

United States Senate
WASHINGTON, DC 20510

January 25, 2022

The Honorable Lloyd J. Austin III
Secretary of Defense
Department of Defense
1000 Defense Pentagon
Washington, D.C. 20310

Dear Secretary Austin,

We write regarding current Department of Defense (DoD) oversight of private housing contractors in the wake of the recent Department of Justice (DoJ) settlement with Balfour Beatty Communities LLC.

On December 22, 2021, the Department of Justice announced that the housing contractor Balfour Beatty Communities LLC (BBC) pleaded guilty to major fraud against the U.S. government and agreed to pay \$65 million in fines and restitution.¹ Following national publicity of pervasive concerns with privatized on-post military housing in 2018, the Department of Defense took steps to hold housing contractors to account for their failures to maintain adequate housing conditions for military families and to communicate with servicemembers and their families their rights.² Congress also endeavored to improve military housing with the “Ensuring Safe Housing for our Military Act” as part of the Fiscal Year 2020 Defense Authorization Act. Despite these efforts, concerns persist, and bases and families continue to file lawsuits against the companies, including BBC, for many issues, including for repair delays, toxic mold, pests, unsealed windows and doors, and gas leaks.³ We cannot expect our nation’s military families to suffer these conditions.

In the DoJ release concerning the BBC plea and settlement, Deputy Attorney General Lisa O. Monaco said, “Instead of promptly repairing housing for U.S. servicemembers as required, BBC lied about the repairs to pocket millions of dollars in performance bonuses. This pervasive fraud was a consequence of BBC’s broken corporate culture, which valued profit over the welfare of servicemembers.”⁴ According to the release, for over six years, BBC employees falsified information to allow BBC to claim incentive fees for performance objectives primarily related to

1 David Roza, “Military housing company to pay \$65 million fine after years of ‘pervasive fraud,’” *Task & Purpose*, December 23, 2021, <https://taskandpurpose.com/news/balfour-beatty-military-private-housing/>.

2 M.B. Pell and Deborah Nelson, “U.S. Air Force’s new housing dogged by construction flaws, imperiling tenants,” *Reuters*, December 21, 2018, <https://www.reuters.com/investigates/special-report/usa-military-construction/>.

3 Haley Britzky, “A day after moving into military housing, a family found a roach on their child’s feeding tube. Then it got worse,” *Task & Purpose*, June 11, 2021, <https://taskandpurpose.com/news/balfour-beatty-lawsuit-housing/>.

4 “Justice Department Announces Global Resolution of Criminal and Civil Investigations with Privatized Military Housing Contractor for Defrauding U.S. Military,” Department of Justice, December 22, 2021, <https://www.justice.gov/opa/pr/justice-department-announces-global-resolution-criminal-and-civil-investigations-privatized>.

housing upkeep and resident satisfaction that had, in fact, not been met. These actions resulted in maintenance delays and an inability of the military services to accurately conduct oversight of the company and correct performance.

Given that BBC continues to manage housing communities at 55 installations across the nation and has several decades left on their long-term contracts, we ask the following questions about how this settlement will affect the management of these properties and how DoD plans to ensure quality housing for military families moving forward.

- How will the December 2021 Department of Justice settlement with BBC affect the company's current contracts with the Department of Defense?
- According to the Department of Justice release, the settlement with BBC includes three years of probation and engagement with an independent compliance monitor. What does this mean for BBC's current contracts at 55 installations?
- What mechanisms are in place to ensure similar fraudulent behavior will not happen again?
- Does the Department of Defense plan to renegotiate or alter any of the existing terms of long-term contracts with private housing contractors to provide for more immediate and comprehensive oversight?
- How does the Department of Defense plan to instill trust in military families that BBC and others will meet their housing needs?
- What actions will the Department take to ensure BBC and other privatized housing companies are providing a sufficient quantity of quality housing for military families at bases where there is a serious need for additional housing? Has the Department considered increasing competition by allowing multiple companies to operate on bases, or by other means, to improve the availability and quality of housing for military families?

Thank you for your urgent attention to this critical issue. Our nation's servicemembers and military families deserve to live in quality housing and trust that the U.S. government and private contractors will be responsive, respectful, and committed to meeting their needs.

Sincerely,



Raphael G. Warnock
United States Senator



Mark R. Warner
United States Senator



Tammy Duckworth
United States Senator



John Hickenlooper
United States Senator




Kyrsten Sinema
United States Senator



Michael F. Bennet
United States Senator



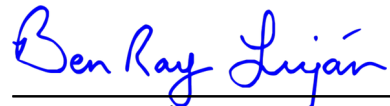
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Jon Ossoff
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Bernard Sanders
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Sherrod Brown
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