

GAO Highlights

Highlights of [GAO-23-105983](#), a report to the Committee on Armed Services, House of Representatives

Why GAO Did This Study

Since 1996, the Army has had the authority to enter into long-term public-private partnerships (typically 50 years) with private housing companies to own, construct, renovate, and maintain family housing at Army garrisons. Over 86,000 homes—99 percent of the Army's family housing inventory in the United States—are privatized.

In March 2021, the Army and Lendlease agreed to a development plan to improve housing for residents and expedite capital improvements at six installations. House Report 117-118, accompanying a bill for the National Defense Authorization Act for Fiscal Year 2022, includes a provision for GAO to review this plan. This report (1) describes the status of the plan, and evaluates the extent to which the Army (2) established mechanisms to oversee implementation of the plan, and (3) developed a process for assessing long-term sustainment of the privatized housing at the six installations.

GAO reviewed Army guidance and analyzed Army and Lendlease construction reports and Army long-term sustainment analyses. GAO also observed construction at three installations that collectively account for 80 percent of the plan's budget, and interviewed Lendlease representatives and Army housing officials from all six installations.

What GAO Recommends

GAO is making two recommendations that the Army and Lendlease improve inspection oversight and enforce updated financial projection requirements. The Department of Defense generally concurred with these recommendations.

View [GAO-23-105983](#). For more information, contact Elizabeth Field at (202) 512-2775 or FieldE1@gao.gov.

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MILITARY HOUSING

Army Should Improve Inspection Oversight and Long-Term Capital Investment Projections

What GAO Found

Under its March 2021 agreement with the Army, the private housing company Lendlease is expected to renovate more than 12,000 existing homes, build over 1,200 new homes, and demolish over 1,000 homes at six Army installations by 2027. As of December 2022, most infrastructure improvements, roof replacements, and renovations were in progress. However, of the five installations that have begun implementing the agreed-to development plan, three have encountered some construction delays due in part to new home design changes and possible changes to an Army unit's location, which could alter the need for new housing.



Example of a new home constructed under the Army-Lendlease development plan.

Source: GAO. | [GAO-23-105983](#)

Lendlease is required to report monthly on all development plan work to local Army housing offices, among other stakeholders. To meet this requirement, Lendlease provides three types of reports to the Army to track and monitor the development plan: construction reports, inspection reports, and financial reports. However, we found that these reports lack sufficient inspection detail, as required by the development plan. For example, none of these reports include the status of certain construction activity inspections, such as spot checks performed on minor and medium renovations and roof replacements. Until the Army and Lendlease develop a reporting process to facilitate Army housing office inspection oversight of all inspections, these housing offices risk not having the information needed to monitor construction.

The Army conducts an annual sustainability analysis to evaluate financial risk and overall financial health of all Army housing projects, including the six managed by Lendlease. However, GAO found that the sustainability analysis relies on outdated financial projections for capital investment. Specifically, the Army was not enforcing a requirement for projects to include financial projections with development plans submitted for review and approval. Without enforcing this requirement, the Army may not have an accurate picture of project-specific development capability and financial health.