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**Statement of
The Honorable Brendan Owens
Assistant Secretary of Defense
(Energy, Installations & Environment)**

**Before the House Committee on Armed Services
Subcommittee on Readiness**

State of DoD Housing and Aging Infrastructure

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INTRODUCTION

Chairman Waltz, Ranking Member Garamendi, and distinguished members of the Subcommittee: Thank you for the opportunity to discuss the current state of the Department's infrastructure, particularly government-owned and government-controlled housing, and the investments we are making to improve these critical mission enablers. Our installations are the foundations of our national security posture, and I look forward to working with this committee in the coming months to continue aligning our policies and resources to support the National Defense Strategy and the safety, productivity, and quality of life of our personnel.

INVESTMENT PRIORITIES

To meet the objectives of the National Defense Strategy, the Department of Defense must recruit and retain a strong, healthy, and resilient military force. More than two million military and civilian personnel live, work, train, raise their children, and spend time with their families on our 538 installations, supported by extensive built and natural infrastructure. This includes more than 850,000 rotational and permanent Unaccompanied Housing (UH) bed spaces; approximately 241,000 Family Housing (FH) units for Service members and their families; more than 280,000 buildings and permanent structures, comprised of workspaces, schools, commissaries, hospitals, and other facilities; and 30 million acres of land, including parks, protected areas, waterways, and other natural features that contribute to local economies and communities.

These spaces are central to our Service members' military experience, affecting their physical and mental health, ability to carry out their missions, and the overall recruitment and retention of the force. Therefore, it is both a national security imperative and our moral obligation to ensure that they are effective, positive places for current and prospective Service members, their families, and the civilian workforce. As such, the Department is working to ensure that these spaces are *healthy*—providing spaces that are safe and comfortable, have exceptional indoor and outdoor environment quality, and offer proximity to open space that contributes to overall well-being; *functional*—enabling the way people want to live and work by offering intuitive, efficient, and user-friendly design and modern amenities and technologies; and *resilient*—delivering continuous service and resilience against climate change, environmental hazards, and other risks that have the potential to disrupt or displace.

Over the past five years, the Department has invested an average of \$14.6 billion a year to build new facilities, \$15.3 billion a year to maintain and repair built infrastructure, and \$2 billion a year on environment restoration and conservation efforts. Despite this investment, the Department recognizes that a significant gap persists between installation conditions today and the quality standards that are expected, deserved, and best support Warfighter readiness. The estimated deferred maintenance backlog, which is based on addressing infrastructure condition deficiencies relative to their original specifications, stands at \$134 billion and continues to accrue faster than our pace of investment.

Moreover, this backlog does not account for upgrades needed to accommodate current standards and Service member needs, or ready our infrastructure to be resilient to changing climate and

environmental conditions. Over 79% of our installations were established before 1970 and nearly 33% of built assets are more than 50 years old. These assets reflect the needs and policies of the time they were constructed, requiring not just regular upkeep, but potentially significant upgrades or outright replacements to meet evolving requirements and preferences. Additionally, the number of incidents where hurricanes, flooding and wildfire have left billion-plus dollar recovery actions in their wake is increasing at an unsustainable rate (e.g., \$1 billion at Offutt Air Force Base, \$3 billion at Marine Corps Base Camp Lejeune, and \$5 billion at Tyndall Air Force Base).

It is clear that we cannot continue down this path. Continued infrastructure challenges or failures will negatively impact the quality of life of Service members, their families, and the civilian/contractor workforce. This will, in turn, exacerbate the recruiting, retention, and readiness challenges the Department has been experiencing.

Given the magnitude of the infrastructure funding deficit and the profound effect that poor living and working conditions can have on readiness, retention, and morale, it is imperative that we not only invest more but also invest better to achieve our goal of delivering healthy, functional, and resilient spaces. Improving the Department's vast infrastructure footprint will be a significant undertaking and require us to transform how we invest in our installations, with a focus on making them true power projection platforms. Therefore, we are working with the Military Departments to develop a three-pronged approach to our infrastructure investments:

1. *Adopt human-centered requirements* that will help us create environments that do not just meet utilitarian needs and compliance standards, but promote purpose, productivity, and camaraderie. This includes developing design and maintenance requirements that emphasize people and their needs, preferences, and experiences to create spaces that support and protect them and investing in technologies to empower users with information and feedback mechanisms about their environment and to allow installation managers to deliver high-quality assets and monitor their performance.
2. *Optimize our footprint* to ensure that the scale and scope of our infrastructure footprint is aligned with the needs of our people by consolidating underutilized or underperforming assets and ensuring that new facilities are built to last and adaptable and resilient to evolving demands and conditions. We are also seeking targeted opportunities to upgrade and modernize our existing asset portfolio to increase longevity and reduce operating costs.
3. *Transform how we manage our portfolio* by adopting a sustainment management strategy that improves performance and places our portfolio on a more sustainable financial path. This will be enabled by deeper partnerships with private industry, local and state governments, and academic and community organizations to leverage their capabilities in infrastructure financing, design, construction, and management; updated internal construction and maintenance processes to enhance infrastructure quality; and improved oversight and accountability mechanisms that support consistent delivery of human-centered assets.

Underpinning these three efforts are key strategic enablers: clear and measurable outcomes to track our progress; training and skill-building of our infrastructure management workforce to

better deliver on these commitments; and continuous engagement with Service personnel and family members to ensure we are capturing and meeting their expectations. Together, these efforts will drive changes across the defense infrastructure enterprise and ensure that it is managed as a strategic asset to promote the well-being of our Total Force.

IMPROVING INFRASTRUCTURE MANAGEMENT

Facilities Sustainment

The Department has traditionally managed the budgeting for sustainment of assets at the portfolio level with a sustainment model that uses basic data from a component's real property inventory and commercial cost models. This model generates aggregate sustainment requirements that treat facilities similarly for investment purposes regardless of age, condition, or maintenance history. To provide more confidence, transparency, and standardization in the development of facilities sustainment, restoration, and modernization (FSRM) budgets, we have been working with the DoD Components to modernize and consolidate existing tools into a single Sustainment Management System (SMS) tool to capture characteristics that can be used to inform investments into all assets, including buildings, roads, bridges, utility systems, and other on-base infrastructure.

The original SMS was rolled out several years ago as standalone software operated independently by each Military Department, leading to inconsistent and fragmented facility condition data. DoD has continued to mature the tool to track more closely the 13 major systems in a building and will roll out a cloud-based SMS this year for DoD Components to manage the condition of the major system in the Department's buildings. However, knowing the condition of an asset and the systems that comprise that asset is just one aspect of proactive infrastructure management. Improving facility condition data and operationalizing other existing investment data sources, enables resource optimization from the Department-level down to the installation with the ability to assess risk-based investment options using future years defense program (FYDP) funding profiles, mission dependency data, and a variety of DoD Component derived assumptions to array strategic investment options that will inform investment decisions. To that end, the Department requested \$2M in FY24 to initiate development of a facility investment optimization model that will optimize the allocation of facility repair funding to maximize the condition of our facilities. The tool will assist Components in being able to run various sensitivity analysis to best identify how to invest limited O&M funding. We appreciate your support for this request in the FY24 National Defense Authorization Act (NDAA) and look forward to the corresponding appropriations.

This initiative is guiding our transition into an asset management approach for budgeting and managing the Department's inventory more holistically and provide DoD with better information to target investments to address current and backlog maintenance requirements. It will also provide much-needed data in the building component systems and their maintenance and recapitalization schedules to properly conduct sustainment, which will reduce energy demand. The additional data will also allow the Department to better plan electrification of existing projects, consistent with our energy resilience goals.

The Department shares the Committee's interest and concern in the condition of the Department's facilities that support basic research such as laboratories. This high-quality research infrastructure is a critical factor in addressing the pacing threat with our adversaries. Although, the Under Secretary for Research and Engineering is the advocate for research facilities and laboratories and those projects are resourced by the Military Departments, the work that OASD(EI&E) is doing to mature and adapt the SMS through the development of an optimization model will support much needed transparency on the condition of these critical facilities and allow decision makers within the Military Departments to optimally allocate funding to these critical facilities.

Demolition

A key aspect of optimizing our footprint and improving the quality of life for our workforce is through demolition. The Department appreciates the committee's inclusion of additional tools and resources in the FY24 NDAA, including the pilot program in Sec. 2835 to help accelerate the replacement of unaccompanied housing facilities in poor condition using O&M funding, that support our efforts to eliminate our lowest quality facilities. While the DoD Components have done much to reduce the easy to find footprint, we are looking at different means to get at demolition through consolidation of underutilized or underperforming assets and zero in on targeted opportunities to upgrade and modernize the Department's existing asset portfolio to increase longevity and reduce operating costs. The goal is a rightsized, higher quality portfolio that is highly utilized for longer periods of time, thus reducing the total lifecycle cost of infrastructure delivery. Elimination of our worst facilities and a rightsized portfolio will ensure that we can manage our infrastructure to deliver healthy, safe, functional, and resilient facilities that support our critical missions and provide the quality of life our people deserve.

HOUSING

While all of the Department's infrastructure affects our Service members' military experience, none is more impactful than their housing. It is both a crucial quality of life issue and a critical mission-enabling asset. However, we recognize that the DoD has, in too many instances, failed to live up to our role in making sure the housing we provide honors the commitment of Soldiers, Sailors, Marines, Airmen, and Guardians that live on our installations and enables them to bring the best versions of themselves to their critical missions. As the Department's Chief Housing Officer, I am committed to ensuring that all DoD housing for our members—whether it is government-owned, government-controlled, or privatized—meets appropriate life, health, and safety requirements and provides a positive living experience for military personnel and their families.

The Military Departments have privatized 99 percent (approximately 202,000 units) of their FH inventory, as well as 4,700 UH apartment units (8,500 bedrooms), on their installations in the U.S. The Department still owns or controls, operates, and maintains approximately 39,000 FH units, most of which are on enduring bases in overseas locations. In addition, the Department's

housing inventory includes approximately 850,000 government-owned or -controlled (GovO/C) UH bed spaces worldwide.

Historically, DoD's GovO/C requirements have not competed well for military construction and operations and maintenance funding, leading to significant maintenance backlogs and outdated and deteriorating housing facilities. The Department has begun placing greater priority on funding for its GovO/C housing in recent years, but these investments are challenged by the sheer size of the existing inventory and the historical effects of deferred maintenance, insufficient recapitalization funding, and lack of oversight. As such, we must place a greater emphasis on bringing the quality of the Department's GovO/C housing to what it needs to be for our Service members and their families have a positive living experience.

In September 2023, the Government Accountability Office (GAO) released a report titled *Military Barracks: Poor Living Conditions Undermine Quality of Life and Readiness*, documenting poor living conditions in the Department's government-owned and government-controlled unaccompanied housing (i.e., barracks and dormitories). The findings in this report provided even greater clarity to the issues facing our UH portfolio and confirmed that conditions have affected Service member quality of life, recruitment, and retention, as well as military readiness. The report's recommendations have also helped us further refine our ongoing response actions. The Department concurred or partially concurred on all 31 recommendations in the report, and we anticipate implementing 28 of the 31 recommendations in Calendar Year 2024.

IMPROVING DEPARTMENT OF DEFENSE HOUSING

Going forward, we acknowledge that DoD's current GovO/C housing investment levels are insufficient to stop ongoing facility and quality of life degradation. To overcome these challenges and to improve the quality of DoD's GovO/C housing, we must accelerate our investments and ensure they are appropriately prioritized so they have the greatest impact on the livability of DoD housing.

To that end, the Department has initiated a Tiger Team to address on-going and urgent improvements in living spaces for Service members, initially prioritizing UH and FH for junior enlisted Service members. Accelerated investments and improvements in GovO/C housing is necessary, including renovation and construction to meet demand. The Tiger Team will address the FY24 NDAA provisions along with the issues highlighted by the GAO's September 2023 report on Military Barracks. Specific objectives include making immediate, ongoing, and urgent UH improvements; determining new configuration and habitability standards; improving the accessibility, availability, and reliability of UH metrics to drive investment decisions; developing standardized preventative maintenance plans and schedules; and identifying opportunities to improve indoor environmental quality and address facility-related energy resilience objectives in coordination with other DoD organizations.

We are also modernizing how we approach designing UH. The Military Departments have four pilot projects in FY24 and FY25 to recalibrate UH design to optimize energy use and incorporate sustainable building materials to enhance indoor environmental quality, passive design features

to improve resilience and reduce maintenance requirements, and modern facility related control systems to allow for data-driven management and sustainment of these critical facilities. Lessons learned from these pilots, combined with the results of the Tiger Team, will help inform our efforts to ensure future UH projects are resilient and optimized to support our Service members.

We recognize that implementation will require significant and sustained investment, improved oversight and use of management tools, and enhanced housing standards to improve the current posture across all unaccompanied housing. Similar to the Department's reform actions to improve the conditions and oversight of MHPI housing, the Department must commit to long-term, organizational investment of resources, and ensure accountability at all levels, from Senior leaders and headquarters staffs to installation commanders and staffs.

I am absolutely committed to ensuring that the Department remains focused and coordinated on this issue. I meet with my Military Department counterparts bi-weekly to monitor UH conditions and improvements and evaluate investment and progress. In addition, my office is working with the Military Departments to finalize new UH metrics to help the Department measure current conditions and progress improving UH livability.

At an installation level, we are improving the day-to-day management of UH. The Department appreciates the FY24 NDAA's directive around professional UH oversight that requires UH managers to be civilian employees or dedicated military personnel. This reform will enable managers to focus solely on their responsibilities of assessing and inspecting UH conditions, managing work orders for repairs, communicating with residents regarding repairs, and ensuring that installation maintenance officials conduct needed emergency and preventive maintenance.

Finally, we are prioritizing investment in DoD's government-owned and government-leased unaccompanied and family housing to support mission requirements, address health and safety concerns, and make quality of life enhancements that improve the well-being and readiness of our junior personnel.

Going forward, the Department will continue these prioritization efforts and ensure greater accountability for housing conditions at all levels within DoD and the privatized housing companies. I commit to you to keep the lines of communication open and flowing between Congress, my organization, and the Military Departments regarding the collective efforts to improve all of DoD housing.

CONCLUSION

The Department honors the sacrifice that military members and their families make to serve our Nation. The care of our people is the Department's number one priority. Achieving these goals will require not just a realignment of priorities and resources, but a wholesale cultural shift toward elevating people as our most important asset, and the physical and mental well-being of our people as our most critical capability in any warfighting domain. We appreciate Congress' support for our efforts to improve the quality of life of our Service members, families, and the civilian workforce, and look forward to working with you to fund and prioritize these efforts.