

Statement by Al Aycock
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Before the
House Armed Services Committee
Subcommittees on Readiness and Military Personnel Joint Hearing:
“Privatized Military Family Housing: Update on Implementation of Housing Reforms”
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Chairwoman Speier, Chairman Garamendi, Ranking Member Banks, Ranking Member Lamborn and Subcommittees Members, it is my privilege to provide testimony about the Implementation of Housing Reforms for Privatized Military Family Housing.

Intro

Thank you for the opportunity to appear before you today. My name is Al Aycock and I am a military partnership executive with Corvias, as well as a retired Major General, having served more than 37 years on active duty with the U.S. Army. I am directly and personally familiar with the Military Housing Privatization Initiative (MHPI), as my family and I have lived on-post in housing managed by the Army, and in multiple homes managed by three different MHPI private partners. Twelve of my last 13 years of service focused on leading and operating Army Installations from the Garrison level to the Pentagon.

I joined Corvias in May 2019 because I am strongly compelled to ensure that the highest standards and customer service are provided to our servicemembers and families. I can attest that Corvias and Corvias Property Management share this commitment, as we serve more than 84,000 residents across 13 installations.

Significant, meaningful and lasting improvements have been made since some of the challenges were brought to light more than two years ago. While there is always opportunity for continued improvement, today I'd like to talk with you about progress that has been made, the positive

results, and ways in which we, in partnership with the Services, continue to support our servicemembers and families.

Corvias and the Military Housing Privatization Initiative

The MHPI Program was enacted by Congress in 1996 to address a maintenance backlog of more than \$20 billion for homes on more than 150 military installations. The MHPI Program established true partnerships between the Services and its private sector partners.

During the first 15 years of military housing partnerships, the initial investment and development period resulted in very visible, significant improvements: modern new homes, demolition of outdated old homes, renovations to upgrade and update existing homes, and increased resources and multiple interfaces ensuring that stakeholders were satisfied. In this early stage, partners had more access and input to development plans. Corvias has renovated more than 17,000 homes, constructed more than 9,500 new homes, and provided community amenities and services that had not previously been available to servicemembers and their families in on base housing.

As the MHPI projects neared the end of their initial development period, existing challenges started to have a negative impact: two prolonged wars, reductions in force leading to lower on-base occupancy rates, and stressed Defense budgets have presented challenges to the economics of the program.

Budget constraints reduced servicemembers' Basic Allowance for Housing (rental payments), the primary revenue source for the MHPI Program. As a result, the Military Services and the private partners worked together to adjust the provisions of the housing program within the newly limited finances to ensure out-year development and capital improvements, while concurrently delivering current services.

These adjustments were focused on preserving reserves to allow for continued replacement of aging homes and resulted in a shift from the original intent and vision of enhanced community services being offered to residents, and limited renovation and modernization of older homes.

Corvias has been actively engaged working together with our military partners to solve problems and create flexible solutions by innovating the existing revenue structure to provide much-needed capital improvements to thousands of aging military homes. Our energy, utilities, water and asset management experience has enabled us to impart cost-savings measures into our existing communities, freeing money that can now be used for delivering high-quality resident services today and starting renovations and new construction sooner than expected.

Tenant Bill of Rights

From a macro standpoint, the Fiscal Year 2020 National Defense Authorization Act included several provisions related to the reform of the Military Housing Privatization Initiative that we fully support.

The foundation of these reforms is the Tenant Bill of Rights, which describes 18 standards that all military housing residents should be provided. These rights complement our core values and we are committed and we have been working aggressively and successfully to implement them.

When the Department of Defense announced the status of implementation of the Tenant Bill of Rights on December 10, 2020, there were four outstanding provisions, which were new and, in some instances, required coordination between the DoD and the private partners for consistency. From Day 1, Corvias has been in support of and led the way in working with DoD to implement these rights across the industry. We've made significant progress.

The Seven-Year Maintenance History provision allows prospective renters to see the service work order history for the home in order to inform their decision about accepting the home they have been offered. Early-on, Corvias successfully ran a pilot program and now we are pleased to offer a seven-year maintenance history for homes across all our military partnerships. Since launching this feature, we've provided this report to all prospective residents prior to move-in as well as to current residents upon request, consistent with DoD policy.

The Universal Lease provision calls for common lease language, so that as servicemembers rent for the first time and in the future, there would be easy-to-understand, consistent language that outlines the parameters of the lease. As with all the provisions in the Tenant Bill of Rights, we fully support this effort. The Universal Lease requires coordination among all partners, both on the private and services sides. Corvias has agreed to a final national template, which was issued by the DoD in mid-February, and we have engaged local counsel in each of the states where we operate to draft local addendums to ensure that the lease complies with state law. This addendum is required under the template that DoD issued last month.

In the meantime, to provide residents with comfort and additional information, our resident specialists and leasing agents are available as resources to answer any questions.

In our work with resident advocacy groups and with residents themselves, we understand the importance of Rent Withholding and Dispute Resolution provisions included in the Universal Lease and Tenant Bill of Rights. We agree. There must be multiple ways, outside of interacting with us, that residents can be heard and supported. We support both the Dispute Resolution provision and the ability to withhold rent while a dispute is pending. A process for both has been developed and we have agreed to participate as soon as the Services have adopted final implementing policies, procedures and related forms. In the interim, if residents have concerns, they can raise them with our community managers, the community operations director, or with the military housing office and/or the garrison commander. They can also seek support from DOD legal assistance attorneys and resident advocates, who we work with regularly to support our residents.

Housing Infrastructure Improvements

Corvias continues to upgrade and replace aging housing and infrastructure, with over \$525 million invested over the last two years. In the face of the COVID-19 pandemic and increasing resident communication regarding the desire for improvements in the homes – particularly for families with family members with special needs – we are rescoping our development program to target resources where they are needed most, revising construction plans, and ensuring that we are combining water

and energy efficiency upgrades with practical day-to-day design changes that better fit families who are spending more time in their homes. The increased energy efficiency is projected to save over \$300 million over the 30-year term and will remain within the housing partnership, making funds available faster for long-term improvements.

Corvias is also increasing our focus on portfolio resiliency, revamping our insurance programs to respond to climate-related risks, while pushing forward with efforts to develop renewable power solutions that will help ensure that our military bases can continue to operate during disruptions to energy supplies.

Attention to Families

Our paramount focus remains providing our servicemembers and their families with safe and desirable homes. Our employees take this mission very seriously and personally, and we work every day to achieve resident satisfaction.

We measure our work in several ways, and residents have multiple ways to provide feedback during and after services, including regular third-party surveys. In addition, our work order response times and backlogs are measured against performance metrics that directly impact the fees we earn.

Last month, Corvias Property Management received a national, third-party award from SatisFacts for excellence in resident service efforts, measured directly by resident input and reflecting outstanding performance for quality of maintenance work, courtesy and professionalism of maintenance staff and ease of submitting a maintenance request.

We have been listening to residents and working extremely hard to make improvements. These results show that our efforts are paying off and that the overwhelming majority of our servicemembers and their families are happy with our performance. I am confident that we will continue to improve, because our employees know their work matters and we are committed to our residents.

Together with our military partners, we are providing multiple ways for residents to request service, provide feedback or seek help. Our Corvias community center staff, community managers, operations directors and corporate office, together with the military housing offices, provide multiple points of contact. We also have made ourselves available to and work in conjunction with military housing advocacy groups, to benefit from their findings and perspectives.

Exceptional Family Member Program

An important part of our work is making sure that we support and are considerate of the Exceptional Family Member Program (EFMP), the Defense Department-wide program to support military family members with special needs. As a partner with the Army and Air Force in managing military housing, Corvias coordinates with installation EFMP support offices for housing availability. In addition, Corvias has non-discrimination policies in place designed to enhance our properties to meet the needs of our disabled residents. If a resident requires a reasonable accommodation, we are committed to providing such accommodations.

In addition to our focus on the homes we operate, Corvias is working closely with our military partners to help ensure that the Basic Allowance for Housing (BAH) is properly calculated and to increase BAH stability to consistently support military families, including those with exceptional needs.

Lasting Improvements

Some of the improvements we initially made two years ago continue to benefit our residents. Our call centers are run locally. Our Resident Portal and mobile work order app allow multiple ways to submit and track service requests, and to provide feedback. While residents consistently prefer to use this portal, they are always welcome to also call us by phone.

Our continued internal reviews yield valuable process and quality improvements. Our environmental, health and safety policies meet industry standards, and all resident-facing Corvias team members have

undergone training so that we are well prepared to communicate with and serve residents. Importantly, this training includes a company-wide, zero tolerance approach to retaliation and discrimination.

Key Performance Indicators

As an operations and maintenance services provider, our management and response to service requests is a key indicator of how we are doing. We approach this work with integrity and we learn from our key performance indicators, which include response time and backlog statistics.

As of the end of February, our average open work order rate is 11% across all our installations, a positive data point that means in very general terms, we're able to quickly address and resolve 9 out of 10 service requests, including those that are highest priority. Overwhelmingly, these open work order rates reflect routine work orders, things like a broken screen or a filter replacement – important to resolve in a timely fashion, but not posing a hazard to the resident. Day after day, week after week, month after month, these issues are addressed in a professional manner and to our residents' satisfaction.

For emergencies and in context of the extreme weather of late, our community teams have demonstrated our agility and ability to quickly initiate recovery efforts. At Fort Polk, we were challenged in quick succession by Hurricane Laura, Hurricane Delta, and the extreme cold of last month. In each case, the structure of our MHPI partnership enabled us to respond quickly, helping residents prepare before the storm and for us to respond even as the storms were underway. Our facilities and operations directors maintained a constant presence, along with our team members who spent the night on post during both hurricanes to ensure that our residents had a safe and warm place to ride out the storm.

In the case of Hurricane Laura, we worked with our Army partner to get approval to use approximately \$5 million from our partnership's reinvestment account to fund initial hurricane recovery efforts. The Army supported the release of those funds within just a few days, which was critical because we were fielding teams to respond to more than 1,700 emergency maintenance requests, including roofs leaking,

homes flooding, siding blowing off and trees falling on homes. We mobilized a “We Care” temporary command center, complete with emergency technicians and resident specialists. More than 2,600 homes sustained roof damage and within 10 days of the storm, all homes that required temporary tarping were completed. Interior repairs were significant, and to date we have completed approximately 97% of the more than 700 interior repairs. The MHPI Program has enabled this ability to undertake recovery efforts as fast as possible, while maintaining quality.

Resiliency and Sustainability

We at Corvias take our role in supporting resiliency and sustainability very seriously. That’s why in 2015 we rolled out a portfolio-wide approach to renewable energy, including but not limited to solar infrastructure and geothermal improvements. We generate more than 30 megawatts at four installations annually, using both rooftop and ground mount, and we are currently developing capacity for up to 70 megawatts more. At Fort Riley, our solar program involves more than 1,600 military homes and is the largest solar project in the state of Kansas. Of the four installations that have active solar programs, we are exceeding established goals, with an average of 43% of home energy consumption being supplied by solar energy, a domestic, clean and renewable source.

Conclusion

We at Corvias believe in our partnerships with the Military Services. We are committed to each and every resident, and we continue on a daily basis to look for ways to improve. It is our pleasure and honor to serve our military servicemembers and families, and we thank you for this opportunity to provide testimony about the Implementation of housing reforms for Privatized Military Family Housing.