such thing as maintenance-free housing and that issues will inevitably arise that must be remedied. In these instances, we strive to address the situation in a professional, transparent, and timely manner, with a focus on resident safety.

We classify resident-reported issues that pose an immediate danger to life, safety, or health as “emergencies,” and we strive to respond in one hour or less; other work orders are classified as “urgent” or “routine” with priority-appropriate target response and completion times. If the nature of the repairs requires a resident to be out of their home during a repair for a night or more, we will secure temporary accommodations and may provide financial support to ensure that the resident is not paying out-of-pocket during this time, for example, by providing gift cards for meals or rent concessions. Recognizing that confusion has arisen as a result of inconsistent displacement accommodations, we are collaborating with the Services in their efforts to establish a uniform resident displacement policy. We fully support the adoption of such a policy across all Military Housing Privatization Initiative (“MHPI”) communities to establish consistency no matter where residents reside, and to avoid confusion and missed expectations.

Hunt also supports a number of other industry-wide uniform initiatives to promote the safety and health of residents with respect to environmental conditions, and to provide for a more consistent living experience across the entire MHPI portfolio, including:

- A uniform approach to health and environmental inspections;
- A uniform moisture and mold program designed in conjunction with licensed and accredited specialists;
- Implementation of a radon testing program in conjunction with the DOD;
- Developing a process to identify, record, and resolve environmental health hazards that is consistent with EPA and DOD standards;
- Conducting annual training for employees on the identification and remediation of environmental hazards; and
- Creating standard operating procedures to inspect and remediate rodent waste in attic spaces.

[See page 18.]

Mr. EHLE. Compensation for families when their home goods are damaged or destroyed depends on the particular circumstances. When, and if, appropriate, Hunt may pay to clean or replace personal belongings. [See page 18.]

Mr. HICKEY. [No answer was available at the time of printing.] [See page 18.]

Mr. HICKEY. [No answer was available at the time of printing.] [See page 18.]

Mr. TAYLOR. Balfour Beatty Communities’ lead-based paint (LBP) management policy describes policy and procedure for work around and handling interior and exterior surfaces known to contain lead-based paint. The policy also outlines procedures for compliance with LBP disclosure and Renovation, Repair and Painting (PRP) regulations. A copy of our policy is provided as Attachment A.

[The document referred to is retained in the committee files and can be viewed upon request.]

We also maintain a mold management policy, which outlines our policy and procedure regarding mold-related work orders submitted by residents. A copy of this policy is provided as Attachment B.

[The document referred to is retained in the committee files and can be viewed upon request.]

In certain circumstances, a tenant may need to be temporarily relocated when repairs or maintenance are so significant that the rental unit is unable to be occupied while work is undertaken. We recognize the importance of having a comprehensive policy and a consistent approach that outlines clear guidelines for managing resident displacements across our military housing portfolio. A copy of our Temporary Relocation Policy is provided as Attachment C.

[The document referred to can be found in the Appendix on page 113.]

While this information reflects BBC’s Temporary Relocation Policy, we are actively working with the Department of Defense and Services to develop uniform displacement policies that ultimately may be applied across all Military Housing Privatization Initiative (MHPI) projects. [See page 18.]

Mr. TAYLOR. To the extent Balfour Beatty Communities is determined to be at fault with respect to the damage or destruction of any personal resident property, we would seek to provide reasonable compensation to residents. [See page 18.]

Mr. BLISS. Attached is a copy of Lincoln Military Housing’s Water Intrusion/Mold Operations and Maintenance Plan. Lincoln commissioned an independent third party mold expert to review this policy in 2019 and it was found to meet, and in

most cases exceed, industry standards in every respect. Lincoln's Lead Based Paint Operations and Maintenance Plans are site specific, and a representative sample is attached here.

[The documents referred to can be found in the Appendix beginning on page 116.] With regards to displacement, all of Lincoln's projects provide allowances for residents who have been displaced from their homes through no fault of the tenant, to include covering the costs of temporary lodging in every case, and per diem for incidentals and meals where appropriate. I am also pleased to report that Lincoln Military Housing, in collaboration with the other privatized military housing partners, has been working towards a standardized displacement policy to ensure consistency across each of our projects, and the industry, with regards to displacement allowances. This policy will be aligned with the requirements in the 2020 NDAA, subject to additional requirements in state and local law, and we expect it to be rolled out industry-wide in the next few months. [See page 18.]

Mr. BLISS. This is dependent on the cause of the damage. If the damage is the result of a failure of a system in the home (roof, appliance, etc) that is included in the lease, an incident report will be completed and the resident's items will be covered under our insurance policy. If the failure is a natural disaster or the result of an action attributed to the resident (i.e. house fire with a report indicating resident responsibility, flood from a storm, etc), the replacement cost would be the resident's responsibility, just as it is in the economy where 80% of service men and women live today. We have consistently worked with families and helped coordinate with those who have personally owned renter's insurance. [See page 18.]

#### **RESPONSES TO QUESTIONS SUBMITTED BY MS. STEFANIK**

Mr. PICERNE. We agree that empowering and enabling residents to raise any concerns that they may have is the best way to ensure that we are hearing their concerns, and meeting their needs. We have taken a variety of steps to better serve residents at each of the installations where we manage military family housing, including working with our Army and Air Force partners to establish resident focus groups, bringing back local call centers to help coordinate maintenance work directly with residents at each installation, establishing the Corvias Resident Portal to allow 24/7 online access to work order submission and status, and hiring resident Ombudsmen to work directly with residents to address their concerns. We will continue to work with our partners to ensure that all of our residents are afforded every opportunity to exercise their rights, and that we are providing the gold standard of service that our residents deserve. [See page 21.]

Mr. EHLE. Hunt has been a leading voice for ongoing industry-wide reform and standardization, and supports a number of initiatives to standardize and improve the MHPI program in partnership with the Services, including a uniform resident lease, a resident bill of rights, resident responsibilities, uniform dispute resolution guidelines, and a uniform resident displacement policy.

Hunt recognizes and appreciates the unique challenges our military families face and Hunt is committed to ensuring our families are afforded an equal or better experience than residents may find in the conventional rental market. Each Hunt resident enters into a resident lease approved by our military partners that affords our military families detailed rights and obligations similar to those found in the conventional rental market, yet recognizing and addressing the unique circumstances of living on or in the vicinity of a military installation, including the military policies and procedures that govern the installation and its residents. For example, Hunt lease forms generally provide residents with a detailed description of, among other things, their monthly rent, the term of their lease, the utilities included in their monthly rent, move-in/moveout procedures, the circumstances under which a resident may terminate their lease early, conditions under which pets may occupy the housing unit, the delineation of maintenance and other responsibilities between Hunt and the resident, conditions under which Hunt may enter the housing unit, procedures for residents to submit maintenance requests, community amenities, conditions under which a resident may operate a business from their home, and the process for landlord-resident dispute resolution.

With respect to our goal to provide safe, healthy, and quality homes for military families, we measure our success in a number of ways. For example, we look at whether military families are choosing to reside in Hunt homes rather than in other housing in the marketplace, as well as customer satisfaction via resident surveys. We have implemented an enhanced resident survey tool run by a third party, SatisFacts, to measure customer satisfaction at move-in, move-out, and after work order completion. It is a very quick 5-star survey that is automatically sent to the

resident at the conclusion of each of these events to ask the resident about their satisfaction. The resident completes the survey, and the results go immediately to the site management team at the resident's property. If the response yields a score of less than 3.5 (in the SatisFacts scale, a 3 is "Satisfied"), the Community Director at the property is to contact that resident the same day to ascertain where we fell short of expectations so we can better resolve the issue and make improvements going forward. [See page 21.]

Mr. TAYLOR. Balfour Beatty Communities believes that all military housing residents are entitled to:

- A well-maintained and comfortable home
- A clean, attractive community and well-maintained amenity spaces
- Responsive, knowledgeable and friendly customer service
- Convenient methods to communicate with our team, express concerns and provide feedback
- Treatment with integrity, respect and professionalism by our team at all times, including honest and straightforward communications
- Fair treatment within Fair Housing guidelines

To continuously ensure our residents have the best possible living experience, we send out a comprehensive Resident Satisfaction Survey annually that is designed to gather your opinions, ideas and concerns regarding our community, service and staff. In addition, we issue quality check surveys after move-in and every completed work order to confirm our performance has met or exceeded your expectation and there are no outstanding issues or concerns.

Any resident who is not satisfied with their living experience with us at any of our military housing communities is encouraged to reach out to our senior management team via our BB Cares Helpline. The BB Cares Helpline is a dedicated resident relations system providing residents with direct assistance from our corporate management team.

We also are actively working with the Department of Defense and Services to develop a uniform bill of rights that will be incorporated into resident leases and applied across all Military Housing Privatization Initiative (MHPI) projects. [See page 21.]

Mr. BLISS. Lincoln Military Housing has recently, or previously, implemented the below provisions outlined in the NDAA/DOD proposed Tenant Bill of Rights.

**Proposed Military Housing Privatization Initiative Tenant Bill of Rights**

1. The right to reside in a housing unit and a community that meets applicable health and environmental standards.
2. The right to reside in a housing unit that has working fixtures, appliances, and utilities and to reside in a community with well-maintained common areas and amenity spaces.
3. The right to a written lease with clearly defined rental terms to establish tenancy in a housing unit, including any addendums and other regulations imposed by the Landlord regarding occupancy of the housing unit and use of common areas—*LMH has been the lead on assisting Partners and the DOD with the appropriate language.*
4. The right to have sufficient time and opportunity to prepare and be present for move-in and move-out inspections, including an opportunity to obtain and complete necessary paperwork.
5. The right to report inadequate housing standards or deficits in habitability of the housing unit to the Landlord, the chain of command, and housing management office without fear of reprisal or retaliation, including reprisal or retaliation in the following forms: (A) unlawful recovery of, or attempt to recover, possession of the housing unit; (B) unlawfully increasing the rent, decreasing services, or increasing the obligations of a Tenant; (C) interference with a Tenant's right to privacy; (D) harassment of a Tenant; (E) refusal to honor the terms of the lease; or (F) interference with the career of a Tenant.—*While we can support this, we feel examples and more detailed definitions are required.*
6. The right of access to a Military Tenant Advocate or a military legal assistance attorney, through the housing management office of the installation of the Department at which the housing unit is located to assist in the preparation of requests to initiate dispute resolution.
7. The right to receive property management services provided by a Landlord that meet or exceed industry standards and that are performed by professionally and appropriately trained, responsive and courteous customer service and maintenance staff.



8. The right to have multiple, convenient methods to communicate directly with the Landlord maintenance staff, and to receive consistently honest, accurate, straightforward, and responsive communications.
9. The right to have access to an electronic work order system through which a Tenant may request maintenance or repairs of a housing unit and track the progress of the work.
10. With respect to maintenance and repairs to a housing unit, the right to the following: (A) prompt and professional maintenance and repair; (B) to be informed of the required time frame for maintenance or repairs when a maintenance request is submitted; and (C) in the case of maintenance or repairs necessary to ensure habitability of a housing unit, to prompt relocation into suitable lodging or other housing at no cost to the Tenant until the maintenance or repairs are completed.
11. The right to receive advice from military legal assistance on procedures involving mechanisms for resolving disputes with the property management company or property manager to include mediation, arbitration, and filing claims against a Landlord.
12. The right to have reasonable, advance notice of any entrance by a Landlord, installation housing staff, or chain of command into the housing unit, except in the case of an emergency or abandonment of the housing unit.
13. The right to not pay non-refundable fees or have application of rent credits arbitrarily held.
14. The right to expect common documents, forms, and processes for housing units will be the same for all installations of the Department, to the maximum extent applicable without violating local, State, and Federal regulations. [See page 21.]



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**QUESTIONS SUBMITTED BY MEMBERS POST HEARING**

DECEMBER 5, 2019

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#### QUESTIONS SUBMITTED BY MS. HOULAHAN

Ms. HOULAHAN. It is our understanding the agreements made between the services and public private partner give majority ownership to the P3. We are aware that DOD cannot unilaterally change the deal agreements they have with private companies and every contractual change must be negotiated and agreed upon by the housing companies.

What liberties are you afforded as the majority partner in the partnerships? What decisions are you allowed to make as a company that the services may not have say in?

Do the services have a say in who is subcontracted out to do maintenance work/renovations? Can the services fire a subcontractor or property manager hired by the P3?

If you had a subcontractor who was underperforming or being alleged of fraud, waste, abuse or called to testify in front of Congress for these issues, how would you handle the future of that relationship?

Mr. PICERNE. We work closely with our Army and Air Force partners with respect to all of the substantive operational decisions with respect to housing on each of the military installations we serve. Our partners are directly involved in ongoing budget decisions, have direct oversight over all major expenditures, and receive daily updates with respect to our work with residents. While our partners do not typically schedule maintenance, engage in direct leasing activity, or otherwise direct our employees' day-to-day activity, they do maintain regular operational oversight, and receive daily updates regarding our work. They have access to our maintenance and leasing systems, and regularly coordinate with us regarding work undertaken by contractors on behalf of the partnerships. The specific obligations of each Member may vary depending on the specific partnership at issue. These roles and responsibilities are spelled out in the Operating Agreement, Property Management Agreement, and other agreements applicable to each of the partnerships.

A Service may, in accordance with the agreement between the Service and the private MHPI partner, request that a contract between the MHPI project company (P3) and a subcontractor or property manager be terminated, and in such case, in accordance with the private MHPI partner's agreement with the Service, it is required to terminate that subcontract or property management agreement.

The Services may request that the Partnership terminate a relationship with a contractor or subcontractor and Partnership will do so. If we had a subcontractor who was underperforming or being alleged of fraud, waste, abuse or called to testify in front of Congress for these issues, we would investigate anything that was appropriate for us to investigate directly, and await the results of any investigations conducted by Congress or other authorities, and then, after considering all facts and circumstances, determine the appropriate response and actions we'd take regarding the future of that relationship.

Ms. HOULAHAN. The GAO recently found several concerning data anomalies in the work order systems for MHPI projects, including duplicates, closed out work orders prior to submission date, and work orders open for over 18 months. Additionally, there have been recent reports that Balfour Beatty employees have intentionally rigged work orders so their company could receive incentive fees.

Were any of you, as senior leaders in your companies, aware of intentional data rigging to receive incentive fees? How can you ensure this will not happen moving forward?

GAO also found that measures for satisfaction and quality of housing used were invalid measures. What have your companies done to update these metrics to ensure health and safety are accurately measured?

Mr. PICERNE. I was not aware of any intentional attempts to increase incentive fees by prematurely closing work orders prior to public allegations of such behavior on the part of Balfour Beatty. Since hearing of these allegations, Corvias has taken proactive steps to work with our Air Force and Army partners to ensure that work orders are being addressed and closed appropriately.

While our Army and Air Force partners develop and deliver the satisfaction surveys used to evaluate our performance, we will continue to work with them to accu-

rately measure resident satisfaction. We rely heavily on this data to help us better serve our residents, and we share your concerns that this data may not accurately reflect resident's opinions due to the specific questions, format, or delivery methods adopted by our partners. For this reason, in addition to the annual resident satisfaction surveys, we ask residents to complete a survey after every work order, and watch those results closely to ensure that we are responding to their needs.

Ms. HOULAHAN. It is our understanding the agreements made between the services and public private partner give majority ownership to the P3. We are aware that DOD cannot unilaterally change the deal agreements they have with private companies and every contractual change must be negotiated and agreed upon by the housing companies.

What liberties are you afforded as the majority partner in the partnerships? What decisions are you allowed to make as a company that the services may not have say in?

Do the services have a say in who is subcontracted out to do maintenance work/renovations? Can the services fire a subcontractor or property manager hired by the P3?

If you had a subcontractor who was underperforming or being alleged of fraud, waste, abuse or called to testify in front of Congress for these issues, how would you handle the future of that relationship?

Mr. EHLE. Hunt's MHPI partnership agreements with its military partners generally do not specify the percentage interests owned by each of the partners. Accordingly, Hunt is not characterized as the "majority partner." The military partner is entitled to a majority of the remaining cash flow proceeds (after the payment of operating expenses, debt service and reserves) and the military partner exercises major decision rights over project decisions. Hunt typically manages the day-to-day operations of the privatized military housing project, subject to rights and controls afforded to the military partner. In addition, consistent with its role as "day-to-day" manager of these projects, affiliates of Hunt are responsible for property management and asset management at most of its properties. At certain properties, where Hunt and other private parties own an interest in the partnership, management of the project is delegated to Hunt's partner or a third party.

Hunt works collaboratively with its military partners, including on maintenance work and renovations. Full transparency is a hallmark of these partnerships. Our military partners have multiple controls in place to oversee and monitor Hunt's performance, and we encourage such engagement. Hunt is subject to various reporting and inspection requirements that occur on a weekly, monthly, quarterly, and annual basis. Our military partners have access to our maintenance software, Yardi, and can review work orders and survey responses. They are also able to inspect homes and follow up directly with residents. Each of our military partners has its own unique requirements for reporting and inspection.

For example, Hunt is required to provide monthly reports to its military partners on the financial health of the project, including an analysis of the approved annual operating budget. On a quarterly or semi-annual basis, Hunt conducts a meeting with military leadership at the base, command, and housing levels, as well as with the military's independent consultants. These meetings are intended to maintain open and consistent communication between the partners by facilitating discussion of the financial health of the project, sustainment of the project, resident issues, military partnership issues, events, occupancy, and/or strategic initiatives. On an annual basis, Hunt submits to its military partners, for example, (a) audited financials on a per-project basis, (b) verifications to uphold insurance, environmental, and document compliance, and (c) environmental reports relating to lead-based paint or asbestos-containing materials.

Hunt's military partners on the projects also have extensive major decision and other approval rights. For example, Hunt generally must obtain approval from its military partners prior to encumbering or financing a project, distributing cash flow from a project, entering into or amending material project documents, including existing financing documents and management, construction and/or consultant agreements, or amending resident lease forms and related materials. The military partners also must approve the annual operational and renovation budgets for each project. In addition, among other deliverables, Hunt is required to provide detailed information on a project's operations, capital repair and replacement activities, executive home budgets, and long-term out-year sustainment plans for review and approval by its military partners and their independent consultants.

Hunt is also subject to financial or other penalties if it fails to perform under its contracts. Under the terms of our project agreements, a military partner may terminate our agreements in certain situations, including, without limitation, if we are in material default of our obligations. Alternatively, if we are not in material default

of our agreements, but we have, nevertheless, failed to meet performance expectations, a military partner may withhold all, or a portion of, our incentive fees.

Hunt sometimes engages third-party subcontractors or vendors to provide services such as painting, HVAC maintenance, lawn care, and snow removal. The Managing Member of a project owner and affiliated entities has the right to engage contractors or subcontractors, subject to certain controls. These controls include, but are not limited to, (a) bidding requirements and consent rights for contracts exceeding specified amounts, and (b) specific requirements for contracts with affiliates.

If we had a subcontractor who was not meeting its contractual obligations or facing allegations of fraud, waste, or abuse, we would take action to address the issue, up to and including terminating our relationship with that subcontractor, if warranted.

Ms. HOULAHAN. The GAO recently found several concerning data anomalies in the work order systems for MHPI projects, including duplicates, closed out work orders prior to submission date, and work orders open for over 18 months. Additionally, there have been recent reports that Balfour Beatty employees have intentionally rigged work orders so their company could receive incentive fees.

Were any of you, as senior leaders in your companies, aware of intentional data rigging to receive incentive fees? How can you ensure this will not happen moving forward?

GAO also found that measures for satisfaction and quality of housing used were invalid measures. What have your companies done to update these metrics to ensure health and safety are accurately measured?

Mr. EHLE. We are not aware of any Hunt properties that are engaged in practices of the type alleged elsewhere in terms of "off the books" maintenance logs and deliberate falsification in order to obtain unearned incentive fees. Falsifying work orders would be wholly unacceptable and against our code of conduct.

Because the privatization of properties that comprise the MHPI program took place over a 15- to 20-year period, the standards for response and completion of resident-initiated service requests vary greatly among the Services and across properties for a particular Service. At any given property, the applicable standards may simply be unclear. Hunt supports ongoing efforts to engage with the DOD and the Services to develop and adopt uniform, clear, and workable standards for all Services, across the industry, and at all properties. In the meantime, Hunt has adopted a company-wide "Hunt Standard" for work order response and completion. We expect these efforts to promote consistent and improved maintenance practices and performance.

We have implemented an enhanced resident survey tool run by a third party, SatisFacts, to measure customer satisfaction at move-in, move-out, and after work order completion. It is a very quick 5-star survey that is automatically sent to the resident at the conclusion of each of these events to ask the resident about their satisfaction. The resident completes the survey, and the results go immediately to the site management team at the resident's property. If the response yields a score of less than 3.5 (in the SatisFacts scale, a 3 is "Satisfied"), the Community Director at the property is to contact that resident the same day to ascertain where we fell short of expectations so we can better resolve the issue and make improvements going forward. These satisfaction surveys also help us assess the extent to which we are achieving our goal to provide safe, healthy, and quality homes for military families.

Ms. HOULAHAN. It is our understanding the agreements made between the services and public private partner give majority ownership to the P3. We are aware that DOD cannot unilaterally change the deal agreements they have with private companies and every contractual change must be negotiated and agreed upon by the housing companies.

What liberties are you afforded as the majority partner in the partnerships? What decisions are you allowed to make as a company that the services may not have say in?

Do the services have a say in who is subcontracted out to do maintenance work/renovations? Can the services fire a subcontractor or property manager hired by the P3?

If you had a subcontractor who was underperforming or being alleged of fraud, waste, abuse or called to testify in front of Congress for these issues, how would you handle the future of that relationship?

Mr. HICKEY. As a standard fee for service provider, the Project Companies are vested with the day-to-day operations of administering the projects, including but not limited to qualifying the companies under applicable federal or state laws, paying its debts, refinancing its debts, contracting for various professional services such as managers, accountants, attorneys, and consultants, purchasing insurance, paying

the Project Company's operating expenses in accordance with lockbox agreements and commencing or responding to any litigation. However, the Project Companies do not have unfettered rights to operate the project without the express consent and direct approval of our military partner with respect to most material matters.

Despite being the managing or sole member of the respective Project Companies, the Military Services retain integral governance oversight and control over a litany of major issues impacting each Project Company through contractual rights contained in the various project documents. This is evident by the fact that the Project Companies are subject to many government consent rights and other limitations on what they can do under the terms of the negotiated ground leases, the respective company and project operating agreements for the Military Services, and the master development and management agreements under the respective Air Force deals. For example, the Project Companies have to obtain the approval from the pertinent Military Service to incur indebtedness (beyond certain permitted daily operating expenses), to execute any construction, development management, asset management or property management and maintenance agreements, to terminate or replace the contractors under those respective arrangements, to alter funding levels of certain operating and development accounts and reserves, to make any expenditure that deviates from already approved project budget and business plan by certain thresholds, to award any incentive fees, to change the guaranteed scope of work, to change the unit online schedule, to make any expenditure from the replacement reserve subaccount, and to enter into any affiliated contracts (which in any event must be on prevailing market terms to prevent self-dealing). The foregoing list represents merely an abbreviated version of some of the salient areas where the Project Companies are constrained from acting unilaterally; however, there are many more areas of control exercised by our Military Service partners, which we have not included in response to this inquiry.

We are similarly constrained by what we can do under our financing documents (i.e., the loan agreements and trust indentures) with our lenders who frequently have consent rights with the respect to the same or similar matters as those examples noted above.

*Do the services have a say in who is subcontracted out to do maintenance work / renovations? Can the services fire a subcontractor or property manager hired by the P3?*

As the Military Services are not the contractual counterparties, they do not have a direct contractual right to fire such a service provider. However, the Military Services did require they approve such service providers and their negotiated form contracts be subject to service approval at each project's inception. In addition, on a number of Lendlease's projects, the Property Manager can be removed based on unsatisfactory performance, which gives the Military Service, recourse when appropriate. For instance, the Navy expressly reserves the right to send (or direct the Project Company to send) notices of dissatisfaction with such performance. If multiple notices of dissatisfaction are sent within a specific period, the Navy can then direct the Project Company to terminate and replace the Property Manager or the individual acting as the Director of Property Management. In addition to the foregoing, management agreements typically have termination rights for, among other things, the failure of the manager to perform in accordance with its contractual obligations.

Furthermore, the Military Services have the right to approve any new asset management, property management and/or maintenance agreement to the property as a whole, unless the agreement can be terminated on thirty (30) days' notice or less without cost.

*If you had a subcontractor who was underperforming or being alleged of fraud, waste, abuse or called to testify in front of Congress for these issues, how would you handle the future of that relationship?*

In addition to the notices of dissatisfaction and potential termination process described above found in the projects, the agreements also provide for various performance metrics and we regularly audit our projects and have quarterly meetings with senior leadership in property management to address issues or problems that need to be escalated and rectified.

We take allegations of fraud, waste or abuse very seriously.

Any such allegations levied against one of the Project Company's subcontractors would be immediately and thoroughly investigated and if the allegations were proven to be true, we would pursue our rights to terminate the relevant contract. All of our vendor agreements include termination for cause provisions, which include matters such as breach for fraud or illegal conduct. Lendlease does not tolerate such behavior.



Ms. HOULAHAN. The GAO recently found several concerning data anomalies in the work order systems for MHPI projects, including duplicates, closed out work orders prior to submission date, and work orders open for over 18 months. Additionally, there have been recent reports that Balfour Beatty employees have intentionally rigged work orders so their company could receive incentive fees.

Were any of you, as senior leaders in your companies, aware of intentional data rigging to receive incentive fees? How can you ensure this will not happen moving forward?

GAO also found that measures for satisfaction and quality of housing used were invalid measures. What have your companies done to update these metrics to ensure health and safety are accurately measured?

Mr. HICKEY. No. We are not aware of intentional data rigging to receive incentive fees.

Lendlease has very robust policies and procedures in place to ensure that data rigging does not occur. We regularly assess and review these policies and procedures. For instance, it is standard operating procedure that each of the project teams verify preliminary data by the property/community manager before final submission to the applicable Military Service for billing/credit. Also, as stated previously, we have quarterly meetings with senior leadership in property management to learn of any issues they have encountered and to keep abreast of any concerns. In addition, we may, from time to time, elect to cause the books and financial operations of the Property Manager to be audited by an independent auditor that we select.

As part of our incentive fee submission process, the Director of Property Management and their team prepare quarterly or semi-annual incentive fee submissions in accordance with the guidance provided by the Military Service partner. The submission package is then reviewed and approved by the Lendlease Project Director prior to submission to the local DOD partner for review and approval. This review process imposes multiple layers of verification to identify any potential inaccuracies or issues prior to final DOD leadership submission.

Army: Each Project Company must submit documentation of incentive performance with a recommendation of score to the local Residential Communities Initiative (RCI) partner who reviews and provides feedback. The local Garrison Commander approves the package locally prior to project owner submitting to IMCOM a formal request for payment with ultimate signoff at the IMCOM level. Funding approval is based on a review of performance against DOD established performance metrics that are part of Project Company contractual agreements.

Air Force: Each Project Company must submit documentation of incentive performance with a recommendation of score to the local HMO partner who reviews and provides feedback. The local Wing Commander approves the package locally prior to project owner submitting to AFCEC a formal request for payment with ultimate signoff at the AFCEC level. Funding approval is based on a review of performance against DOD established performance metrics that are part of Project Company contractual agreements.

Navy: The Project Company must submit documentation of incentive performance with a recommendation of score to NAVFAC partner who reviews and provides feedback. Funding approval is based on a review of performance against DOD established performance metrics that are part of Project Company contractual agreements.

#### **Measures to Ensure Accuracy in Submissions**

We have reviewed our policies, procedures and reporting systems with the goal to ensure our project teams are properly executing company policy, particularly around the service order reporting process. Here are a few examples of how our systems are designed to maintain the integrity of Service Order reporting:

- All resident work orders are generated directly in Yardi through a call center or via our Military Café portal/app to ensure they are created real-time directly by the resident;
- All technicians use mobile devices to track all activities including their time, parts, notes and work status. Their time is validated against the HRIS system, which is also electronic, to ensure time is captured accurately; and
- Resident receives an email and survey request upon completion of work order, which is system-generated

Additionally, we have added new monthly reviews and tools, including a new Business Intelligence Dashboard that is reported to senior Lendlease executives as part of a monthly business review. This provides transparency and visibility to the senior most levels of the organization around work order response and completion times.

#### **Isolated Incident Disclosed**

- Reverting back to the question raised above in 35A, after learning of the alleged incentive fee manipulation by another private developer in the media, we further assessed all our projects and learned of only one isolated incident at a project in fiscal year 2009 where a community manager duplicated callback cards.
- This former employee of our property manager was attempting to expedite her work by transcribing survey card responses contemporaneously and directly to the feedback tracking sheets, rather than performing the required follow-up phone calls to residents in accordance with the transaction documents. This issue was identified during review and preparation of the fee package with the Lendlease Project Director prior to submission. It was based upon the verbatim wording of resident comments appearing in both comment cards from residents and feedback sheets during said quarter. The feedback call sheets for the quarter in question were discarded and none of the inaccurate data was reported to the Air Force or claimed as justification for incentive fee or other compensation. Nevertheless, we disclosed this finding to the Senate.
- Our process for preparation of our incentive fees includes the Director of Property Management and their team preparing the quarterly or semi-annual submissions. It is then reviewed and approved by the Lendlease Project Director and approved prior to submission to the local DOD partner for review and approval. This review process is how the above isolated incident was identified.
- While this was an anomaly, we include it in the interests of full transparency and to demonstrate how stringent our checks and balances are.

*GAO also found that measures for satisfaction and quality of housing used were invalid measures. What have your companies done to update these metrics to ensure health and safety are accurately measured?*

Lendlease has developed several new exception reports that proactively identify data anomalies so they can be researched and corrected in a timely fashion. As the GAO report pointed out, even with the best IT systems and enterprise software, the human element provides opportunities for data entry mistakes (dates transcribed incorrectly and spotty mobile coverage areas that may produce syncing errors between the technicians' mobile tablets and the database of record), which necessitates data validation. These new tools look for anomalies such as:

- Labor Finish before Call Date
- Labor Finish with no Start Date/Time
- Labor Start before Call Date
- Labor Start with no Finish Date/Time
- Labor Start with Future Date
- WO Completed with Future Date
- Labor Finish before Labor Start

Though Lendlease has independently developed this report, we have offered this improved protocol to the Yardi platform so it may be used by other developers.

Additionally, Lendlease has enhanced internal key performance indicator dashboards and reporting tools with a broadened review and distribution program. Lendlease uses business intelligence platforms through a proprietary solution to synthesize data between multiple data sources to evaluate customer experience, service order performance and other key metrics. We internally monitor qualitative metrics for service order satisfaction based on indicators of excellent service including open work order aging, repeat work orders, service order response and completion time averages, and work order exceptions.

Lendlease has also been working with our Military Service partners and the other developers towards the modification and standardization of performance incentive metrics in order to provide consistent measures to assess resident satisfaction and our performance. These metrics provide objective focus on service order response and completion, resident feedback, preventive maintenance and focus on business success factors from within the annual survey rather than subjective criteria.

Ms. HOULAHAN. It is our understanding the agreements made between the services and public private partner give majority ownership to the P3. We are aware that DOD cannot unilaterally change the deal agreements they have with private companies and every contractual change must be negotiated and agreed upon by the housing companies.

What liberties are you afforded as the majority partner in the partnerships? What decisions are you allowed to make as a company that the services may not have say in?

Do the services have a say in who is subcontracted out to do maintenance work/renovations? Can the services fire a subcontractor or property manager hired by the P3?

If you had a subcontractor who was underperforming or being alleged of fraud, waste, abuse or called to testify in front of Congress for these issues, how would you handle the future of that relationship?

Mr. TAYLOR. BBC is not the majority owner of the project companies that operate the Military Housing Privatization Initiative (MHPI) projects from an economic or control perspective. Each project has a set of legal agreements that govern the rights of the project owners and what actions require government and/or third-party lender approvals to enter into subcontracts, make changes to lease forms or policies and procedures that govern operation of the properties, or cause amendments to any of the project agreements themselves. As a result of the complicated structure of the MHPI projects and different terms negotiated on a project by project basis, it is difficult to address these questions without providing a distinct response for each of BBC's 21 projects. In an attempt to address these questions on a universal basis, however, we provide the following:

Generally, BBC is the manager/managing member of each project company, which means it has the responsibility to perform the day-to-day management of the project (i.e., the power to make and execute contracts and agreements on behalf of the company; and the obligation to maintain the books and records of the company, to ensure compliance with the project agreements (i.e., ground lease, construction or renovation agreements, property management agreement, lease agreements, financing/lender agreements), and to enforce contractual rights against contractors or third parties). In addition, for each project, there are agreements that identify certain material matters or major decisions that require the government's consent, such as: approving the project's budget; permitting additional capital contributions to the project company; selling any assets of the project; refinancing the project; approving, terminating or amending any major project agreement (including the property management agreement and development agreement); expending project funds for capital repairs or replacement in excess of certain amounts outside of the approved budget; consenting to changes in scope of work under material construction or renovation agreements; entering into material contracts; approving or authorizing disbursements from project accounts under the project trust indenture/lockbox agreement other than pursuant to the terms of those agreements; approving of contracts with affiliates that are not otherwise on market terms; and approving of certain material contractors). Since BBC is not permitted to make major decisions without the government's consent, it is not deemed as controlling the projects. In addition, it should be noted that the project's third-party lenders have similar rights to consent to the above-referenced material matters relating to the projects.

Generally, the Services (and third-party lenders) are required to approve of any major contracts for capital repairs and replacements that are not otherwise approved in the annual project budget or where funding is through the reinvestment account of the project. Contracts for routine maintenance work/renovations are not required to be consented to by the Services unless they contain non-market terms or fail to meet the standards as required under the project agreements -which contain minimum requirements for contract terms and insurance and require contractors to comply with applicable law, among other things. Where a subcontractor fails to perform its services in compliance with law or materially breaches its contract, it is the obligation of the property manager/project owner to ensure that the project enforces its rights to take action against the subcontractor (including possible termination after any relevant cure periods). The third-party lenders to the projects also have "step-in" rights under the property management agreement that enable them to take control of the property management/renovation services where the existing property manager is deemed in default.

To the extent a subcontractor is underperforming or being alleged to have committed fraud, waste, or abuse, BBC would seek to investigate the matter; and where substantiated, the project owner would seek to enforce all remedies available under the contract or law in light of the facts and circumstances (including, as applicable, notice of default, right to cure and/or termination), as well as report any criminal behavior to government authorities. BBC incorporates provisions in each of its project agreements with contractors that require them to comply with a code of conduct and acknowledge they shall not participate in any criminal act or anti-competitive behavior, including, but not limited to, bribery, fraud or cartels. We also expect that subcontractors will comply with their own obligations to respond to Congress in connection with any invitation or subpoena to testify.

Ms. HOULAHAN. The GAO recently found several concerning data anomalies in the work order systems for MHPI projects, including duplicates, closed out work orders prior to submission date, and work orders open for over 18 months. Additionally, there have been recent reports that Balfour Beatty employees have intentionally rigged work orders so their company could receive incentive fees.

Were any of you, as senior leaders in your companies, aware of intentional data rigging to receive incentive fees? How can you ensure this will not happen moving forward?

GAO also found that measures for satisfaction and quality of housing used were invalid measures. What have your companies done to update these metrics to ensure health and safety are accurately measured?

Mr. TAYLOR. We have engaged Hunton Andrews Kurth LLP (Hunton) to investigate allegations that work orders were handled inappropriately and the way in which work orders were processed. To assist them in their investigation, Hunton has appointed PricewaterhouseCoopers Advisory Services LLC to perform a forensic audit work plan under AICPA consulting standards relating to our submission of requests for incentive fee payments. When broad allegations about the inappropriate handling of work orders were made in June 2019, we proactively reached out to the Department of Justice (DoJ) to notify them of Hunton's review. The DoJ subsequently issued a Civil Investigative Demand and we have been cooperating with their investigation. If it is determined that we did not properly earn incentive fees paid to us, we will refund those amounts. If the investigation determines wrongdoing by any member for our staff, we will take appropriate action. As this investigation is still ongoing, it would be inappropriate for us to comment any further on the subject matter at this time.

To ensure confidence in our management of the work order process going forward, we also have undertaken an extensive internal review of our work order processes. Based on this review, we already have implemented several important changes and improvements across our military housing portfolio, including providing a mobile device app for residents to enter, track and sign-off on work orders, and changes to our staffing and remediation processes to ensure we have appropriate resources and checks and balances in place regarding management of our military housing portfolio. The findings from the Hunton investigation will be used to inform further decisions about improvements once the work is complete, which is expected to take several more months.

With regard to the GAO findings, we are committed to working with the Services to design measurements for satisfaction and quality of housing that are considered appropriate. To that point, we have been reviewing proposed changes from the Services to the incentive fee performance metrics that apply to our projects. At this time, we already have agreed with the Department of the Army to a new 2020 incentive fee metric plan, and to take actions necessary to update our project agreements to reflect this new plan. We expect to negotiate similar updated plans with the Departments of the Air Force and the Navy as well.

Ms. HOULAHAN. It is our understanding the agreements made between the services and public private partner give majority ownership to the P3. We are aware that DOD cannot unilaterally change the deal agreements they have with private companies and every contractual change must be negotiated and agreed upon by the housing companies.

What liberties are you afforded as the majority partner in the partnerships? What decisions are you allowed to make as a company that the services may not have say in?

Do the services have a say in who is subcontracted out to do maintenance work/renovations? Can the services fire a subcontractor or property manager hired by the P3?

If you had a subcontractor who was underperforming or being alleged of fraud, waste, abuse or called to testify in front of Congress for these issues, how would you handle the future of that relationship?

Mr. BLISS. The services do not have a say in who is subcontracted to do maintenance work or renovations, nor can they fire a subcontractor, as the property manager is solely responsible for the hiring and oversight of the subcontractor. Under the project documents, to which the services are a party, the partnership can fire the property manager. Upon discovery of the underperformance or alleged fraud, waste or abuse by a subcontractor, the subcontractor would be terminated. In the case of a subcontractor called to testify in front of Congress, that fact and the substance of their testimony would have no bearing on Lincoln Military Housing's relationship with that subcontractor.

Ms. HOULAHAN. The GAO recently found several concerning data anomalies in the work order systems for MHPI projects, including duplicates, closed out work orders prior to submission date, and work orders open for over 18 months. Additionally, there have been recent reports that Balfour Beatty employees have intentionally rigged work orders so their company could receive incentive fees.

Were any of you, as senior leaders in your companies, aware of intentional data rigging to receive incentive fees? How can you ensure this will not happen moving forward?

GAO also found that measures for satisfaction and quality of housing used were invalid measures. What have your companies done to update these metrics to ensure health and safety are accurately measured?

Mr. BLISS. Lincoln Military Housing takes very seriously our role in ensuring the integrity of the MHPI program and our senior leadership has no knowledge of employees intentionally manipulating work orders in an effort to receive incentive fees. In 2008, Lincoln Military Housing did independently identify one employee, a mid-level manager, who manipulated data to receive a personal bonus. That employee was terminated, and to ensure that Lincoln did not unfairly receive incentive fees as a result, Lincoln reported it to the Navy and waived our fee for that time period. We have additional controls in place to ensure that data on the local level cannot be manipulated, and our internal incentives are now even more aligned with resident satisfaction. In an effort to better assess resident satisfaction and work quality, we added a survey service, SatisFacts, in 2014 to supplement the annual survey referenced by the GAO. That survey provides additional opportunities for residents to provide feedback and reviews about the service they receive: at move-in, at each work order, and at move out. In addition, they have an opportunity to submit a service survey through our website anonymously.

#### QUESTIONS SUBMITTED BY MS. STEFANIK

Ms. STEFANIK. One of the common concerns among military families, regardless of the specific housing issue, is that family members felt they did not have a voice. I would like to hear from the private partner witnesses how your companies are empowering and enabling military families throughout the leasing and residency process. For example, this Committee emphasized the necessity for a common “Tenant Bill of Right” in our NDAA bill. What rights are you ensuring are afforded to military families leasing your properties, and how are you measuring your success?

Mr. PICERNE. We agree that empowering and enabling residents to raise any concerns that they may have is the best way to ensure that we are hearing their concerns, and meeting their needs. We have taken a variety of steps to better serve our residents, including working with our partners to establish resident focus groups, bringing back local call centers to help coordinate maintenance work directly with residents at each installation, establishing the Corvias Resident Portal to allow 24/7 online access to work order submission and status, and hiring resident Ombudsmen to work directly with residents to address their concerns. We will continue to work with all of our residents to ensure that they are afforded every opportunity to exercise their rights, and that we are providing the gold standard of service that our residents deserve.

Ms. STEFANIK. One of the common concerns among military families, regardless of the specific housing issue, is that family members felt they did not have a voice. I would like to hear from the private partner witnesses how your companies are empowering and enabling military families throughout the leasing and residency process. For example, this Committee emphasized the necessity for a common “Tenant Bill of Right” in our NDAA bill. What rights are you ensuring are afforded to military families leasing your properties, and how are you measuring your success?

Mr. EHLE. Hunt Military Communities (“Hunt”) recognizes that quality homes and resident services depend on open and regular communications with residents. We want to hear from all of our residents in order to be made aware of issues so we can address them. We also need to make it as easy and comfortable as possible for our residents to communicate with us. To that end, we have made significant improvements to our resident communication processes throughout our portfolio over the last year, including:

- **Work Order Mobile Application:** We have launched the RENTCafé mobile app for the real-time submission and tracking of routine work orders and to access select historic work order data. The app also encourages convenient communication between on-site Hunt employees and residents by (i) facilitating direct calls or emails to on-site staff; (ii) providing community announcements at sign-in; (iii) announcing emergencies by the leasing office; and (iv) featuring community events on a calendar.
- **Surveys:** We have implemented an enhanced resident survey tool run by a third party, SatisFacts, to measure customer satisfaction at move-in, move-out, and after work order completion. It is a very quick 5-star survey that is automatically sent to the resident at the conclusion of each of these events to ask the

resident about their satisfaction. The resident completes the survey, and the results go immediately to the site management team at the resident's property. If the response yields a score of less than 3.5 (in the SatisFacts scale, a 3 is "Satisfied"), the Community Director at the property is to contact that resident the same day to ascertain where we fell short of expectations so we can better resolve the issue and make improvements going forward.

- **Hunt Promise Helpline:** This 24/7, toll-free hotline makes it easier for residents to voice concerns about issues they feel have not been resolved at the property level by facilitating direct contact between residents and Hunt Military Communities senior management.
- **Social Media Coordinator:** We now have a dedicated specialist to liaise with each Hunt community online to make sure issues are identified and addressed in a timely manner. <sup>2</sup> This initiative has improved our ability to monitor resident complaints and concerns made on social media and follow up accordingly.
- **Resident Resolution Tracker:** As part of our quality assurance efforts, if we learn that a resident is not completely satisfied after his or her work order has been completed, the resident is added to this tracker for follow up from our management team through issue resolution.
- **Community Advisory Board ("CAB"):** Residents serve as volunteer members of CABs and meet with the Hunt property leadership on a monthly basis to discuss what they see happening in their neighborhoods and offer to Hunt suggestions for improving processes and service. In addition, the CAB will be involved in identifying opportunities to deploy the resources and services offered by the Hunt Heart program. This program is designed to address the needs of our new residents, deployed spouses, recently returned spouses, those suffering a family crisis, and those who may be in need of information about or access to social services through military or civilian sources.
- **Secret Shopping:** We will be launching an independent third-party "secret shopping" service in January 2020 to engage with Hunt employees to assess customer service. Training plans will be based on the results obtained.

Hunt has also been a leading voice for ongoing industry-wide reform and standardization, and supports a number of initiatives to standardize and improve the Military Housing Privatization Initiative ("MHPI") program in partnership with the Services, including a uniform resident lease, a resident bill of rights, resident responsibilities, uniform dispute resolution guidelines, and a uniform resident displacement policy. Hunt recognizes and appreciates the unique challenges our military families face and Hunt is committed to ensuring our families are afforded an equal or better experience than residents may find in the conventional rental market.

Each Hunt resident enters into a resident lease approved by our military partners that affords our military families detailed rights and obligations that are substantially similar to those in the conventional rental market, yet recognizes and addresses the unique circumstances of living on or in the vicinity of a military installation, including the military policies and procedures that govern the installation and its residents. For example, Hunt lease forms generally provide residents with a detailed description of, among other things, their monthly rent, the term of their lease, the utilities included in their monthly rent, the security deposit (if any) that may be required, move-in/move-out procedures, the circumstances under which a resident may terminate their lease early, conditions under which pets may occupy the housing unit, the delineation of maintenance and other responsibilities between Hunt and the resident, conditions under which Hunt may enter the housing unit, procedures for residents to submit maintenance requests, community amenities, conditions under which a resident may operate a business from their home, and the process for landlord-resident dispute resolution.

With respect to our goal to provide safe, healthy, and quality homes for military families, we measure our success in a number of ways. For example, we look at whether military families are choosing to reside in Hunt homes rather than in other housing in the marketplace, as well as customer satisfaction via resident surveys, as discussed above.

Ms. STEFANIK. One of the common concerns among military families, regardless of the specific housing issue, is that family members felt they did not have a voice. I would like to hear from the private partner witnesses how your companies are empowering and enabling military families throughout the leasing and residency process. For example, this Committee emphasized the necessity for a common "Tenant Bill of Right" in our NDAA bill. What rights are you ensuring are afforded to military families leasing your properties, and how are you measuring your success?

Mr. TAYLOR. Balfour Beatty Communities (BBC) property teams work diligently to deliver an exceptional living experience to every resident. We repeatedly reinforce

to residents that we want to know if their expectations are not being met so that we have the opportunity to make things right. Residents are actively encouraged to first contact our local management team if they have any issues or concerns with their home so we can promptly deploy the necessary resources to assist. If they've contacted our local team and are not satisfied with the outcome, we encourage them to reach out to our senior leadership team via the BB Cares Helpline at 1-877-253-6988. The BB Cares Helpline is a dedicated resident relations system providing residents with direct assistance from our corporate office team. All calls are transcribed and sent real-time to the head of our Military Housing Division for immediate action. It is our commitment to residents that we will fully review all concerns to ensure our team is doing everything possible to deliver an exceptional living experience. If residents are still not satisfied with our response, we also ensure they are aware of how to directly contact their local military housing office. This three-step issue resolution process is posted on our Resident Portals and is actively communicated to residents at move-in and periodically throughout the year via email and social media. We actively participate in all Command-sponsored Housing Town Halls and work closely with Resident Councils at locations where they have been established. These outlets provide our teams with important opportunities to interact directly with residents, answer their questions and better understand their issues and concerns. After Town Hall events, we send all residents a summary of topics discussed to provide overall awareness and reinforce any BBC action plans going forward. As I mentioned in my written testimony, we have been working with the Department of Defense in crafting a Tenant Bill of Rights and are fully supportive of this initiative. We further empower our residents during the maintenance work order process. For each work order, our maintenance technician and/or subcontractor takes a photograph of the before and after work performed (where applicable). These photos are uploaded into our work order management system, which is accessible to both residents and our military housing partners for review. On all emergency/urgent work orders, our Quality Control Specialist also conducts a follow-up inspection to confirm the work was completed to our standards and contacts the resident to review and ensure satisfaction. Upon completion, residents are requested to 'sign-off' on the work order to indicate their satisfaction. In situations where the resident is not satisfied, the work order remains open and we dispatch our Maintenance Supervisor and/or Facility Manager to review and continue to work the issue until the resident is satisfied; if validated by our managers as properly completed, we engage military housing office representatives to assist in resolving with the resident.

Ms. STEFANIK. One of the common concerns among military families, regardless of the specific housing issue, is that family members felt they did not have a voice. I would like to hear from the private partner witnesses how your companies are empowering and enabling military families throughout the leasing and residency process. For example, this Committee emphasized the necessity for a common "Tenant Bill of Right" in our NDAA bill. What rights are you ensuring are afforded to military families leasing your properties, and how are you measuring your success?

Mr. BLISS. Lincoln Military Housing has a multi-faceted customer service and work-order request system, and has also created a separate, dedicated process to address resident concerns that gives tenants a clear voice in their military housing. Specifically, Lincoln Military Housing's work-order request system allows tenants to submit work orders by phone via a dedicated "Lincoln At Your Service" hotline, on the internet via the Lincoln Resident Portal, or via a smart device through the Lincoln Military Housing Resident App. For customer service issues extending beyond maintenance requests, the local District Office is always open to tenants during business hours, and the Lincoln At Your Service hotline is available to residents 24/7. Lincoln has also instituted a Three-Step Resolution process throughout our enterprise. Through this three-step process, residents are encouraged to first attempt to resolve the issue at the District Office or by calling Lincoln At Your Service. If the issue is still unresolved they are encouraged to contact the General Management Office or Regional Property Manager for their district, and if the issue still remains unresolved they are encouraged to contact the Government Family Housing Office, who will reach over to Lincoln. At resident move-in, this Three-Step Resolution process is shared, and the appropriate phone numbers are provided. We also provide a refrigerator magnet that is placed on their appliance before they receive keys. Because we know move-in is a busy time for families, we also send a reminder about the Three-Step Resolution process once a quarter and include an invitation to a "Meet the Manager" event where they can sit and talk with a District Manager one-on-one. As a final matter, residents always have the ability to communicate by phone via the Lincoln Leadership Line, which puts them in contact with Lincoln Military Housing's Senior Executive Team.

**QUESTIONS SUBMITTED BY MS. HAALAND**

Ms. HAALAND. Families from across the country have contacted my office with heartbreaking stories of being displaced from their homes while housing companies make much needed renovations to raise them to livable standards. While pleased that companies are finally acting to address these issues, this process has highlighted appalling inconsistencies in the treatment. What is your company's policy regarding per diem or other allowances for displaced families?

Mr. PICERNE. Over the last year, our policy toward displaced families has evolved and been standardized across our portfolio. Our Operations Directors at each installation have the authority to make reasonable adjustments to our policy as appropriate. Under all circumstances, we provide residents with alternate housing, including either a fully furnished hospitality suite on post or a hotel on or off-post as available, as well as an allowance for food and personal items. If provided a hospitality suite on post, then we may reimburse the family's BAH on a prorated basis depending on how long they have been displaced. We only ask that families move into a hotel suite if a fully furnished on-post hospitality suite is unavailable, and if that is necessary, will reimburse them 100% of the daily BAH rate for all days they are displaced, as well as provide a per diem for food, additional expenses, and for pet lodging if necessary. We expect that this policy will continue to evolve, as we are working with the Services and other MHPI partners to standardize our policies pursuant to Congressional direction in the recently-passed National Defense Authorization Act for 2020.

Ms. HAALAND. Generally, displaced tenants do not have to pay rent when they cannot live in their homes. Does your company collect the rent/BAH from families while they are displaced?

Mr. PICERNE. Over the last year, our policy toward displaced families has evolved and been standardized across our portfolio. Our Operations Directors at each installation have the authority to make reasonable adjustments to our policy as appropriate. Under all circumstances, we provide residents with alternate housing, including either a fully furnished hospitality suite on post or a hotel on or off-post as available, as well as an allowance for food and personal items. If provided a hospitality suite on post, then we may reimburse the family's BAH on a prorated basis depending on how long they have been displaced. We only ask that families move into a hotel suite if a fully furnished on-post hospitality suite is unavailable, and if that is necessary, will reimburse them 100% of the daily BAH rate for all days they are displaced, as well as a per diem for food, additional expenses, and for pet lodging if necessary. We expect that this policy will continue to evolve, as we are working with the Services and other MHPI partners to standardize our policies pursuant to Congressional direction in the recently-passed National Defense Authorization Act for 2020.

Ms. HAALAND. Can you confirm today that a minimum of 5% of the homes at each installation where your company has a contract to manage housing is accessible to people with disabilities?

Mr. PICERNE. We are in compliance with our contractual obligations to ensure that a minimum of 5% of all homes we have built are either fully accessible or readily adaptable for special accessibility features.

Ms. HAALAND. Families from across the country have contacted my office with heartbreaking stories of being displaced from their homes while housing companies make much needed renovations to raise them to livable standards. While pleased that companies are finally acting to address these issues, this process has highlighted appalling inconsistencies in the treatment. What is your company's policy regarding per diem or other allowances for displaced families?

Mr. EHLE. First and foremost, our goal is to provide safe, healthy, and quality homes for military families. However, we recognize that there is no such thing as maintenance-free housing and that issues will inevitably arise that must be remedied. In these instances, we strive to address the situation in a professional, transparent, and timely manner, with a focus on resident safety. If the nature of the repairs requires a resident to be out of their home during a repair for a night or more, we will secure temporary accommodations and may provide financial support to ensure that the resident is not paying out-of-pocket during this time, for example, by providing gift cards for meals or rent concessions. Recognizing that confusion has arisen as a result of inconsistent displacement accommodations, we are collaborating with the Services in their efforts to establish a uniform resident displacement policy. We fully support the adoption of such a policy across all MHPI communities to establish consistency no matter where residents reside, and to avoid confusion and missed expectations.



Ms. HAALAND. Generally, displaced tenants do not have to pay rent when they cannot live in their homes. Does your company collect the rent/BAH from families while they are displaced?

Mr. EHLE. The collection of BAH from families while they are displaced depends on the particular circumstances. For example, Hunt may continue to collect BAH when Hunt pays for alternate housing or provides a hospitality home that requires maintenance, furnishing, and utilities. Alternatively, if Hunt does not pay for or provide housing to a displaced family, Hunt may suspend the collection of BAH.

Ms. HAALAND. Can you confirm today that a minimum of 5% of the homes at each installation where your company has a contract to manage housing is accessible to people with disabilities?

Mr. EHLE. Depending on the property, the standard is not necessarily that a minimum of 5% of all the homes at each installation be accessible to people with disabilities. For example, the standard may be that at least 5% of homes be accessible or readily adaptable to be accessible to those with disabilities. In addition, the 5% standard only applies to neighborhoods built or fully renovated after the effective date of the Americans with Disabilities Act ("ADA"), and we have legacy preprivatization neighborhoods in our portfolio that pre-date the ADA. For these and other reasons, the percentage of homes at a given property that are accessible today to those with disabilities may vary across Hunt's portfolio.

Ms. HAALAND. Families from across the country have contacted my office with heartbreaking stories of being displaced from their homes while housing companies make much needed renovations to raise them to livable standards. While pleased that companies are finally acting to address these issues, this process has highlighted appalling inconsistencies in the treatment. What is your company's policy regarding per diem or other allowances for displaced families?

Mr. HICKEY. We have been working closely with the Army and the other private partners to develop a formal resident displacement policy. Once that policy is finalized, we intend to immediately apply that policy across our entire portfolio.

Our current process for displaced families is applied consistently across our portfolio. Residents are entitled to the following reimbursements or benefits, depending on the length of displacement:

Length of displacement	More than one day and fewer than fourteen days	More than fourteen days
Reimbursement for meals based on a set per diem for each location	✓	✓
Lodging costs	✓	✓
Reimbursement of incidentals of \$5 per day	✓	
Refund/waiver of rent from date of displacement*		✓
Other reimbursements		Assessed on a case-by-case basis.

Length of displacement More than one day and fewer than fourteen days More than fourteen days Reimbursement for meals based on a set per diem for each location Lodging costs Reimbursement of incidentals of \$5 per day Refund/waiver of rent from date of displacement\* Other reimbursements Assessed on a case-by-case basis.

If a resident repair exceeds thirty (30) days and an alternate home(s) is offered that meets the resident's bedroom and rank eligible requirements, but the resident refuses the alternative home(s), continued reimbursement of BAH may cease.

Reimbursement of clothing and/or other household/personal items if they are found to have visible mold will be assessed on a case by case basis by the DPM and Project Director (in conjunction with any appropriate independent third-party subject matter experts).

Based on input from an independent third party's recommendations, the Project Company retains responsibility for the reimbursement or cleaning/remedying, as applicable, of any contamination of personal belongings or furnishings with visible mold which is caused by the acts or omissions of the Project Company and/or project employees (including as it relates to service order response/resolution, preventive maintenance, etc.). Details and proper course of action to be determined by the DPM and Project Director in consultation with the independent third party.

- If relocation is required in order to properly clean the home and remedy any potential issues, the Project Company pays for the documented and substantiated expenses exclusive of Excluded Expenses. "Excluded Expenses" include:
  - Cable, phone and internet bills at primary residence;
  - Purchase of clothing and other household/personal items that exceeds level of incidental reimbursement identified above;
  - Accommodation at luxury hotels; and
  - Kenneling costs for pets (unless temporary lodging arrangements do not allow for pets)

Ms. HAALAND. Generally, displaced tenants do not have to pay rent when they cannot live in their homes. Does your company collect the rent/BAH from families while they are displaced?

Mr. HICKEY. As noted above, if a family is displaced for more than fourteen (14) days, the rent/BAH is refunded or waived effective as of the date of initial displacement.

Ms. HAALAND. Can you confirm today that a minimum of 5% of the homes at each installation where your company has a contract to manage housing is accessible to people with disabilities?

Mr. HICKEY. Five (5%) of all new homes designed and constructed on Lendlease MHPI project sites are "ADA Adaptable." An "ADA Adaptable" unit has all the accessible features that a fixed accessible unit has but allows some items to be omitted or concealed until converted so the dwelling units can look the same as others and be better matched to the specific and unique needs or preferences of the occupant.

Ms. HAALAND. Families from across the country have contacted my office with heartbreaking stories of being displaced from their homes while housing companies make much needed renovations to raise them to livable standards. While pleased that companies are finally acting to address these issues, this process has highlighted appalling inconsistencies in the treatment. What is your company's policy regarding per diem or other allowances for displaced families? [Question #17, for cross-reference.]

Mr. TAYLOR. In certain circumstances, a tenant may need to be temporarily relocated where repairs or maintenance are so significant that the rental unit is unable to be occupied during such work. This could be due to anything from damage caused by extreme weather events to flooding from a broken water pipe or a toilet overflow. We recognize the importance of having a comprehensive policy that outlines clear and effective guidelines for managing resident displacements across our military housing portfolio. Our current policy, which was developed with input from military leaders and representatives from military family advocacy groups as well as to ensure compliance with applicable state landlord-tenant laws, provides the following guidelines for taking care of residents that are temporarily displaced from their home due to a maintenance/repair issue:

1. The landlord will provide temporary accommodation in a fully-furnished (including cable and internet service) 'Patriot Home' at our cost, to the extent such a unit is available. Patriot Homes are housing units within the housing project community that are set aside specifically for the purpose of housing residents needing temporary accommodation. We also provide the family with a \$300 weekly stipend.

2. Where a Patriot Home is not available, the landlord will provide for accommodation in a local hotel/temporary lodging facility. If the family has approved animals living in the home and a pet-friendly hotel/temporary lodging facility is not available, the landlord will pay for reasonable costs to board the animals. Families staying in a hotel/temporary lodging facility are provided a \$300 weekly stipend if the facility contains a kitchen, and a \$100 per diem if the facility does not contain a kitchen.

3. To the extent a resident elects not to utilize temporary housing provided by the landlord and instead opts to stay with family or friends (or another place of their choosing), the landlord will credit tenant's rent the daily rate for the days the tenant is unable to occupy the rental unit. Daily rent is calculated as 1/30 of the monthly rent value, or as otherwise stated in the lease agreement.

4. If the repairs to the home are expected to take longer than thirty (30) days:
- a) the landlord will offer the resident a permanent transfer to a comparable home (i.e., similar number of bedrooms/bathrooms) where such home is readily available within the housing community; and
  - b) If the resident does not elect to transfer to another available unit, or where the landlord does not have another available unit, then the resident may elect to terminate the lease agreement without penalty.

In addition to BBC's current Temporary Relocation Policy, we also are continuing to work with the Branches of Service to develop uniform displacement policies that

ultimately may be applied across all Military Housing Privatization Initiative (MHPI) projects.

Ms. HAALAND. Generally, displaced tenants do not have to pay rent when they cannot live in their homes. Does your company collect the rent/BAH from families while they are displaced?

Mr. TAYLOR. Per landlord-tenant laws, landlords are required to provide a habitable dwelling in exchange for rent and are entitled to a reasonable timeframe to complete necessary repairs. Where the dwelling requires repairs that are significant enough to result in displacement of the resident, the landlord is entitled to collect rent/BAH to the extent it continues to provide a habitable dwelling and performs the repairs within a reasonable timeframe. As a result, BBC's Temporary Relocation Policy, as described in response to Question #17 [above], provides that the landlord will continue to provide the resident with a temporary Patriot Home/lodging while the resident is temporarily displaced from their assigned rental unit and the landlord continues to collect rent/BAH. In addition, BBC's policy also provides compensation to resident in the form of a monetary allotment; and where the repairs are expected to extend beyond 30 days, the resident may be offered a permanent relocation to another unit or the option to terminate the lease without penalty.

Ms. HAALAND. Can you confirm today that a minimum of 5% of the homes at each installation where your company has a contract to manage housing is accessible to people with disabilities?

Mr. TAYLOR. In connection with BBC's Military Housing Privatization Initiative projects, the project owners (which, in the case of Army/Navy projects, are joint ventures in which the Army/Navy is itself a member or partner), were both (i) conveyed existing housing previously owned by the government and (ii) required to construct an agreed number of homes in accordance with the project agreement terms. In accordance with the project agreement requirements as issued by the government, 5% of the new construction homes were built to Uniform Federal Accessibility Standards.

In addition, we work closely with the Services to actively support the Exceptional Family Member Program (EFMP) and maintain a Fair Housing Policy that requires the grant of reasonable accommodations or modifications by residents with a related disability need.

Ms. HAALAND. Families from across the country have contacted my office with heartbreaking stories of being displaced from their homes while housing companies make much needed renovations to raise them to livable standards. While pleased that companies are finally acting to address these issues, this process has highlighted appalling inconsistencies in the treatment. What is your company's policy regarding per diem or other allowances for displaced families?

Mr. BLISS. All Lincoln Military Housing projects provide allowances for residents who have been displaced from their homes through no fault of the tenant, to include covering the costs of temporary lodging in every case, and per diem for incidentals and meals where appropriate. I am also pleased to report that Lincoln Military Housing, in collaboration with the other privatized military housing partners, has been working towards a standardized displacement policy to ensure consistency across each of our projects, and the industry, with regards to displacement allowances. This policy will be aligned with the requirements in the 2020 NDAA, subject to additional requirements in state and local law, and we expect it to be rolled out industry-wide in mid-to-late January.

Ms. HAALAND. Generally, displaced tenants do not have to pay rent when they cannot live in their homes. Does your company collect the rent/BAH from families while they are displaced?

Mr. BLISS. Lincoln Military Housing's policy with regards to the payment of rent by displaced residents is governed by state and local landlord-tenant law. As a general rule, the majority of jurisdictions in the United States allow a landlord to continue to collect rent during periods of temporary displacement through no fault of the tenant, though the landlord is generally required to cover the reasonable costs of temporary lodging during that displacement. As noted in answer 5 above, Lincoln Military Housing's policy is to cover the costs of temporary lodging while a resident is displaced from their home, subject to additional requirements in state and local law.

Ms. HAALAND. Can you confirm today that a minimum of 5% of the homes at each installation where your company has a contract to manage housing is accessible to people with disabilities?

Mr. BLISS. A minimum of 5% of the homes at each installation that Lincoln Military Housing manages are accessible to people with disabilities, and all homes constructed by Lincoln Military Housing meet state and federal requirements under the Americans with Disabilities Act (ADA). Legacy neighborhoods built via military con-

struction (MILCON) funding prior to privatization are generally not built to the 5% requirement, but the number of those homes do not bring the total ratio of ADA compliant homes at each installation below 5%. Further, Lincoln Military Housing complies with all ADA reasonable accommodation requests as necessary for homes that were not specifically built to meet accessible home standards.

#### QUESTIONS SUBMITTED BY MR. BROWN

Mr. BROWN. You stated in your written testimony that you report a 92 percent satisfaction rating on work performed and 95 percent of work orders completed on time.

How do you determine when work performed is “complete” and do the service members have the ability to concur with that disposition?

What metrics do you use as a basis for satisfaction rating?

How do you disposition a work order when a family is PCS’d to a new base? Is that work order logged as complete?

How do you measure satisfaction for a work order that is still open when a family is PCS’d to a new base?

What’s the average duration for a work order that isn’t accomplished in the first 24 hours?

Mr. PICERNE. Our maintenance teams consider a work order to be complete when the issue identified in the work order request has been successfully addressed. In those limited instances where an emergency work order has been submitted due to a health concern or potential structural damage to the home, the emergency work order is closed once the situation has been stabilized to eliminate the hazard, and a new work order is opened and coded for priority response based on any additional work necessary to fully address the resident’s concerns. Attached, please find the work order priority schedule applied in these situations, which has been adopted in coordination with our partners in the Army and Air Force, and previously shared with the GAO in January, 2019.

[The document referred to can be found in the Appendix on page 185.]

Following closure of the work order, each resident is provided the opportunity to respond by completing a survey, which scores the overall response. If a family permanently moves from a home before a work order can be completed, then existing work orders are typically closed, allowing for completion of this survey. At that point, a new work order will also be entered for turnover of the unit, which involves a comprehensive inspection, and subsequent painting, flooring, or other activities necessary to make a home ready for a new family. The amount of time necessary to address a work order will vary substantially depending on the type of work and any supplies that may be required, particularly if a third party vendor must be engaged to complete work, if permission is required to conduct work (as is often the case in historic homes), or if parts or fixtures are not readily in stock to complete the work. We strive to complete all work within the timeframes outlined in the work order priority schedule, and typically do so consistently.

Mr. BROWN. In February 2019 at a SASC hearing, you stated that “But specifically to the family that moved to Fort Meade expecting to have their child brought into a single-family or single-story home, it is unacceptable. And my company will stand up and will help and support that family and every family going forward in trying to make these things better.” Yet, just one month later, a service member at Fort Meade in the Exceptional Family Member Program who required a single-story home was pressured by Corvias to accept a two-story home, to the detriment of the health and safety of their child.

Why was this action allowed to occur?

What actions have you taken following your testimony in February to ensure your company took action on your statement?

Mr. PICERNE. At Corvias, we take our responsibility under the Exceptional Family Member Program (EFMP) extremely seriously. This program provides a critical avenue for family members with exceptional needs to enhance their quality of life by making homes readily available, usable, and accessible to persons with disabilities. At the same time, we can only provide homes that are available at the time a request is made. As you may be aware, one former resident who has filed suit against Corvias and Meade Communities has made allegations regarding being pressured to accept a two-story home family home at Fort Meade. We disagree with the resident’s characterization of these events, and intend to contest these allegations vigorously.

Mr. BROWN. You stated in response to a question from Rep. Houlahan that you work “directly with the medical community on the installation, with the garrison commander, and we try to define where the problem really is.”

Can you please expand upon this engagement you have with the medical community? Is this a formal or informal process? Please explain.

Are you obtaining consent forms from service members and their families before speaking to military medical providers about their particular cases?

If a medical provider recommends testing or mold remediation, are you following their guidance?

Mr. PICERNE. We work closely with our Army and Air Force partners, including installation health officials, to help them respond when residents express a health concern that may be related to their environment, but we do not request or share protected health information from or with medical professionals. For instance, when a resident reports an elevated blood lead level, we typically assist public health officials to gain access to inspect the resident’s home and surroundings to identify potential causes, which often include common environmental factors like imported lead-painted toys, dishes, or other sources of lead. As an alternate example, following mold-related home-inspections at Fort Meade, we partnered with the Kimbrough Ambulatory Care Center to ensure that a qualified medical professional was available during public forums scheduled for residents to ask any questions they may have had with respect to the findings of third-party inspection reports.

To the extent that an individual resident’s medical provider has requested specific types of testing or remediation, we have and will take that into account to the extent practicable, pursuant to the policies and procedures adopted in conjunction with our Service partners.

Mr. BROWN. You stated in response to a question from Rep. Houlahan on the health of children living on base that if it’s determined that the home is the house of a health issue “we will support that child or its medical costs.”

Are you confirming that you will financially support the treatment of a child who become sick living in a Corvias-run home on base?

Who would determine that the child became sick from a Corvias-run home? Would you accept that conclusion from a military doctor, a civilian doctor, or both? What about from a mold test showing a high level of toxic mold in the home?

Mr. PICERNE. We understand and accept our responsibility to ensure that all of the homes that we provide to our residents are fit for occupancy. We appreciate Congress’s effort to work with the Department of Defense to develop a standardized process for evaluation of potential medical claims from residents, and are working with our military partners to adopt practices that ensure the best interest of our residents, while recognizing our fiduciary obligations to our investors and government partners.

Mr. BROWN. How do you determine when work performed is “complete” and do the service members have the ability to concur with that disposition?

What metrics do you use as a basis for satisfaction rating?

How do you disposition a work order when a family is PCS’d to a new base? Is that work order logged as complete?

How do you measure satisfaction for a work order that is still open when a family is PCS’d to a new base?

What’s the average duration for a work order that isn’t accomplished in the first 24 hours?

Mr. EHLE. Hunt considers a resident-initiated work order to be complete when all work required to address the issue is completely finished. In the case of Emergency or Urgent work orders, the Emergency or Urgent condition must be addressed and any follow-on work must be completely finished for the work order to be considered complete.

We have implemented an enhanced resident survey tool run by a third party, SatisFacts, to measure customer satisfaction at move-in, move-out, and after work order completion. It is a very quick 5-star survey that is automatically sent to the resident at the conclusion of each of these events to ask the resident about their satisfaction. The resident completes the survey, and the results go immediately to the site management team at the resident’s property. If the response yields a score of less than 3.5 (in the SatisFacts scale, a 3 is “Satisfied”), the Community Director at the property is to contact that resident the same day to ascertain where we fell short of expectations so we can better resolve the issue and make improvements going forward. If a resident receives a survey after work order completion and does not believe all of the work has been done, the survey response is one means by which the resident can communicate their disagreement.

It is not Hunt policy for a resident family’s move to a new base to impact the disposition of a work order. As noted above, Hunt considers a resident-initiated work

order to be complete when all work required to address the issue is completely finished. The survey discussed above is automatically sent to the resident's email address upon work order completion, regardless of whether a resident has moved to a new base.

In the regular course of business, Hunt does not generally calculate the average duration of work orders that are not completed in the first 24 hours. Each property generally has its own target times, as agreed-upon by our military partners, for work order response and completion (e.g., 1 hour to respond and 24 hours to complete for Emergency work orders). Hunt strives to meet those target times.

Mr. BROWN. How do you determine when work performed is "complete" and do the service members have the ability to concur with that disposition?

What metrics do you use as a basis for satisfaction rating?

How do you disposition a work order when a family is PCS'd to a new base? Is that work order logged as complete?

How do you measure satisfaction for a work order that is still open when a family is PCS'd to a new base?

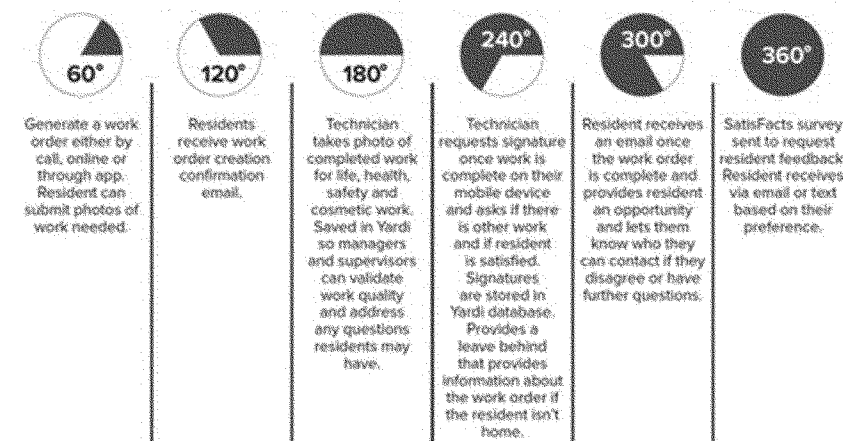
What's the average duration for a work order that isn't accomplished in the first 24 hours?

Mr. HICKEY. Our process of initiating and closing work orders as "complete" includes the following:

- A. All resident work orders are generated directly in Yardi through a call center or via our Military Café portal/app to ensure they are created real-time directly by the resident.
- B. All technicians use mobile devices to track all activities including their time, parts, notes and work status. Their time is validated against the HRIS system, which is also electronic, to ensure time is captured accurately.
- C. The technician enters the status of a work order, including if the work is complete. If a resident is at home during completion of the work, the technician requests a resident signoff of the completion and satisfaction.
- D. The resident receives an email and survey request upon completion of work order, which is system-generated after the technician enters the work order "complete."

To summarize the above, Lendlease implemented the 360 Degree Service Order touchpoints program for enhanced service order quality:

#### Implemented 360 Degree Service Order Quality Touchpoints



This process ensures residents have multiple opportunities during the service request process to ask questions, track progress, and sign off on service order completion and provide satisfaction feedback. Technicians record all labor, materials, work progress and completion directly on a mobile application, which drives these touchpoints for residents.

Resident satisfaction with service orders is measured through both point of service and annual satisfaction surveys. The Insite survey by SatisFacts (a nationally recognized third-party survey firm) is generated and delivered to the resident via e-mail or text (at the residents' selection) within 24 hours of service order completion. The

survey results are immediately available to maintenance and project management. There are multiple questions on the survey that provide analysis and trends on maintenance management.

Lendlease fared very well regarding the satisfaction ratings of its projects. To illustrate, for the 2019 portfolio average score on a scale of 1–5, Lendlease received:

- Service Request Experience = 4.48 (Army & Marines Corps consolidated score)
- Service Request Experience Survey (Air Force, reported separately due to the use of a different though similar survey question set) = 4.34

The Annual CEL Resident Satisfaction surveys (from the Military Services) also measure work order satisfaction and provide higher response rates and broader feedback about resident satisfaction in that area.

Additionally, we monitor internal qualitative metrics for service order satisfaction based on indicators of excellent service including open work order aging, repeat work orders, service order response and completion time averages, work order exceptions, and other similar metrics.

If there are work orders generated but not completed prior to a family moving out of the home, those work orders are completed during the Change of Occupancy Maintenance (COM) unless they are part of a larger, planned project (e.g., gutter replacement, roof replacements, etc.). We are not aware of any other instances where work previously identified by a resident would not be completed prior to a resident moving out of a home. Any work orders that constitute normal wear and tear identified prior to the resident leaving would be completed on the COM and the resident would not be charged.

Our policy is that work orders are not closed until all work is complete.

Work completed during COM is not considered as part of the resident satisfaction survey. Residents would have an opportunity to provide feedback about their experience at the move out as another point of service survey is generated based on that activity.

Our policy is that work orders are not closed until all work is complete.

Work orders are generated when a resident calls the 24-hour maintenance line routing them to a local dispatch or call center, submits online via the web portal or mobile app., as well as in-person at a maintenance office, community center or employee.

As work orders are generated, they are classified in the following categories:

- Emergency—Immediate danger to life, health or property.
- Urgent—Not an emergency, but if not corrected could become an emergency (e.g. toilet or sink(s) clogged, partial power outage)
- Routine—Failures or deficiencies that do not immediately endanger occupants or property (e.g. screen repair)
- Resident Scheduled—The resident is unable to accommodate the offered time a technician is available to respond to a routine work order and requests an appointment to occur at the resident's convenience.

During the three-month period between September 1, 2019 through November 30, 2019, the following statistics demonstrate our responsiveness:

- 74,802 total service orders were completed. This includes emergency, urgent, routine, emergency after-hours and urgent after-hours. This does not include resident scheduled maintenance.
- 32.0% (23,940) of the total service orders completed took longer than 24 hours to complete:
  - For these calls, the average completion time was 3.48 days.
  - For these calls, 20,509 (85.7%) were routine service orders which include issues that do not immediately endanger occupants or property (e.g. screen repair) and which typically have a three (3) to thirty (30) day completion requirement.

Mr. BROWN. How do you determine when work performed is “complete” and do the service members have the ability to concur with that disposition?

What metrics do you use as a basis for satisfaction rating?

How do you disposition a work order when a family is PCS'd to a new base? Is that work order logged as complete?

How do you measure satisfaction for a work order that is still open when a family is PCS'd to a new base?

What's the average duration for a work order that isn't accomplished in the first 24 hours?

Mr. TAYLOR. Currently, for each work order, a maintenance technician and/or third-party contractor takes a photograph of the before and after work performed. These photos are uploaded into our management system, allowing both residents and our military housing partners to access and review online via computer or mobile app. On all emergency/urgent work orders (and a sampling of all routine work

orders), our Work Order Administrators conduct follow-up calls with residents to confirm the work was properly completed and that they are fully satisfied and have no further concerns. In addition, residents are requested to ‘sign-off’ on the work order to indicate their satisfaction before the work order is officially deemed completed. In situations where the resident is not satisfied, the work order remains open and we dispatch a Maintenance Supervisor and/or Facility Manager to review and continue to work the issue until the resident is satisfied; and if the work is validated by our Maintenance Supervisor and/or Facility Manager as properly completed, we engage Military Housing Office representatives to resolve with the resident.

If the work order involves a life/health/safety issue, the repair/remediation work performed is inspected by one of our Quality Control Specialists to ensure that it meets all required standards. Our Quality Control Specialists also conduct spot checks on all other completed work orders to further ensure the work was performed properly.

When a work order is closed in our system, the resident receives an automated, third-party survey (administered by SatisFacts Research, LLC) that includes a series of questions related to the quality of the work performed, level of customer service and overall resident satisfaction with the experience. Ratings in these areas are provided on a scale of 1 to 5, with 5 being highly satisfied. All survey results are reported real-time to both local and regional Balfour Beatty Communities management and the Military Housing Office. If a resident rates our service below 3.5 (average), our management team contacts the resident to better understand the concern and address any outstanding issues.

Open work orders remain open until the work is properly completed, regardless of whether the family is still in the home or has PCS’d to a new base. In the event there are open work orders after a resident has vacated the home, the work will be completed during the “Change of Occupancy” process that occurs prior to a new resident moving in to the home. When the work is completed, the work order is closed in our system with a note documenting the reason there is no resident sign-off.

Prior to a new resident signing a lease, he/she accompanies a BBC team member to the home and jointly perform a move-in inspection. BBC goes through a comprehensive checklist and review of the home with the new resident to ensure the home is in good condition and ready for occupancy. After a new resident moves in, he/she receives an automated third-party satisfaction survey and the same follow-up process described above for work order surveys is followed here. On many of our sites, as an additional quality control measure, the Military Housing Office now also performs a home inspection prior to a new resident move-in and provides their sign-off that all outstanding work has been completed and the home is ready for move-in.

Most of BBC’s projects have defined response and completion timeframes associated with work order requests; and these timeframes are typically based on classification of the work order as emergency, urgent or routine. For example, a routine work order may require completion time of four (4) days, whereas an emergency work order may require completion within 24 hours (barring extenuating circumstances outside of the property manager’s control). The majority of our work orders are successfully completed during the first visit. The average duration to complete more extensive work orders varies widely. In some instances, we cannot complete a work order because the resident has requested that the work be performed at a later date, the resident is not home and has not given us permission to enter when not present, or where the resident has given permission to enter but an unsecured pet. In other instances, work orders may require our team to order new equipment or parts that take time to special order or receive or require our team to engage and schedule a licensed, third-party contractors with a specific area of expertise. We consistently follow-up with residents to keep them informed throughout the process and clearly document the circumstances in our work order system. We also provide a mobile device app to residents that allows them to track work orders.

Mr. BROWN. How do you determine when work performed is “complete” and do the service members have the ability to concur with that disposition?

What metrics do you use as a basis for satisfaction rating?

How do you disposition a work order when a family is PCS’d to a new base? Is that work order logged as complete?

How do you measure satisfaction for a work order that is still open when a family is PCS’d to a new base?

What’s the average duration for a work order that isn’t accomplished in the first 24 hours?



Mr. BLISS. Once a work order is complete, Lincoln Military Housing will offer the resident the opportunity to sign-off on the completed work. If the resident is not available to sign, the work order is closed, though an immediate e-mail is sent to notify the resident that the work was completed and request their feedback via a survey (SatisFacts). The notice of work-order completion encourages the resident to contact Lincoln Military Housing if they are not satisfied with the work completed. The survey format has twelve questions to assess the level of satisfaction. Work orders opened by residents are generally completed within one business day. Even if the work order remains open after a resident's Permanent Change of Station move (PCS), Lincoln Military Housing will continue to keep the work order open until the work is complete. When a family moves out, they receive a satisfaction survey about their residency and the move-out process, though it is not related to any specific work order. Lincoln Military Housing has a multi-faceted work-order request system. Specifically, Lincoln Military Housing's work-order request system allows tenants to submit work orders by phone via a dedicated "Lincoln At Your Service" hotline, on the internet via the Lincoln Resident Portal, or via a smart device through the Lincoln Military Housing Resident App. As a result, the majority of work orders are completed within the first 24 hours. For those that take longer, which may be for a specialized part, or a specific vendor or trade that may be needed, the average time to completion is 13 days.

