

**MISTREATMENT OF MILITARY FAMILIES IN  
PRIVATIZED HOUSING**

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**HEARING**

BEFORE THE

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS  
OF THE

COMMITTEE ON  
HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE

ONE HUNDRED SEVENTEENTH CONGRESS

SECOND SESSION

APRIL 26, 2022

Available via the World Wide Web: <http://www.govinfo.gov>

Printed for the use of the  
Committee on Homeland Security and Governmental Affairs



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# MISTREATMENT OF MILITARY FAMILIES IN PRIVATIZED HOUSING

TUESDAY, APRIL 26, 2022

U.S. SENATE,  
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,  
OF THE COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 10:02 a.m., in room 342, Dirksen Senate Office Building, Hon. Jon Ossoff, Chairman of the Subcommittee, presiding.

Present: Senators Ossoff, Carper, Hassan, Padilla, Johnson, Lankford, and Scott.

## OPENING STATEMENT OF SENATOR OSSOFF<sup>1</sup>

Senator OSSOFF. The Permanent Subcommittee on Investigations will come to order.

Thank you all for your attendance. Thanks to the public for tuning in to these proceedings.

Ranking Member Johnson, thank you for all of your work as our staffs and we have collaborated on this investigation focused on the mistreatment of military families in privatized housing on U.S. Military installations.

In the mid-1990s, when the Department of Defense (DOD) commenced the privatization of military housing, it was envisioned that this initiative would lead to better outcomes for military families, safer, more reliable living conditions, healthy homes, and affordable housing available to families living on and around U.S. Military installations. For years, however, this program has been plagued by problems.

When I visited Fort Gordon in the first few months of my term in the Senate, I asked the command if I could sit down with families on post to hear about their experiences living in privatized housing managed by Balfour Beatty Communities (BBC) at Fort Gordon, and the stories that I heard shocked me. I heard stories about maintenance requests that were ignored, maintenance requests that were never followed up on, and not just routine maintenance but maintenance that impacted the health and safety of our servicemembers and their families living in their homes. Those families at Fort Gordon, they asked me to take action.

Using my authority as the Chair of the Permanent Subcommittee on Investigations (PSI) and working closely in a bipartisan way

<sup>1</sup>The prepared statement of Senator Ossoff appears in the Appendix on page 51.

with my colleague, Ranking Member Johnson, who in his past capacity chairing the Homeland Security and Governmental Affairs Committee (HSGAC) has led substantive oversight investigations of related matters, we embarked upon an 8-month, intensive investigation looking into these allegations of mistreatment of military families at U.S. installations.

We focused on Fort Gordon in Georgia and Sheppard Air Force Base (AFB) in Texas, and the results of this investigation are alarming and disturbing, reveal injustice imposed on servicemembers and their families, reveal grave risks to the health and safety of servicemembers and their families, reveal neglect by Balfour Beatty, which is responsible for housing tens of thousands of military families, and reveal not just neglect—and, in my view, misconduct and abuse—but neglect, misconduct, and abuse that persisted even after Balfour Beatty pled guilty to a scheme to defraud the United States between 2013 and 2019.

Today, we are going to hear from servicemembers who have joined us to share their personal families' stories of living in Balfour Beatty housing. We will hear from advocates, military spouses, who will share what they have learned from their personal experiences advocating for the families who live on post and live on installations across the United States. We will ask tough questions of senior executives at Balfour Beatty and demand answers and accountability.

Again, I want to emphasize this has been a bipartisan effort from start to finish. Ranking Member Johnson has been a great partner in this effort. I thank my staff and his staff for their tireless work, reviewing tens of thousands of pages of records and interviewing dozens of witnesses.

I thank our witnesses for joining us today, in particular, the servicemembers who I will introduce after our opening statements, who have come to share their stories, who have displayed the bravery, courage, and dedication that we know and expect from those who serve in the Armed Forces, and who are doing a great public service by joining us today and sharing their stories.

With that, I will yield to Ranking Member Johnson.

#### **OPENING STATEMENT OF SENATOR JOHNSON**

Senator JOHNSON. Thank you, Mr. Chairman. I also want to thank the members of the military for their service and our witnesses for their testimony today.

I really appreciated the cooperation you and I had, our staffs as well. It is true; it is bipartisan. I always like using the term “non-partisan,” and I think what allows for that kind of nonpartisan cooperation is when you focus on things we all agree on.

I will keep my opening statement short. I will enter my written statement, ask that it be entered in the record.<sup>1</sup>

Let me just read one paragraph from it because this is, I think, the goal we all share.

Servicemembers represent the finest among us. I do not think there is any dispute. We agree on that.

<sup>1</sup>The prepared statement of Senator Johnson appears in the Appendix on page 53.



They and their families make many sacrifices in service to this great nation. When stationed in U.S. Military installations, these men and women should expect to live in conditions that will not damage the health and safety of themselves and their family.

I think that states it pretty simply, and that is why we were able to, I think, do a really good job digging into this, going through all those documents. Again, I appreciate all the work on the staff.

I think in the end—and I am looking forward to hearing the testimony and asking questions—the question that kept going through my mind throughout this investigation, going through our report, is the statement, “Fool me once, shame on you. Fool me twice, shame on me.” You have a settlement, \$65 million penalties and fines, and then 2 years later it seems like it is pretty much going on as it was prior to the fine being imposed.

I am wondering, what is the military doing about this? How can we get this under control? This seems to be a problem that has plagued military housing. The military does not want to deal with housing, so they contract it out, and then you do not set up the controls so the contractors do the type of job that we all expect.

I appreciate the cooperation and look forward to the hearing.

Senator OSSOFF. Thank you, Ranking Member Johnson. We will now call our first panel of witnesses for this morning’s hearing. I will introduce the witnesses, and then you will stand to be sworn in.

Captain Samuel Choe is with the U.S. Army and lived in Balfour housing at the Fort Gordon Army Base in Georgia, where he was assigned to the 202nd Military Intelligence Battalion from August 2019 until last month, when he was posted to South Korea with the 1st Signal Brigade. Captain Choe and his wife have three children, and he comes from a family that has been devoted to national service. His father served in the 82nd Airborne Division, his uncle is a Special Forces and Ranger qualified battalion deputy commander, and his aunt is a Navy nurse practitioner.

Thank you, Captain Choe, to you and your family for this extraordinary service.

I would note Captain Choe is testifying today in his personal capacity and is not testifying in any official capacity nor is he representing the views of the U.S. Army or any military service.

Technical Sergeant Jack Fe Torres is with the 366th Training Squadron of the U.S. Air Force (USAF) and has lived on base at the Sheppard Air Force Base in Texas in Balfour-provided housing since August 2020 with his wife and 3 children. He deployed three times in support of Operation Enduring Freedom and has been with the U.S. Air Force since 2009.

Like Captain Choe, Sergeant Torres is also testifying today in his personal capacity and is not testifying in any official capacity nor is he representing the views of the U.S. Air Force or any military service.

Ms. Rachel Christian is founder and Chief Legislative Officer of Armed Forces Housing Advocates (AFHA), a national organization representing military families that was founded in 2019.

Thank you, Ms. Christian.

Ms. Jana Wanner is a military spouse who has lived in on-base housing at Fort Gordon in Georgia and at Fort Meade in Maryland

and has become an advocate for other families struggling with housing issues on U.S. Military installations, particularly at Fort Gordon in Georgia.

On behalf of the Subcommittee and the Senate, we deeply appreciate your presence today and look forward to your testimony.

I would ask you now to stand and raise your right hands to be sworn in and remind you that this testimony will be under oath. Do you swear the testimony you will give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Captain CHOE. I do.

Sergeant TORRES. I do.

Ms. CHRISTIAN. I do.

Ms. WANNER. I do.

Senator OSSOFF. Thank you. Please be seated. Let the record reflect that the witnesses answered in the affirmative.

We will be using a timing system today. All of your written testimony will be printed in the record in its entirety. We ask that you limit your oral testimony to 5 minutes.

Captain Choe, we will begin with you. You are now welcome to deliver your opening statement.

**TESTIMONY OF CAPTAIN SAMUEL CHOE,<sup>1</sup> UNITED STATES ARMY, FORMER RESIDENT IN BALFOUR BEATTY HOUSING, FORT GORDON ARMY BASE**

Captain CHOE. Good morning, Chairman Ossoff, Ranking Member Johnson, and Members of the Subcommittee. It is my professional and personal honor to participate in this proceeding regarding the deficiencies in privatized housing provided to servicemembers and our families at Fort Gordon, Georgia, as well as other communities throughout the United States Army, and this housing community is provided by Balfour Beatty Communities. Also, the personal experience that my family and I have had while residing on Balfour Beatty will be the crux of my testimony for today.

A brief history about myself. I am a prior enlisted soldier. I used to be an intelligence analyst prior to my commissioning as an officer. I currently have 12 years of service. Before my military service, I worked as a banker for JPMorgan and for Wells Fargo as well.

As Senator Ossoff mentioned, I have a family, my wife and three children. My son, Nathaniel, he is 14 years old. I call him my pride. I have my daughter, Cherylin, who is the subject of today's testimony. She is my heart. Then I also have my son, Luka. He is 11 months old, and I call him my joy. Through my family and my service, I find my life to be rather full and fulfilling.

But the crux of my testimony today is due to the fact of my daughter, Cherylin, in particular, the mistreatment and the negligence that she was subject to while we resided at 149A Cypress Circle at Fort Gordon, Georgia, circa August 2019 up until February 2021.

Prior to that, my family and I had never resided on any military installation. I had resided on a military installation through my fa-

<sup>1</sup>The prepared statement of Captain Choe appears in the Appendix on page 54.

ther and my mother before my military service, but I do not recall ever seeing the type of conditions that we lived under while we were at Fort Gordon.

My wife and I have found that my daughter's experience is life-altering and that it will haunt her as well as us for the rest of our lives. She is diagnosed with a condition called severe atopic dermatitis to the point where it is potentially fatal. Unfortunately, the base of her condition was founded upon what she was exposed to while we resided on post at Fort Gordon in a home which is managed by Balfour Beatty.

My daughter, prior to her condition, was a very exuberant and bright and vibrant young lady, very social, very amicable, willing to talk to anyone, stranger, family member, friend, whoever it may be. Now, due to her condition, she is reticent in engaging with anyone outside of her immediate circle. The literal scars of her experience haunt her and plague her to this day.

My wife and I have found that this is something that unfortunately will resonate with us for the rest of our lives, and all we seek is to provide the most factual, personal testimony that we can here today. I am very proud that I can state here, before the Subcommittee and to everyone present that I represent my daughter and my family because I am the only person that can suffer for her. I am the only person that can truly show the world the narrative of what we experienced while we resided at Fort Gordon through the home that was managed by Balfour Beatty.

It is my desire to ensure that everyone on the Subcommittee is fully aware of the circumstances, to include a timeline, to include key individuals, to include the locations, to include folks who are employed by Balfour Beatty as well as certain members of the garrison at Fort Gordon as well. There is negligence across the board here, and it is my desire to bring that to light as conclusively as possible so that way an executive decision can be made that will positively impact families going forward. Unfortunately, my daughter will still have her condition endure.

Thank you for your time, Senator.

Senator OSSOFF. Thank you, Captain Choe, for your testimony. Technical Sergeant Torres, we will now hear from you.

**TESTIMONY OF TECHNICAL SERGEANT JACK FE TORRES,<sup>1</sup>  
UNITED STATES AIR FORCE, CURRENT RESIDENT IN BAL-  
FOUR BEATTY HOUSING, SHEPPARD AIR FORCE BASE**

Sergeant TORRES. Chairman Ossoff, Ranking Member Johnson, and Members of the Subcommittee, my name is Technical Sergeant Jack Fe Torres, and I thank you for the opportunity to testify today.

I have served in the Air Force for 13 years, and we moved into our home in August 2020 at Sheppard Air Force Base, Texas. After moving in, my wife and children started experiencing a wide variety of medical symptoms after realizing we felt better outside of our home and realized that mold was likely a threat.

The first major work order we reported was on March 4, 2021, for our water heater. During the repair, a Balfour Beatty techni-

<sup>1</sup>The prepared statement of Sergeant Torres appears in the Appendix on page 65

cian forgot to isolate the water and gas valves. This caused the entire house to smell of gas, and water began rushing out into our mechanical room and hallway. I vacuumed as much water from the carpets as I could and put a personal fan in the area. Afterwards, the maintenance supervisor assured us that it was not possible for mold to grow in the area and not to worry.

This was the first time we believed that our work order history did not reflect the true state of repairs within our home. For example, the technician noted that he had placed a fan and picked it up when actually I had placed a personal fan.

Issues with the work orders have continued while living in the home. Work orders would be opened and closed before completion, frequently. Or, worse, a work order will be attempted to be repaired, and when we report the issue is unresolved a new ticket will be opened. The maintenance database then looks as if two different issues arose when in reality a superficial fix occurred and a new work order was created.

On May 27th, we discovered waterlogged trim and placed a work order. Our issues were not resolved, and we then reported it to the Government Housing Office and resident advocate. When our issues were still not resolved, we contacted the Armed Forces Housing Advocates, and with their involvement we located more moisture and mold issues in and under our mechanical room. I then reported our issues to my command and local congressional representative.

On June 11th, we e-mailed Balfour Beatty to request a professional mold test. Balfour Beatty did not promptly acknowledge the extent of mold or arrange for a professional mold test. At that point, we were frustrated with the delays and took it upon ourselves to send tape-lift tests to a lab where it was confirmed that mold was present.

Balfour Beatty dismissed our concerns. At one point, we were told that a large spot of mold in our mechanical room wall was just a burn mark.

Eventually, on June 24th, a licensed mold assessor, EcoSystems Environmental, inspected our home. It was not until this day that an environmental work order was put in the system, 4 weeks after we originally reported our concerns. Their report, dated July 2nd, cited visible growth throughout the home; elevated moisture levels were found in more than 175 square feet of our walls, including the bathroom and kitchen. They recommended that all impacted walls be repaired.

Balfour Beatty then hired another environmental company, Exponent, to review this report, and on July 9th, they issued a new report that did not require all repairs of the first report to be made and simply stated that some issues could wait for a change of occupancy.

On August 4th, we were displaced for the first time. We hoped our problems would be resolved, but after moving back in 4 weeks later we found many issues unrepaired. There was even visible mold underneath the mechanical room and in the kitchen. Work was completed with Band-Aid fixes or ignored altogether.

We immediately reported the remaining issues via the residential portal, and the work orders were marked "web entered." It was

later changed to the category “carpentry.” New caulk was placed, cabinets were sanded, and the issues in the mechanical room were ignored. The work orders were closed as “completed,” never indicating that mold was still present.

Shortly after moving back in, my family and I began to experience the same medical problems we had previously. On January 10, 2022, we discovered mold growing on our wall in our kitchen. A Balfour Beatty technician indicated to me that there may be a slab leak in our foundation, but Balfour Beatty has never provided us a complete scope of work.

We were displaced again, this time for 12 weeks. These displacements caused my family great amounts of stress, as you can imagine, having a two-, five-, and 8-year-old without their comforts of home. I was also passed over for a supervisory role due to my family’s housing situation. I believe if the general upkeep of my home had been taken seriously by Balfour Beatty, as was indicated in the first environmental report, our displacements could have been prevented.

While hesitant to tell my family’s story of how Balfour Beatty has treated us, I remain hopeful that Congress will seriously address what military families around the country continue to experience. Our military families should not be forced to live in fear of their own homes.

Thank you and a special thank you to the Armed Forces Housing Advocates.

Senator OSSOFF. Thank you, Sergeant Torres.

Ms. Christian, your opening remarks, please.

**TESTIMONY OF RACHEL CHRISTIAN,<sup>1</sup> FOUNDER AND CHIEF LEGISLATIVE OFFICER, ARMED FORCES HOUSING ADVOCATES**

Ms. CHRISTIAN. Chairman Ossoff, Ranking Member Johnson, and Members of the Subcommittee, thank you for the opportunity to testify before you today and for allowing the Armed Forces Housing Advocates to share the stories of thousands of military families that have impacted by the systemic failures of the Military Housing Privatization Initiative (MHPI).

My name is Rachel Christian, and I am one of the founders of the Armed Forces Housing Advocates. AFHA is a nonprofit organization that was formed out of necessity to provide direct advocacy services to military families living in privatized housing across the Nation. Since May 2021, we have assisted over 1,500 families residing in military housing. Personally, I have been advocating for families since 2018. AFHA takes a grassroots approach to advocacy. This gives us a unique view of the current process and procedures in military housing across the United States.

In the past year, I have seen environmental hazards such as mold, lead, asbestos, and raw sewage being improperly handled by untrained staff and work orders being closed prior to completion by Balfour Beatty employees. I have witnessed servicemembers in tears due to the fear of losing their careers after Balfour Beatty attempted to use their commands to silence them from speaking fur-

<sup>1</sup>The prepared statement of Ms. Christian appears in the Appendix on page 70.

ther about unsafe conditions in their homes. I have seen denied maintenance requests and closures of work orders simply due to Balfour Beatty not wanting to foot the cost of completing necessary maintenance and repairs.

At Whiteman Air Force Base, a large tree limb fell on a car, which just moments prior held an infant inside. The request to remove the dying tree from the yard was denied by Balfour Beatty in the months prior to the incident.

The most morally egregious behavior I have seen while assisting military families residing in Balfour Beatty homes is the way in which individuals with disabilities are treated and their civil rights consistently violated. Disabled military families are being faced with excessive red tape when requesting reasonable accommodations and modifications to their homes. The excessive requests for documentation and personal information, as well as the length of time it takes to get a request approved, violates the law.

It is inexcusable that a military spouse should need to be bathed by her husband because Balfour Beatty refuses to provide proper accommodations for her disability in her bathroom. Her husband, as the servicemember, should not be in constant fear of leaving for training or deployment because he is unsure his wife will be safe in their home.

The safety inside of a Balfour Beatty home is questionable at best. I have seen sick and injured military families that have been dismissed repeatedly when bringing forth their concerns that their homes have made them sick.

A child at Fort Bliss tested high for lead in their blood. After certified testing was completed, it showed higher than allowable levels of lead-based paint dust in the home. Yet still, Balfour Beatty denied that the lead-based paint in the home was responsible and refused to abate or encapsulate the lead-based paint. That home is still available for unsuspecting families to move into today.

These medical conditions are not only harming our military families but are also costing military treatment facilities and Tricare millions of dollars in medical care, which could be avoided if the homes were properly maintained.

The issues I have cited are only a small portion of the problems, and they are not unique to one installation or location. They are mirrored from one to the other.

Balfour Beatty often claims that the problems we see are regional, with a few bad actors, but we strongly disagree with this notion. When corporate leadership is directing the actions of local employees, the issues are inherently systemic.

A little over 3 years ago, I sat in this very building, listening to the Senate Armed Services Committee discuss the deplorable conditions in military housing, including those run by Balfour Beatty. How many more cases of negligence, fraud, and civil rights violations must we present in this building before Balfour Beatty is properly held accountable and banned from receiving further government contracts as well as removed from their current partnership with the Department of Defense?

Balfour Beatty has already admitted to defrauding the government, but it is not just the government that has suffered in this case. It is the servicemembers, and it is their families. They are the

ones being forgotten, pushed aside, and made sick by a company that continues to choose profits over people. When our servicemembers are exploited by the very companies that promise to protect them, our troops are not operationally ready.

No servicemember should have to choose between a costly reasonable accommodation for their family member or purchasing groceries. No servicemember should be losing sleep on deployment, worried that their family is sick or injured in their home. No servicemember or their family should be homeless while serving this great country. It is time that our servicemembers and their families are all treated with the dignity and respect they deserve.

The military community lost their faith in Balfour Beatty due to their continued disregard for the health and safety of the families residing in their homes. We believe that ending the partnership with Balfour Beatty is the only way to ensure the readiness of our servicemembers and the safety of their families.

Thank you.

Senator OSSOFF. Thank you, Ms. Christian.

Ms. Wanner, we will now hear your opening statement, please.

#### **TESTIMONY OF JANA WANNER,<sup>1</sup> MILITARY SPOUSE**

Ms. WANNER. Chairman Ossoff, Ranking Member Johnson, Members of the Subcommittee, thank you for the invitation to participate in today's hearing.

My name is Jana Wanner. I have been a proud Army spouse for the past 12 years. My husband is a Sergeant First Class, and he has been in the Army for 15 years. We have two children, one with special needs who is enrolled in the Department's Exceptional Family Member Program.

Like most military families, our family has moved often. We are currently at our fifth duty station but at Fort Gordon for a second time. During our first tour at Fort Gordon, in 2013, we arrived from Germany and did not have enough time to look for off-post housing. After waiting in a hotel for over 2 weeks, we were offered a home that had an active leak from the refrigerator, cigarette butts scattered on the stairs, as well as dirt and roaches on the kitchen floor. When questioned about the condition of the home, the Balfour staff member stated that roaches are normal in Georgia and that the contractors must have accidentally left their used cigarette butts behind.

Over the next few months, we had frequent work orders to include leaks, mold issues, an air conditioner that did not work properly, and at one point it was declared a fire hazard. After 5 months of living in these conditions, we moved to a home outside of the installation.

I began my advocacy 4 years ago while stationed in Maryland. After our own experiences as a family with the lack of appropriate accommodations for a special needs child and mold issues in our home, I decided to speak about the conditions military families are living in.

After returning to Fort Gordon for the second time, in 2019, I started hearing from military families living on the installation

<sup>1</sup>The prepared statement of Ms. Wanner appears in the Appendix on page 100.

with various housing concerns. Myself, Mrs. Webster, and Mrs. Dykes created a private Facebook group that is specifically for Fort Gordon families with housing issues. On average each month, we help dozens of families with the ongoing problems of Balfour's mismanagement of the homes on the installation. Lack of prompt response to repairs, such as leaks, mold, as well as lack of transparency about the waitlist for on-post housing, sewage leaks, pest issues, these are just a few of the things that we frequently hear about from families.

Work orders for maintenance requests go unaddressed or ignored for months at a time in some cases. More specifically, one resident has had work orders open since December 2021, requesting repairs to their master bedroom ceiling with water damage. The ceiling appears to be caving in from the damage, but maintenance has not addressed their concerns since putting the work orders in.

Several other residents have reported similar experiences with leaks causing water damage, with limited communication from maintenance about repairs and work orders that have been left open with no timeline given for the repairs.

When residents have requested a move-in checklist to document preexisting damages, housing staff has stated that there is no official form to document those damages. Residents are then told to send an e-mail to the housing office with photos and descriptions of the damages and they will be kept on their file. However, after several residents have reached out to confirm their e-mails were on file to prepare for a move-out inspection, they were told that their documentation was never received.

Americans with Disabilities Act (ADA) accommodations requests or other reasonable accommodation requests have also been ignored or denied. There are currently no standard proof requirements for accommodation needs. Balfour is inconsistent with the information that they request to prove the need for reasonable accommodations. Some families have made reasonable request for accommodations and were promised one-level homes only to arrive to find out what they were offered was not a one-level home. Other families have requested ADA homes due to the medical need only to be placed on a several months' long waitlist due to Balfour not leaving the homes available for need-based families.

The fear of retaliation by Balfour and a lack of clarity on how to report are common reasons that have prevented families from reporting their issues. Residents have frequently discussed what is sometimes described as verbally abusive staff that deters them from speaking up any further.

For families that have never lived in military housing before, the process to dispute is even more confusing and unclear. The Tenant Bill of Rights and the dispute process were well intentioned, but more oversight is still needed, such as more thorough inspections that are not just based on cosmetic appearance of the homes but also ensuring that families with special needs do not have extra layers of red tape to have access to ADA homes or reasonable accommodations.

Military families make sacrifices every day. A safe home should not be one of them.



Thank you, Senators, for the opportunity to testify and for addressing the health and safety of military families.

Senator OSSOFF. Thank you, Ms. Wanner, for your opening remarks.

I will now recognize myself to begin the questions for our first panel.

Captain Choe and Sergeant Torres, I want to thank you again in particular for joining us and for your service to the country.

Captain Choe, you recently deployed with your family to Camp Humphreys in South Korea, and you flew 7,000 miles on a 17-hour flight to testify here today. Can you take a moment and explain to the Subcommittee why you felt it was so important to be here and if you would not mind making sure your microphone is close enough to capture your remarks? Thank you, Captain Choe.

Captain CHOE. Thank you, Chairman. It is quite simple. My daughter. No one else can speak up for my daughter. No matter how many times I spoke up for my daughter while we resided on post at Fort Gordon, especially notifying Balfour Beatty throughout dozens of interactions, whether it was via work orders or whether it was in person, whether it was submitting concerns via telephone with their primary point of contact through their facilities manager there, it was all for naught.

The reason why I am here before everyone is because my daughter is still under the same health conditions that she initially contracted due to the home itself and we were informed this is a potential lifelong condition and this is also a potentially fatal condition if she is exposed to the right circumstances of black mold and mildew, which proliferated the home that we resided in while we were at Fort Gordon during our time there.

The timeline that we resided there was from August 2019 up until February 2021. My daughter, her skin, once youthful and supple, is now reptilian in nature to where there were numerous times she would wake up in the night, hands covered in blood from her scratching while sleeping, and her bedsheets were also covered in her own blood. How do you explain to an 8-year old child why she should endure something like that?

If it was something that my wife and I could control, by all means, we would take responsibility and do the very best that we could as her parents to ensure that she is not under those same conditions going forward. But, the conditions that we resided in is due to outside factors beyond our control, primarily championed by Balfour Beatty, who provides direct oversight to the homes at Fort Gordon and across numerous military installations throughout the DOD.

It is very important that I am here today, regardless of however much time it takes me to fly from one part of the world to another, so that way I can provide the accurate truth of what we endured.

My daughter's condition is to the extent where she has received a very powerful and potent injection called DUPIXENT, which retails for between three and five thousand dollars per injection. Starting from July 2021 up until February of this year, she received injections twice a month. I broached concern that if my military service were to be concluded prior to a retirement, then what would happen to my daughter? That means we would be poten-

tially paying over \$70 to \$100,000 dollars in out-of-pocket expenses for an injection that she should receive due to the circumstances that she was exposed to outside of her control and our control at Balfour Beatty or at Fort Gordon through Balfour Beatty.

Chairman, I do not know how to convey to you anymore strongly how much that this has impacted her. Her sense of self, her sense of worth, of who she is has forever been changed. Again, I mentioned that she was a very vibrant and social young lady and now she is withdrawn, reticent. She has sought counseling services through her school. She has sought military counseling services as well, to include the chaplain at my previous organization prior to my departure from Fort Gordon. It goes without saying that this is something that is always on her mind.

There is times where normally most parents would ask their child, how was your day today? What happened at school? What did you learn? What was your homework? Do you have anything to give to us where we can sign to give back to your teachers?

My first question is: How is your skin today? How do you feel today? Are you itchy? Are you bleeding? Show me your rashes.

She resembles a burn victim at her worst, and her worst ebbs and flows because her condition will subside and then flare up periodically, every month or 2 months, despite any injection that we provide, despite any ointment, topical treatment that we provide her, prescribed or over-the-counter.

Senator OSSOFF. Captain Choe, had your daughter ever had rashes like that, the symptoms of the severe dermatitis that she has developed, prior to moving into your Balfour home at Fort Gordon?

Captain CHOE. She exhibited her rashes only after residing on post at Fort Gordon.

Senator OSSOFF. With your permission, I am going to ask that slide 32<sup>1</sup> be depicted to the Subcommittee, which shows some of these symptoms.

You can take that down now.

I want to ask you, Captain Choe, you went to see an allergy specialist on post a number of times in the early months of these symptoms developing in your daughter. What were you advised by medical professionals?

Captain CHOE. The medical professional at the time, who treated her throughout pretty much the majority of her condition, he informed my wife and I that at first he tried to determine if certain factors were in play, if she was exposed to the only two other allergens that she has, which is a mild allergy to cats and dogs. We responded quite promptly, no, because we do not own any pets, our neighbors do not own any pets, and my daughter does not interact with any pets due to that.

It was shortly afterwards where after conducting a series of skin tests and blood tests that he determined that she has the allergy, or the condition, for atopic dermatitis but to such an extent where it is severe and, we were informed alarmingly, that it was potentially fatal.

<sup>1</sup>Picture of Captain Choe's daughter rashes appear in the Appendix on page 196.

Senator OSSOFF. Captain Choe, you then raised this issue with Balfour. They came in February 2020. I understand they told you that they did not find mold in the home. Was that the end of your family's concern with mold, or did you continue to raise the concern about mold in your home with Balfour in the months that followed?

Captain CHOE. I fervently brought my concerns to Balfour Beatty in one form or another, be it communication telephone or in-person or through e-mail correspondence, from the very beginning up unto my departure from that home in February 2021.

Senator OSSOFF. Let me ask you, during this period in the middle of 2020, when you were reporting to Balfour the urgency of your requests that mold you were observing in your home be remediated, were you doing that mostly in person or by the phone?

Captain CHOE. My apologies, Chairman. Can you ask the question one more time?

Senator OSSOFF. Were you making those reports and requests to Balfour principally in person and by the phone?

Captain CHOE. We primarily provided our work orders via the portal that was provided to residents at Fort Gordon. Once we were notified by my daughter's physician of her condition, we submitted a work order for mold. A test was conducted. We were told at the time it was inconclusive, that it was negative. But we continued to press the point, and we were told to contact the manager of the Balfour Beatty organization there at Fort Gordon directly. I was actually handed her business card and that going forward I needed to communicate with her directly or with her staff, to which I attempted to numerous times.

Senator OSSOFF. Let me make sure I understand, Captain Choe. Were you specifically instructed by Balfour personnel that you should, moving forward, raise these concerns directly, verbally or by phone, rather than via the online portal?

Captain CHOE. That is correct.

Senator OSSOFF. Balfour personnel told you to cease using the online portal and instead to place those requests for help directly in person or by phone?

Captain CHOE. Yes, that is correct. Not just a supervisor, it was the manager of the Balfour Beatty Communities at Fort Gordon herself.

Senator OSSOFF. Thank you. We are going to dig more into your story and Sergeant Torres's story in a moment. I am going to yield in a moment to the Ranking Member. Before I do, I just want to ask you to turn, Captain Choe, to Exhibit 2.

This is an e-mail that you sent to Ms. Paula Cook at Balfour.

Captain CHOE. Yes.

Senator OSSOFF. Months and months later, after, as I understand it, your requests for assistance with mold in your home had been ignored for months. You had been instructed by Balfour personnel, rather than using the online portal, to place those requests verbally or by phone.

You, at the advice of your doctor, had then sought to break your lease. Balfour had sought to prevent you from breaking your lease. You had to engage your chain of command.

Captain CHOE. Yes, that is correct.

Senator OSSOFF. Eventually, after engaging your chain of command—and again, this is while living for months in a home where there was mold and your daughter’s health was severely impacted—you finally were able to get out of that home.

Captain CHOE. Yes, that is correct.

Senator OSSOFF. We are going to get into how Balfour nevertheless then pursued you for collection, but I want to ask you to read the final few sentences on the second page of this e-mail, beginning with “I am just a soldier.” Do you see that, Captain Choe, in the middle of the final paragraph of this e-mail?

Captain Choe. I am a soldier, husband, and father attempting to reconcile why this had to take place. My family and I were not aware that we were at the mercy of executive decisions made at Balfour Beatty that were detrimental to my daughter’s health. You, Ms. Cook, along with your representatives, could have accomplished much more yet, thus far, have chosen not to.

Senator OSSOFF. Thank you, Captain Choe.

Sergeant Torres, we will engage with you in the second round of questioning.

At this time, I yield to Ranking Member Johnson.

Senator JOHNSON. Thank you, Mr. Chairman.

I think one of my first questions has been answered. Is your daughter improving at all? It does not sound like she is at all.

Captain CHOE. No, Senator, she is not.

Senator JOHNSON. I want to explore something because I think a number of you mentioned retaliation. That would be retaliation by your command, right?

Captain CHOE. [Nods head affirmatively.]

Senator JOHNSON. I want to understand the finger pointing, the shifting responsibility, in terms of what has transpired here.

Captain Choe, your daughter was treated by military doctors?

Captain CHOE. She was treated initially on post by military doctors, and then she was referred off post as well, and she oftentimes went back and forth between the two.

Senator JOHNSON. Did the military doctors assign a cause to her skin condition? Did they say this is typical of a rash brought about by mold?

Captain CHOE. Only at the initial period. After her two initial appointments, the epidemiologist made the determination that it has to be something that is triggering her condition specifically and if she is only going to school and home that it has to be something either at the home or the school itself.

Senator JOHNSON. Did the doctor or anybody in the medical clinic try to follow up to see what the conditions were in the home that might have been giving rise to her skin condition?

Captain CHOE. Yes, he certainly did. He definitely followed up with me. We corresponded via phone communication, as well as e-mail, dozens of times to try and pinpoint the cause of her condition, which he surmised at the beginning, but he did not want to influence me indirectly or directly that it was the home itself.

Senator JOHNSON. Did he then advocate for you to the base commander?

Captain CHOE. No, he did not. I had to go through outside channels to have the garrison command eventually become involved.

Senator JOHNSON. What was the response from the garrison command?

Captain CHOE. Quite frankly, I was told by the garrison commander and the garrison sergeant major that they thought that this was not founded and that my daughter's condition was not predicated upon being exposed to mold at the home itself, which I was quite upset about.

Senator JOHNSON. They just dismissed any connection between housing and your daughter's condition.

Captain CHOE. This was after several months of waiting for the garrison command team to make an executive decision to fund our move off post or at least give us the opportunity to break our lease at that time. That is correct.

Senator JOHNSON. Then your only channel of addressing this was then to go to Balfour? You were pretty well left on your own to deal with your situation? You got no help from your base commander or your garrison commander or anybody in the military chain of command?

Captain CHOE. The base commander himself, I do not believe, was aware of my family.

Senator JOHNSON. OK.

Captain CHOE. It would be the garrison command. But I used concurrent lines of effort to try and mitigate this between the physicians and him providing memorandums to state that my daughter's condition is what it is, as well as my chain of command, as well as the garrison command. I found that the garrison command failed me.

I found that the physician was only tied because he could only do so much. He is not a person of influence. He can only provide facts and his findings to whoever reviews that information.

I had to use my direct chain of command, which they, in turn, actually determined that this was warranted, and they influenced the change that was necessary for us to ultimately break our lease and leave the home itself.

Senator JOHNSON. In the end, you did get help from your chain of command in terms of at least getting out of that housing.

Captain CHOE. After much effort, yes.

Senator JOHNSON. Did somebody else move into that house after you then?

Captain CHOE. Immediately after.

Senator JOHNSON. Sergeant Torres, I think you are kind of understanding my line of questioning here. Can you kind of relay your experience in terms of, I will call it, a runaround? What type of runaround did you experience?

You mentioned retaliation. Can you be more specific in terms of kind of what happened as you tried to get your issues addressed? I see from your testimony your family experienced a wide range of symptoms.

Sergeant TORRES. Yes. I informed Balfour Beatty about all of our issues. When we were trying to get it all addressed and we were not getting anywhere we contacted the Government Housing Office. Even with contacting them and the resident advocate on the base, as we were still not getting the help that we needed, eventually, we—

Senator JOHNSON. Just back up. Describe the Government Housing.

Sergeant TORRES. We notified them, the Government Housing Office.

Senator JOHNSON. Now is that in the military chain of command?

Sergeant TORRES. Yes, sir.

Senator JOHNSON. OK.

Sergeant TORRES. In the military chain of command.

Senator JOHNSON. Did they report up to?

Sergeant TORRES. They report up to the base and wing commander. If there are any issues, we reach out to the Government Housing Office, and they advocate or help us out. They will contact the housing Balfour Beatty, in terms of, there are issues in the homes and, can we get these issues addressed.

Even with contacting them, we had to constantly e-mail them. We had to request them to show up to the inspections because if we did not they were not going to show up. We were trying to prove we do have issues in our home. Can you please show up?

Then we were getting nowhere. We had to actually resort to requesting for an advocate at an army base, an hour away to get any help. Sara Klein had done more help for our family at a completely different base, on an Army post, than the advocate in the Government Housing Office on my base. It even came to the point where when we were being dislocated my commander notified me that I was being dislocated. He was trying to get information because he was not in on any of the information. The Government Housing Office was supposed to be telling the wing commander and the base commander about our issues and he did not know about our issues.

Senator JOHNSON. Is it fair to say that the Government Housing Office advocate did not do much advocating for you?

Sergeant TORRES. No, they did not do any.

Senator JOHNSON. They pretty well just blew off your concerns.

Sergeant TORRES. Correct.

Senator JOHNSON. Ms. Christian, you obviously have dealt with, you said, 1,500 individuals like Captain Choe and Sergeant Torres. Can you summarize what you are seeing, or do you have some particular examples? Is this very typical that there is a big runaround, there is a bunch of finger pointing, and nothing ever gets done?

Ms. CHRISTIAN. Absolutely. You will see this everywhere that you go when you are trying to get assistance, to get any even minor request, completed in your home. These are cases of systemic issues in their home. But even something as simple as, I need the toilet recaulked because it is going to start leaking. You are not going to be able to get somebody to come out to your home to fix that in a timely manner. If you do try and seek assistance from the Government Housing Office, they will tell you flat out that they have no power to force Balfour or any of the other housing companies to act in your home and that their scope is limited.

Then when they go up to the installation level, to go see a Judge Advocate General (JAG) or go see an advocate on the legal side, a lot of our families are being told, maybe you should get a lawyer from the base legal offices, which is not something that we need military families concerned about trying to understand or a process

that they should have to go through to get simple fixes in their homes.

Senator JOHNSON. I am over time. I think the phrase you just used, the agencies or within the chain of command that should have the power are telling members of the military they have no power.

Ms. CHRISTIAN. Correct.

Senator JOHNSON. I think that is kind of a key part right there. Is that true, and if they do not have the power, why not? Why hasn't the military empowered them to make this right?

Thank you, Mr. Chairman.

Senator OSSOFF. Thank you, Ranking Member Johnson.

Senator Carper, you are recognized for 7 minutes.

#### **OPENING STATEMENT OF SENATOR CARPER**

Senator CARPER. Thanks so much. I had an opportunity to personally welcome and greet our witnesses a few minutes ago. We also have a number of hearing committees and subcommittees. We are doing other hearings, so I am going to be in and out of here today, but thank you and welcome.

A little bit of background: Retired Navy captain and Vietnam veteran, last Vietnam veteran serving in the U.S. Senate. I have been privileged to live in military housing in places around the world in the past and to represent Dover Air Force Base as a Congressman for 10 years, as a Senator for 21 years, and as a Governor for 8 years. I love that base. In fact, our community loves the Dover Air Force Base.

There is something called the Abilene Trophy. I do not know if anyone has ever heard of the Abilene Trophy before, but it is an award that is made to a community on an Air Force base every year around the country, where the community has gone the extra mile to make sure that the men and women of the Air Force in that community are welcome, beloved, and we take really good care of them. I do not think there is any community in America that has won the Abilene Trophy more than Dover. This is something that is part of our Deoxyribonucleic acid (DNA).

I might also add I do not know that any airlift base, Air Force airlift base around the world, has won the Commander in Chief Award more than the Dover Air Force Base. Not only do we have this huge air craft, C-5s and C-17s, but we also have the place where—I think most people know of Dover in this country as the place where the remains of our fallen heroes are returned to this country from abroad and are reunited with their families. We care a lot about the folks who live there.

I remember a time when I was earlier in my time in public service, when we had base housing that families could stay in and others in the Air Force, and it was OK but not great and the same situation around the country. A lot of base housing, government housing, some of it was pretty good; some of it was not very good.

I think it was during maybe the Reagan Administration. I might be wrong on the timing there, but one of our administrations decided that we ought to try something different—I like to say, find out what works, do more of that—and see if we could provide better housing for our families. The idea came up with sort of a public-

private partnership where the private sector would build and run largely the base housing in partnership with the local commands. A good idea.

In a lot of bases, it has worked just fine; in some bases, including Dover, not so well. We started hearing, 3 or 4 years ago from families on our base that some of the problems with mold and leakage and that kind of thing were of concern and the families wanted something to be done about it. The company that had the contract for housing in the Dover Air Force Base was not responsive to those concerns, and we worked very closely with the commanding officer of the base, the wing commander, and others on the base, to make sure that our families received the kind of treatment they deserve.

We also pursued this with the committee of jurisdiction, that is, the Armed Services Committee. About 2 years ago, the Armed Services Committee passed legislation at my urging and the urgings of a lot of folks who have bases around the country to better ensure that this model of providing base housing for families, that it was improved.

The preamble of the Constitution, which was adopted, believe it or not, five miles from the Dover Air Force Base, first adopted and ratified five miles from the Air Force base, starts off with these words: "We, the people of the United States, in order to provide a more perfect union." A more perfect union. The idea is everything we do we can do better.

The expectation of those who have supported a change in law embodied in the National Defense Authorization Act (NDAA), was that we got to do this better.

I think, Mr. Chairman, and to our Ranking Member, this hearing is a good opportunity to begin some oversight on the work, I think good work, that was done in a bipartisan way 2 years ago.

With that as a preface, I want to jump to a question or two if I can and for each of the witnesses, please. I will start with the Captain. Captain, in your view were the reforms adopted by Congress through the Defense Authorization Act 2 years ago, were they satisfactory? Have they made the kind of difference we hoped for, for military families?

Captain CHOE. No.

Senator CARPER. Tell us more. I like to be precise and succinct, but tell us more.

Captain CHOE. For my family, if we have black mold in our bathroom behind the walls, on the ceiling, on the shower curtains, in the children's bedroom, and we have used every avenue of communication to state that this is a concern that is ongoing, and if Balfour Beatty is acutely aware that my daughter has a serious health condition predicated from this, but yet no response, and in certain times we were told that we were lying about this, conclusively, no.

Senator CARPER. No. I want to get your rank right. Just go ahead and tell me.

Sergeant TORRES. Technical Sergeant.

Senator CARPER. Yes, tech?

Sergeant TORRES. Technical Sergeant.

Senator CARPER. Yes, go ahead, same question. We spent a lot of time. The committee of jurisdiction spent a whole lot of time try-



ing to get to the root cause of this problem and said let us try to fix it. One of the things they did is they basically said to the commanding officers of the base, like on our base the wing commander, you have a responsibility here to do something to fix this problem. Let us take charge. That is what has happened on my base, Dover.

Please go ahead.

Sergeant TORRES. Yes, even with all our issues, it seemed like even with the base commander and wing commander involved, they still did not have really the power. We requested to move to a different section, and even then, they did not have enough power to really move us to a different section because I did not have the rank required for that section.

I even asked, I will cough up the difference in terms of basic allowance for housing (BAH) out of my own pocket just so we do not have to live in the area where mold was known to be, in a certain area of base housing.

Senator CARPER. OK. Ms. Christian, the same question. In terms of the changes that we had hoped for and expected from the 2020 legislation, any differences?

Ms. CHRISTIAN. Yes, I was really hopeful when the Tenants' Bill of Rights and those pieces of legislation came down. Our team was really excited to see the implementation of them, but it is not working. We had 10-page leases that are now 110-page leases that military families have to read because they were trying to create a universal lease that would simplify things, but really it exacerbated the problem, as well as the formal dispute process is 48 steps for Air Force servicemembers.

You have to take 48 steps to do the formal dispute process, which is unacceptable. The families that we are seeing that are trying to use the dispute process or trying to even say we need a habitable home because the Tenants' Bill of Rights guarantees a habitable home, the housing companies will come back and ask us our definition of habitability. We have such broad language in that, especially with industry standard being listed. You are expecting industry standard, but that is not across the board.

The oversight feature for the commanders, I would love to say that I have seen that go well, but that is where we see the most retaliation because now those installation commanders—now they are not all bad actors in that, but there are some who see this as a number that they are trying to not rack up on their installation for complaints because it is going directly to their leadership and it is going to reflect poorly on them. I have witnessed installation commanders giving misinformation to disabled families about what the Fair Housing Act means. They are not people who should be giving that type of information and trying to sway an individual, one way or another, to just stay quiet.

Senator CARPER. Ms. Wanner, I am out of time, so I am going to ask you to answer the same question for the record in the weeks to come.

Mr. Chairman, I think this is an important hearing. I think the question for me and the issue here is, why haven't the reforms that were adopted 2 years ago worked better? I like to say, if it is not perfect, make it better. There is work to be done here, and I think the Subcommittee can provide very important oversight and work

in conjunction with the authorizing committee, Armed Services Committee, to get a better result for our families. That is what we want.

Last thing I would say, with a real strong economy, a huge number of jobs have been created in the last year or two. One of the questions I always ask when I go to the base to meet with the wing commanders and so forth, I ask the question, how are they doing in retention and recruitment; I always ask. One of the keys on retention and recruitment is how happy is the family, including how happy is your family with where they are living and the living conditions that they face every day. This is a recruitment and retention issue as well.

Thank you.

Senator OSSOFF. Thank you, Senator Carper.

Senator Hassan, you are recognized for 7 minutes.

#### **OPENING STATEMENT OF SENATOR HASSAN**

Senator HASSAN. Thank you very much, Mr. Chair and Ranking Member Johnson, for this hearing.

I want to thank the witnesses for being here, for your service, and for your willingness to speak out about such a critical issue for so many of our servicemen and women and their families.

I am deeply concerned by the testimony we have heard today and the impact that similar conduct may have on my constituents. New Hampshire is home to Portsmouth Naval Shipyard, and the shipyard's nearby private military housing is also managed by Balfour Beatty.

Ms. Christian and Ms. Wanner, you have talked about this a little bit just now with Senator Carper, but how widespread is the misconduct by Balfour Beatty and other private housing contractors?

Ms. CHRISTIAN. You will see it at every installation you go to. 55 Balfour Beatty installations, I cannot come up with one where I have not seen an issue with work order closures prior to completion or any type of mistreatment of military families.

Senator HASSAN. Thank you.

Ms. Wanner.

Ms. WANNER. I agree it is widespread all over every base that is managed by Balfour Beatty. Work orders will remain open for months at a time, and ADA accommodations are not properly addressed for special needs families, disabled families.

Senator HASSAN. Thank you. I am going to follow up on that last point in just a minute, and I appreciated the testimony just now to Senator Carper about why things have not gotten significantly better since the 2020 NDAA provisions and will follow up with you on that as well.

I want to go, Sergeant Torres, to a different issue. Your bad experience happened just last year, more than a year after the passage of private military housing reforms in the fiscal year (FY) 2020 National Defense Authorization Act. I want to dig into your experience to better understand what additional actions Congress may need to take.

In your testimony, you said that Balfour Beatty misclassified your work request to address mold in your home as another type

of repair such as carpentry. To your knowledge, did the work order system retain any information about your original classification of the repair request as a mold request instead of a carpentry request?

Sergeant TORRES. No. Originally, when we would look at the report, it would be classified as one thing in there. Then maybe, a day or a couple weeks later the title would be changed.

In terms of my background, I am an heating, ventilation, and air conditioning (HVAC) technician. I am working on work orders all the time, and I am able to track, and look at this kind of thing. I know for a fact that if a customer puts in a request for a work order the title should not be changed and it should not be closed before completion.

Senator HASSAN. Right.

Sergeant TORRES. You always have to verify, did we fix it? Is it actually fixed? If not, then you have to reopen. If it is closed, then you reopen the same work order. At least this is how it is done in the Air Force. We reopen the same work order, not close it and open a new one.

Senator HASSAN. Right. I want to confirm here; you are saying that no matter what you put in your initial work request, in your experience, Balfour Beatty was able to change the final record, classify the request as they preferred, and say whatever they wanted in the request record.

Sergeant TORRES. Yes, by changing the title, even the date, the date it was open, date it was closed, all, any remarks. We have screenshots of report histories of it being one thing and then the dates and everything be changed on another, and it would never match up.

Senator HASSAN. OK.

Sergeant TORRES. Even to this day, the work orders are still being changed, and I even receive text messages that say the work order is being closed out. Even though we have been displaced for 12 weeks—

Senator HASSAN. Right.

Sergeant TORRES. It is saying that the work order was still closed out weeks before.

Senator HASSAN. I want to follow up on both what you just said and what you said about closing out the work orders. You have said that the work orders would frequently be closed before the work was complete or satisfactorily addressed or that work orders would be closed after superficial fixes were complete but without addressing the root problem, resulting in additional work orders later on.

Did Balfour Beatty ever give you the option to keep work orders open when you did not believe the issue had been adequately addressed? If yes, were you pressured to close those work orders at all?

Sergeant TORRES. No, we did not have any control over if the work order was closed or we can reopen it.

Senator HASSAN. Right.

Sergeant TORRES. That was pretty much all they would tell us—just open a new work order.

Senator HASSAN. OK. That is really deeply troubling. It is really concerning. Work orders are there to help residents get their problems fixed, as you pointed out in your own experience as a technician, and if a resident does not believe the work order was adequately addressed, they should be able to keep the work order open until it has been completely addressed.

Ms. Wanner and then Ms. Christian, I want to turn back to you on the issue of families with disabilities. In both of your written testimonies, you highlighted the struggles that military families with disabilities experienced when trying to request legally protected accommodations from Balfour Beatty. This includes requiring excessive documentation to prove the disability, making it extremely frustrating at best to request accommodations.

What, if any, information does Balfour Beatty give to potential residents about the process to request legally protected accommodations for military family members with disabilities before they decide to live at a Balfour Beatty residence? Are you aware of any standardized process for requesting accommodations? I will start with you, Ms. Wanner.

Ms. WANNER. Currently, there are no standards that Balfour offers to families. They report to us often that they will ask for excessive things such as full-blown medical records.

Senator HASSAN. Right.

Ms. WANNER. There is not even a standard form that the medical provider can sign to state that the family has the need for ADA accommodations or special needs requests.

There is a medical waiver that can move the families up on the waitlist if they are waiting for an ADA home or just a one level home, but they are discouraged from using that waiver.

Senator HASSAN. OK. How are they discouraged?

Ms. WANNER. I can tell you personally—

Senator HASSAN. Yes.

Ms. WANNER [continuing]. Our family is going through that process right now, and the regional manager assured us that if we sign that waiver that every military family that has been waiting on a house in that neighborhood, if we moved ahead of them, they would come after us.

Senator HASSAN. Wow. Ms. Christian, anything to add?

Ms. CHRISTIAN. I would like to add that we, as an organization, follow what the Fair Housing Act says and how families should provide medical documentation. There is no real way for them to do so, so we follow what Federal law is. Even when providing medical documentation from physicians, stating that there is a disability, what their accommodations requests are, those are still denied by local levels and request more information, which is just a violation of their civil rights.

Senator HASSAN. Right. It is really disturbing that a contractor for the United States Military that is supposed to be there to serve the men and women who serve all of us and keep us safe, and their families, is not complying with longstanding Federal law. There are plenty of examples of how to meet the accommodation needs of families with disabilities. This is not new. This is often quite straightforward. I would look forward to continuing to work with

all of you to ensure that we make significant progress here and that one of our contractors follows the law of the land.

Thank you.

Senator OSSOFF. Thank you, Senator Hassan.

I am going to yield myself an additional 7 minutes. Other Senators may be en route to ask questions of this panel.

Captain Choe, I want to return to your story for a moment. Take us back to the summer of 2020. As you testified earlier, you had been instructed by Balfour personnel that you should submit your requests for mold remediation not via the online work order system but verbally or by the phone, correct?

Captain CHOE. That is correct.

Senator OSSOFF. As you were making those requests of Balfour personnel throughout the summer of 2020 and your daughter's health continues to worsen, what response do you get?

Captain CHOE. No response.

Senator OSSOFF. No response. Am I correct that your daughter's physician shortly thereafter advised you, you needed to leave the home?

Captain CHOE. That is correct.

Senator OSSOFF. So you had been instructed by Balfour staff that you should place these requests verbally rather than via the online work order system. You have done so repeatedly. Your daughter is sick. You have seen mold in the home. You are getting no response. Your doctor tells you, you need to move out of the home, so you approach Balfour to break the lease. What happens then?

Captain CHOE. I asked Balfour if I would be given the opportunity to break our lease or at least, at the very minimum, be provided another room to reside in while they can at least mitigate the conditions of the current home that we were at. We were categorically denied both of those choices, and Balfour stated quite clearly that we would have to continue to honor the lease that was in place at that time.

Senator OSSOFF. You have repeatedly reported mold and gotten no response. Your doctor has told you that you need to leave the home for the sake of your daughter's health. She now has a severe dermatological condition. You ask Balfour how to get out of the home. They tell you, you cannot.

Captain CHOE. Yes. It culminated with submitting something called an Interactive Customer Evaluation (ICE) comment, which throughout the DOD is considered a very serious comment system or feedback system where we can provide feedback regarding certain services, whether good or ill, and in this case it was definitely not positive feedback I provided.

I was contacted by a supervisor at Balfour, Fort Gordon—Teddy Trip was the gentleman's name—who told me that basically we would have to continue to reside in the home and that there were no other homes available and that there were essentially no other options available.

I responded in kind by saying, when I was told personally and very specifically by the Fort Gordon manager at the time, Samantha Dayer, February 2020, when our home had the initial test for mold conducted, she handed me her business card and encouraged me to contact her verbally or coming by the office to seek

her out. I adhered to that as strictly as I could, but in the interim, we, my wife and I, submitted work orders.

Whenever a technician would come over to take care of a leaky faucet, a broken cabinet door, whatever the case may be, we told them: There is mold in our upstairs. There is mold in our room, in our daughter's room. There is also mold in the bathroom as well at present.

We were told every single time that that mold would be addressed by the management and that the management would be in contact with us as some point in time. That never took place at any point in time.

Senator OSSOFF. You raised these requests repeatedly with technicians who were sent to the home and by the phone with the office, as you were instructed to by Balfour personnel. You get no response. You are told by your doctor you need to leave the home. You approach Balfour to say you need to leave the home. They try to prevent you from leaving the home, and they also accuse you of lying?

Captain CHOE. That is correct. Even the day before we officially moved out—my family had already relocated to an off post home, but in January 2021, I was at the move-out inspection, but the day before there was a couple things that still needed to be addressed that had not been. I made sure that a Balfour technician came out. That gentleman came out. He fixed the issues that were there. It was like a broken lightbulb and something else.

I ripped up the bathroom lining of the bathroom that our family had used. I even purposely chipped away at the paint in the wall and showed the blackened paint chips that the mold had proliferated then, and I stated very specifically, this is the mold that we have been complaining to you folks about for months on end. I ask that you notify your facilities manager, Tom Rodriguez, to have this addressed as soon as possible.

Following that, myself and my chain of command, we all had a discussion with Balfour Beatty as far as how can we come to a compromise. There is no compromise. Essentially, we need to get out of the home. We were seeking, "we" being my family and I, to either have our move funded by Balfour Beatty and, if not them, at least the Fort Gordon garrison. Both channels denied our request to fund our move, which at that point we had to move off post.

While I am dealing with the Balfour Beatty representatives, as well as the garrison representatives, to include the garrison command team, to include the housing manager at that time, Jenna Holman, my wife is 7 months pregnant and is moving things on her own because none of these organizations will pay for our off-post move.

I am not lacking as far as financials, but at the same time it is the principle behind it. If our home is the source of my daughter's condition and we have been told succinctly that we need to move off post, well, that means we will move off post, but the principle behind this is Balfour Beatty should at least have provided some type of support or the garrison should have provided support.

Senator OSSOFF. Finally, with great effort engaging the garrison command, making repeated requests, you managed to get out of the

home. You send an e-mail to Paula Cook, documenting your experience. You read a portion from that.

Captain CHOE. Yes.

Senator OSSOFF. Did you receive an apology from Ms. Cook in response to that e-mail?

Captain CHOE. I have never received an apology from Balfour Beatty or any of their representatives at any point in time.

Senator OSSOFF. In fact, did you receive a collection notice?

Captain CHOE. That is correct.

Senator OSSOFF. Did they threaten to send a collection agency against you?

Captain CHOE. To add insult to injury, yes.

Senator OSSOFF. When you challenged that, were you informed that it had been a mistake?

Captain CHOE. Yes. Which I challenged that reasoning by saying, well, there is considerable thought behind a collection notice being purposely sent to me, stating the charges that were notated on the collection itself. If this was an internal error, that should have been caught prior to distribution to my home.

Senator OSSOFF. Thank you, Captain Choe.

Senator Lankford has arrived.

With just one minute remaining, Sergeant Torres, I want to make sure we dig in on one specific aspect of your case. Your wife suffers from a respiratory condition, correct?

Sergeant TORRES. Yes.

Senator OSSOFF. You repeatedly asked Balfour to remediate the mold in your home. You were initially told there is no issue. Finally, you place urgent requests. They send an inspection company to inspect the home. Correct?

Sergeant TORRES. Correct.

Senator OSSOFF. The inspection company finds that there is 175 square feet of area in your home that needs to be remediated or replaced, correct?

Sergeant TORRES. Correct.

Senator OSSOFF. But at the same time, Balfour has hired a third-party company called Exponent that never looked at the home, and they attach Exponent's report to this mold inspection report, telling you it is actually no big deal and remediating that mold is premature. Is that correct?

Sergeant TORRES. Correct.

Senator OSSOFF. But they go ahead and they remediate the mold. Here is the point that I think is important, and I am going to ask that my team prepare to show slide 4.

You placed these work orders upon returning to your home, and you reported mold, correct?

Sergeant TORRES. That is correct.

Senator OSSOFF. Those are your work orders. You describe mold on the floor, behind hall bathroom, and mold under the mechanical room. Is that correct?

Sergeant TORRES. That is correct.

Senator OSSOFF. All right. Now I am going to ask that slide 5 be depicted.

Here at the bottom, we have the internal data from Balfour's Yardi system, which they use to maintain the work orders, and

they have classified your requests as “carpentry.” You placed two work orders for mold in the home. Those are filed internally as “carpentry.”

You can close the slide.

I want to ask you, Ms. Christian, what are we looking at there?

Ms. CHRISTIAN. What you are looking at is what you will see across the board at all of the Balfour Beatty installations. They are taking what is a hazard in a home and making it a simplified request so that when the 7-year maintenance history or when any of the information is provided to the next tenant it is not going to be correct. Also, it is way easier to close out a carpentry request than it is to provide a full-scale mold remediation.

Senator OSSOFF. We will get into that more with Balfour’s representatives later. Thank you, Ms. Christian.

I now yield 7 minutes to Senator Lankford.

#### **OPENING STATEMENT OF SENATOR LANKFORD**

Senator LANKFORD. Thank you. Thanks for being here. I have a good feeling that none of you really want to be here, to have to walk through all of this and the frustration of it. Thanks for being here and for speaking out and for representing the voice of a lot of other folks going through this process. I really do appreciate that.

Ms. Christian, I want to ask you a question that has been asked before on this, and I want to be able to do some follow-up on it. When command leadership was taken out of the equation, they lost an advocate. The plan was there would be other advocates that are there, but it is our understanding those advocates are not able to articulate that. Why? Why aren’t they able to articulate the issues and get results?

Ms. CHRISTIAN. This varies from branch of service, the type of advocate you have in the installation and across the board, but I will say that none of them that we have come into contact with, which is a majority of the military installations in the country, have training in housing. They are not equipped to understand what an inspection should look like.

For example, I will give you North Carolina. There are certifications for home inspection. But the person who is supposed to be your advocate is going to walk through your home and tell you whether or not something is awry in your home, and I have seen them miss gas leaks. I have seen them miss mold. I have seen them miss lead chipping. They walk through a lot of the times with the housing company themselves, and they lean on—in this case, they lean on Balfour Beatty’s assistance to understand what is actually going on in the home because they are not trained.

Senator LANKFORD. OK. What is the solution to that? Are you suggesting some sort of State certification before they can do that, or some sort of Federal certification?

Ms. CHRISTIAN. Absolutely, industry standards. They need to follow State laws, so someone who would be providing the same type of inspection at another facility off of the installation. They need to be trained in understanding the State law, the fire codes, anything that you would need if you were to inspect a home off the installation.



Senator LANKFORD. Would you put that person under the authority of your commanders at that point to be able to have, again, where you have somebody that they answer to for it, or who do they work for?

Ms. CHRISTIAN. Personally, I would hope that we would have a true third party outside of the partnership because this is not just a contractor. These are partnerships between the branch of service and the housing companies. If you do report directly to them, they have an incentive to have their partnership functioning. They do not want that to fall. It needs to be a true third party outside of that.

Senator LANKFORD. OK. Balfour in my State, Tinker Air Force Base, the largest of the sustainment facilities in the country, and then Altus Air Force Base. Altus was put into a grouping of multiple different entities, which Tyndall was one of those. With Tyndall being in that mix and, obviously, Tyndall getting obliterated in a hurricane, all the focus seems to be going there, and there will be lots of new construction at Tyndall. But because of that, in their grouping of four, now they are not going to get the attention from Balfour at Altus. Altus is suffering the consequences of a hurricane on the other side, literally, of the country because of the grouping that they are in.

The local folks, of what I hear when I talk to individuals on base or when we talk to leadership on it, they are very pleased with the turnaround that Balfour has had the last couple of years because in 2018 Balfour at Tinker Air Force Base had all the mold, all the issues, and were nonresponsive. At Altus, we still continue to be able to get Band-Aid fixes for things that should be replaced or actually just constant Band-Aid fixes where they know that is going to work for a few months and I am going to be calling you again.

It is two big issues here. One is trying to be able to balance out how when there is a hurricane in one area and every other base actually gets punished because all their focus is going to be somewhere else, or how do you deal with the issue of Band-Aid fixes and instead actually get those issued repaired so this is not a nuisance for those families. Do you have ideas on either of those?

Ms. CHRISTIAN. If you do not provide a Band-Aid fix and you provide the correct fix the first time, then you are not incurring the costs of continually going out and trying to Band Aid fix these problems.

Senator LANKFORD. No, I get that totally. Who becomes the advocate to actually make sure it is not a Band-Aid fix, that this is actually something that gets repaired or replaced rather than just a patch on it? Somebody has to be in that chain of command, obviously, or somewhere there has to be accountability for the resident to be able to say: I know that is not going to work. Everybody else knows that is not going to work. But, they are saying I fixed it and wrote it up and turned it in.

Ms. CHRISTIAN. I believe that was the intent of having the Government Housing Office on the installations, to do that, but the residents absolutely need an oversight tool that they can report directly to outside of the installation and outside of those employees.

Senator LANKFORD. OK. I am running out of time on this, and I want to be able to honor time. Mr. Torres, I want to be able to

ask you this as well. Excuse me, let me call you by your title, Technical Sergeant.

Sergeant TORRES. Yes, sir.

Senator LANKFORD. Thanks, by the way. Let me go ahead and ask you this, have you lived in other places that were not under Balfour?

Sergeant TORRES. Correct.

Senator LANKFORD. What was it like? Compare it.

Sergeant TORRES. Actually, we never had any issues. I have been stationed two other places, and never once had any issues, especially where they know my background. They know what I do. We put a work order in. We will be there right away. They come out, fix it, never had any issues. My family never had any problems. I can be at work, I have deployed twice, three times, and I have never had to be worried.

I am an instructor, and every time we put a work order in I had to be at the house because my wife is scared that they are going to blow her off because they do not want to talk to the spouse. They want to talk to the military person because if I say something wrong they can go ahead and tell my leadership and then I get in trouble for it when it should not be that way. My wife is a stay-at-home mom. She should be able to call a work order in and they help her out as much as they can, not me having to be there because my wife is scared of being there with a technician.

Senator LANKFORD. Yes, I totally get that. They should be respectful of that. By the way, she is a resident at the house as well, correct?

Sergeant TORRES. Correct.

Senator LANKFORD. Yes. Why would it matter which resident of the house is actually calling that in?

Captain Choe, same issue. You have lived in other places, not with Balfour as the caretaker for the home. Can you compare the two?

Captain CHOE. My family, my father in particular, has told me quite clearly, if you have the opportunity and have a choice to reside on post or off post, always choose off post. I had asked that before when I was younger up until my military service commenced, and he gave me very sound reasoning. Unfortunately, this is the only time that we lived on post at an installation, and this will be the very last time that we on post at any installation.

Senator LANKFORD. Yes. It should not be that way. One of the issues that we face at Altus Air Force Base is that it is older housing that needs to be redone completely but now we are on the bottom of the list because Tyndall is going to end up with all new housing. They are going to say that is going to get all new, and Altus and the other three bases that are in that group are going to be older, and older, and older, which does not meet what our folks need actually on that particular base.

Thank you all for being here very much and for your service to the country.

Senator OSSOFF. Thank you, Senator Lankford.

Ranking Member Johnson.

Senator JOHNSON. Thank you, Mr. Chairman. I think part of the problem here is the housing that these contracting companies have taken over is extremely old, correct, Ms. Christian, or not?

Ms. CHRISTIAN. No, I do not believe that is the case. There are some that are older, and they have different issues like lead and asbestos. But you can look at brand new homes, and they are going to have the same systemic issues that other homes have, especially with the way that they are constructed. There is going to be leaks coming in. But no matter what, if you fix a leak, it will not cause problems if you remediate it correctly the first time. No matter if they are new homes or old homes, failed maintenance is failed maintenance, and it is going to continue to occur.

Senator JOHNSON. Sounds like Senator Carper, I do not want to put words in his mouth, but apparently at Dover Air Force Base, he believes the base commander has taken charge of this and is doing a pretty good job. It is never perfect.

Are there some bases, are there some housing units, that are in better shape than others, where you do not have the kind of complaints? Are there some real problem areas?

Ms. CHRISTIAN. There are definitely larger problem areas, and there are also installations that are having a better time with certain things like I can find you an installation that has better mold than others. You are still going to find mold there, even in the desert. You are going to see it across the board.

I would not say that anybody is doing it a better way that I can bring to you; I would love to. I would love to say model everything after this installation because then our organization would not have to exist. We are a 100 percent volunteer-run organization that is handling a massive amount of clientele.

Senator JOHNSON. You gave two examples of what the supposed fix in the NDAA from a couple of years resulted in and took leases from 10 pages to 100 and took it to a 48-step resolution process.

Ms. CHRISTIAN. Correct.

Senator JOHNSON. Any other bureaucratic fixes like that?

Ms. CHRISTIAN. There is a ton. Those are two really great examples that you can visually see, but the process in which you need to request any type of assistance is so lengthy that most families are giving up and their homes are going to continue to deteriorate.

Senator JOHNSON. I am the bean counter on this Committee, so I want to ask a couple of bean counter questions because I have not got the overall extent of this. To my knowledge it looks like Balfour Beatty is paid roughly around \$30 million a year for its housing management. Is that accurate?

Ms. CHRISTIAN. I have no idea of any of those numbers. I would love to know what they are, but, no, that is not something accessible to me.

Senator JOHNSON. OK. You would not be able to tell me what is the total government contract amounts for managing this housing?

Ms. CHRISTIAN. No. I will tell you that we have tried to get a lot of that information through Freedom of Information Act requests, but it is claimed as proprietary. We get a lot of blacked-out documents.

Senator JOHNSON. I run into the same problem when I try and do legitimate oversight, so I feel your pain on that.

You did mention—and this was a comment—that this is profits over people. Do you know what the profitability level is?

Ms. CHRISTIAN. I do not know what the profitability is, but I will tell you that it has to be good enough because they keep coming back to the Senate to hear it and they have not tried to get away with anything else.

Senator JOHNSON. OK. I will obviously be exploring that with the folks here from Balfour. One of the reasons I ask the question is if my information is correct and Balfour is getting about \$30 million a year and they paid a \$65 million fine, I kind of scratch my head and go, why even be in that business?

How many other contractors like Balfour are there?

Ms. CHRISTIAN. There are 14 housing.

Senator JOHNSON. Fourteen. Generally, you have an 80/20 rule; 80 percent of the work is done by about 20 percent. Are there a top five or so?

Ms. CHRISTIAN. Yes. There is Balfour Beatty, Liberty Military Housing, Corvias, Hunt, and for some reason I cannot think of another.

Senator JOHNSON. Does your group find any difference in terms of the level of management of any of those companies? Are there some companies that are just heads and tails above the others?

Ms. CHRISTIAN. No. If you took Balfour Beatty out of any of the statements that anybody at this table wrote, you can interchange them with any of the other companies. I will say that the smaller companies who have not gotten the attention that the other ones have are absolutely horrific for residents to live in; they are the worst.

Senator JOHNSON. If I am a base commander and I had the power to use the free market system and say, "You are not performing. I am going to fire you. I am going to hire somebody else," it does not seem like there is anybody else to hire that would do a better job.

Ms. CHRISTIAN. I do not agree with that necessarily. I think that the fact that there is not that ability is the reason that this is occurring.

Senator JOHNSON. Oh, I understand. But again, right now there is not that ability, correct? That is the point I am trying to make. I am trying to drill down on what is the root cause of this, why does this continue.

In a free market, there should be—and I come from the free market system. I competed against excellence, and excellence means really high quality, high levels of customer service at the best possible price. That is what a free market guarantees.

Something is broken down here. My guess is bureaucratic fixes that just simply do not work, the bureaucratic mindset. "It is not my problem." We are going to pass this bill, and we are going to say we are going to turn it over here, and kind of walk away. The bureaucracy creates fixes like a 100-page lease, a 40-step resolution process, finger pointing, the big runaround, and nothing gets fixed.

I am trying to hone in on what is the root cause here and how can it actually be fixed. My guess is I would be looking for a free market solution, and I would fire these people. But you have to have somebody to replace it, and that is one of the reasons I am

talking about profitability. Is there enough incentive for good companies to come in here and do the kind of job that we would all expect?

Again, I recognize you cannot really answer that question.

Ms. CHRISTIAN. I would hope that there is, but I would like to say that like you are saying, you are competing in a market off the installation. You are competing in a market where I am paying rent to you and if you are not doing a good job you do not receive my rent.

That is not the case for these housing companies. That was something that 3 years ago they requested was for servicemembers to not be able to just have that allotted, and that is a big oversight lack.

Senator JOHNSON. It also sounds like there is relationships between people on the base, members of the military, and people working for these companies. Is that a common problem?

Ms. CHRISTIAN. Absolutely. That is an absolute problem because if you are going to someone and you have a personal relationship with them they are not going to want to get them in trouble.

Senator JOHNSON. I have no doubt that Armed Services Committee tried to fix this a couple years ago. I think the result of our investigation, the result of this hearing, is that it did not work. We better figure out something better to do. I appreciate your testimony.

Mr. CHAIRMAN.

Senator OSSOFF. Thank you, Ranking Member Johnson.

This concludes the testimony from our first panel. I want to thank you all so sincerely for your presence, for sharing your experiences and information with us. In particular, I want to commend these two extraordinary active duty servicemembers, one of whom flew from South Korea, one from Texas, to join us and get on the record your experiences.

With gratitude, this panel is dismissed, and we will now prepare to hear from our second panel. Thank you.

We now call our second panel of witnesses for this morning's hearing.

Mr. Richard Taylor is the President of Facility Operations, Renovation, and Construction at Balfour Beatty Communities, with overall responsibility for Balfour's military housing facility management activities, including preventative maintenance, repairs, and quality assurance. He has worked for the firm and its predecessors for 19 years and worked in the industry for nearly 3 decades. He also previously served in the U.S. Navy for more than 12 years.

Ms. Paula Cook just transitioned to Vice President for Transformation at Balfour, responsible for leading the company's "new culture-shaping initiatives." Up until last week, she served as Vice President of Community Management, in charge of Balfour's Army portfolio of military housing properties, and she has been with the company since 2007. Ms. Cook is also a U.S. Navy veteran.

I appreciate both of you for joining us today. We look forward to your testimony.

It is the custom of this Subcommittee to swear in all witnesses, so at this time I would ask you to please stand and raise your right hand. Do you swear the testimony you will give before this Sub-

committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. TAYLOR. I do.

Ms. COOK. Yes, I do.

Senator OSSOFF. Let the record reflect that the witnesses answered in the affirmative.

We will be using a timing system today. Ms. Cook and Mr. Taylor, you have submitted joint written testimony, and it will be printed in the record in its entirety. I understand that Mr. Taylor will provide oral testimony on behalf of both witnesses.

Mr. Taylor, please kindly limit your remarks to five minutes. You may proceed.

**TESTIMONY OF RICHARD C. TAYLOR,<sup>1</sup> PRESIDENT, FACILITY OPERATIONS, RENOVATION, AND CONSTRUCTION, BALFOUR BEATTY COMMUNITIES; ACCOMPANIED BY PAULA COOK, VICE PRESIDENT, TRANSFORMATION, BALFOUR BEATTY COMMUNITIES**

Mr. TAYLOR. Chairman Ossoff, Ranking Member Johnson, Members of the Subcommittee, thank you for the opportunity to provide an update on the commitment of Balfour Beatty Communities to support the safety, health, and well-being of the servicemembers and their families across the 55 military installations we serve, including Fort Gordon, Fort Stewart, and Sheppard Air Force Base. I am accompanied by Paula Cook, who leads the ongoing transformation efforts for our Community Management operations.

At BBC, we consider it an honor and a privilege to serve those who serve our country. In fact, both Paula and I are Navy veterans ourselves. Therefore, we have a special appreciation for our military housing roles at Balfour Beatty.

In 2019, I made a commitment in congressional testimony to improve BBC's ability to monitor repairs and respond to problems, to prioritize the health and safety of residents, and to prepare homes for residents before they move into one of our homes. I am proud to say that we have made enormous strides since I made that commitment.

Today, we are responsible for housing operations encompassing more than 43,000 homes and approximately 150,000 residents. We have partnered with the DOD to oversee the construction of more than 15,000 new military homes and the renovation of more than 14,000 legacy homes. Since the start of the MHPI, BBC and our service branch partners have developed project investments totaling approximately \$5.6 billion to improve on-base housing. Through our military housing agreements, we act in joint partnership and are required to coordinate with all of our DOD partners on all aspects of the leasing, maintenance, renovation, and development of our housing.

Our primary focus is providing our residents with safe, quality homes supported by prompt and effective customer service and maintenance support. We look to support these efforts by maintaining robust, open communications with our residents. Our resident

<sup>1</sup>The joint prepared statement for Mr. Taylor and Ms. Cook appears in the Appendix on page 103.

portals allow the residents to view their work order history as well as access community policies, household maintenance and safety tips. In addition, our new national call center is staffed and available 24–7 to initiate a work order, schedule maintenance, and provide updates.

I want to emphasize that we are committed to maintaining accurate work order data. We do not tolerate anyone at BBC falsifying work order information.

Both BBC and the government's local military housing offices have multiple checkpoints with new residents before, during, and after move-in to identify issues or questions regarding the home. We supplement this personal outreach with our own resident surveys. These surveys are conducted by an independent third party and are sent to residents after move-in and after responding to a work order. Like with any customer service business, we recognize that unfortunately we will never be able to make every resident happy, but nevertheless, we remain resolute in that pursuit.

In 2021, we received just over 40,000 survey responses, resulting in an average service score of 4.53 out of 5. For the period January 1, 2021 through last week, the average work order score at Fort Gordon in particular was 4.62.

With over a third of our military housing stock consisting of aging units constructed by the military, we will never have homes that present zero maintenance issues. On average, we receive and process more than 280,000 resident-generated work orders annually. Like with any residential housing property, there will always be challenges to face. Appliances will break. Utility, plumbing, and electrical systems will fail. Severe weather will cause damage. Pest issues will arise, and customer service complaints will surface.

I also want to emphasize that our teams have faced tremendous challenges since the pandemic hit in 2020. We are not alone in experiencing supply chain challenges, home access issues, and staffing issues due to the pandemic. However, our obligation is to respond and manage repairs and service in as timely and effective a manner as possible.

We embraced and voluntarily implemented the following measures in support of our residents. We agreed to a new DOD sponsored universal lease, which includes the Tenant Bill of Rights. We instituted a formal dispute resolution process, and we now provide 7-year maintenance histories for our homes. In addition, enhanced DOD monitoring of housing has created another check and balance to ensure our housing is safe for occupancy, such as through Government Housing inspections before any home may be offered.

Our performance metrics indicate the overwhelming majority of our residents are happy with their home and the service we provide. Regardless, we are never satisfied where even small numbers of our residents report dissatisfaction. We remain dedicated to working with the residents, our military, the military housing advocacy groups, and the DOD to address housing challenges. We look forward to learning from the Subcommittee how we may further improve our performance and enhance the quality of life for our residents.

Again, we appreciate the opportunity to continue to serve our nation's military and to testify regarding our commitment to those efforts. Thank you.

Senator OSSOFF. Thank you, Mr. Taylor and Ms. Cook. Ms. Cook, I understand Mr. Taylor is offering those oral remarks on both of your behalves. I will begin now with my questions.

In the course of this investigation, my and Ranking Member Johnson's teams, have reviewed tens of thousands of pages of records and interviewed dozens of witnesses. Most of that investigation focused on 2019, 2020, 2021, or the period principally after Balfour's guilty plea.

I want to understand which forms of misconduct or mismanagement may be persisting following that resolution of the Department of Justice (DOJ). But before we get into that, Mr. Taylor I want to make sure we are clear on the facts related to that Department of Justice matter. It is the case, is it not—and my time is limited, so I want to make sure that we cover this as concisely as we can—that from 2013 to 2019 your company engaged in a scheme to defraud the United States, correct?

Mr. TAYLOR. The record indicates—or, the settlement agreement acknowledges that.

Senator OSSOFF. Is that correct, that you engaged in a scheme to defraud the United States?

Mr. TAYLOR. Senator, the settlement agreement acknowledges that, yes, sir.

Senator OSSOFF. OK. From 2013 to 2019, your company engaged in a scheme to defraud the United States.

I suppose the first question is: Why should a company convicted of major criminal fraud, that engaged in a scheme to defraud the United States, remain in a position of trust, responsible for the safe housing of the hero servicemembers and their families on installations across the country?

Mr. TAYLOR. I would like to answer that by putting it a little bit into context. As you indicated, Senator, the period in which the behavior took place was from the period 2013 to 2019. When we were alerted to the allegations that there was improper behavior amongst some of our employees, we immediately cooperated along the way with DOJ investigators. We engaged our own third-party legal firm and forensic accountants, to understand the root causes. We provided all of that information in collaboration with the DOJ as that investigation was ongoing. We did an analysis to understand what the root causes were.

We did not wait for the outcome of that investigation and the settlement that was reached in late last year to act upon the things that we identified were shortcomings within our own business, so we took quick action to—

Senator OSSOFF. Mr. Taylor, forgive me, but my time is limited. We are going to get into the actions that you have taken and whether or not those actions have had good effect.

Let us talk about what constituted this 6-year scheme to defraud the United States to which Balfour pled guilty. Am I correct that this scheme to defraud the United States included the falsification and destruction of work order records, yes or no?

Mr. TAYLOR. It did.



Senator OSSOFF. Am I correct that this scheme to defraud the United States included lying to the Armed Services, yes or no?

Mr. TAYLOR. Lying? Not—you say, lying. We put forward—

Senator OSSOFF. I am sorry, I have here paragraph 24 of a statement of facts: Balfour Beatty made false representations to all three service branches.

Mr. TAYLOR. We put forward false incentive fee submissions that did not reflect the performance metrics at certain locations.

Senator OSSOFF. Am I correct that this scheme to defraud the United States, which included the falsification and destruction of maintenance records, also included prematurely closing work orders in order to present to the military superior performance to what was happening in reality in order to secure incentive payments?

Mr. TAYLOR. That is a fair statement, yes, sir.

Senator OSSOFF. It is your position, Mr. Taylor, that despite engaging in this 6-year scheme to defraud the United States, major criminal fraud, that your company should remain in a position of trust, housing America's military families, yes or no?

Mr. TAYLOR. Yes. Yes, I do.

Senator OSSOFF. That is your position, OK.

I want for a moment, and we will return to some of the latest events, Mr. Taylor but ask you, Ms. Cook, about your experience in your position. I want to begin by asking you to review for the Subcommittee correspondence that you received from servicemembers who were housed at Fort Gordon after the period during which Balfour was engaged in a scheme to defraud the United States, the period during which Balfour assured the Department of Justice, the Department of Defense, and the U.S. Congress that it was improving its practices.

If you would, Ms. Cook, please turn to tab 10.

You will see at the bottom, Ms. Cook, "Customer Comments." This is an e-mail that you received from a tenant in your housing. The e-mail is dated September 2020. Would you please read, beginning with "Customer Comments," and on to the next page? It is not a long e-mail.

Ms. COOK. Yes. "I recently retired after 21 years of combined service. This is by far the worst housing I have ever lived in. We had mold in our house under the vinyl floors, in the walls, behind our cabinets, and in the vents. Our roof leaked, and the sheetrock fell in the closet. I was in the Medical Evaluation Board (MEB) process and the sewer line collapsed, and we had to move. They gave me 1 week to vacate a house that was not fit for occupancy so they could work on it. I was forced to move from one house to another while physically disabled. Then in the 6 months that we remained there, they did no work on the house.

The company is unprofessional and should be removed from the installation. They have no clue what it means to run a safe and organized military housing community. The installation leadership needs to do a walkthrough of housing and talk to every resident. I know of several people that have multiple issues with their homes and nothing seems to be getting accomplished.

Since I am no longer in the military, I do not fear retaliation from the housing office. If I had to do it all over again, I would not

live on base and would have found a home that was better suited for my family.

Customer has requested a response from management.”

Senator OSSOFF. Thank you, Ms. Cook. This is one of many e-mails that you received that we reviewed.

Here are some quotes from others: Urine stains were found in three of the four bedrooms.

Bathroom floorboards were forming bubbles with water in them.

Mold was growing on carpet.

We risk health issues for my 19-month-old baby.

Death trap of a house.

I have a pregnant wife who is high-risk, and I have to live with this.

Exposed mold on my ceiling.

We continuously get provided little to no response.

Water leaks in the kitchen light cover.

Nothing has been done.

That is 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 e-mails that you received, all after the period during which Balfour was engaged in a scheme to defraud the United States.

I want to ask you, Mr. Taylor, given that your company engaged in major criminal fraud, why should we believe your assurances?

We have heard from Captain Choe. We have heard from Sergeant Torres. They have both told us their horror stories. We have heard from advocates who have described these issues as systemic and ongoing. We just went through 12 or 13 e-mails Ms. Cook received. My office interviewed dozens of others who reported significant issues with work orders being misclassified, ongoing concerns about contamination, ceilings falling in. Why should we believe, Mr. Taylor, that a company that engaged in major fraud against the United States is fixing this?

Mr. TAYLOR. First off, Senator, I reject the suggestion that it is a systemic failure. You cited, in the case that you just read, 12 e-mails, 11 e-mails. As I shared with you, we are a company that processes 280,000, on average, e-mails annually.

Things go wrong. We do not always get it right the first time. We are not perfect. We have never testified that we are a perfect organization that gets it right 100 percent the first time.

What is important for us is that we understand where our shortcomings are and we take action to correct those deficiencies.

Senator OSSOFF. Mr. Taylor, my time is limited. My question is very specific. It is, why should we believe your assurances when your company engaged in a 6-year-long scheme to defraud the United States? Why should we believe your assurances? That is my question.

Mr. TAYLOR. Take a look at the actions that we have taken subsequent to that period in time. We have shared that information with your staff during interviews, some of that information. We have shared that information. We have been very transparent with the services, service branches, the Office of the Secretary of Defense (OSD). We have been transparent with the House Armed Services Committee (HASC) and the Senate Armed Services Committee (SASC) staffers on the journey that we have been on to transform our business.

The results we are seeing demonstrate that we have taken this very seriously and we are taking proactive steps to ensure that we do not repeat the mistakes of the individuals in our firm that worked here at the time that those—

Senator OSSOFF. Thank you, Mr. Taylor. We will get into some of those specific steps you have taken in a moment.

My time is expired. I yield to Ranking Member Johnson.

Senator JOHNSON. Thank you, Mr. Chairman.

Mr. Taylor, I want to find out a little bit more about Balfour. Your division of Balfour Beatty, PLC, correct?

Mr. TAYLOR. That is correct.

Senator JOHNSON. Headquartered out of London?

Mr. TAYLOR. That is correct.

Senator JOHNSON. A little more than an 8 billion pound business?

Mr. TAYLOR. I believe that is true.

Senator JOHNSON. How big a division is yours?

Mr. TAYLOR. In terms of that volume of business? Our business is—we are part of an investments division. The value that is promulgated by the company is largely around our construction and services business. The investments business does not comprise part of that revenue, if you will. Revenue is looked at differently in the construction-related business than it is in our investments business, to include our military housing, which is a subsidiary.

Senator JOHNSON. Are you associated with the construction part of your division—

Mr. TAYLOR. We are—

Senator JOHNSON [continuing]. Or simply the facility management?

Mr. TAYLOR. There is Balfour Beatty Investments, which is a division of Balfour Beatty, PLC. Balfour Beatty Communities is a subsidiary of Balfour Beatty Investments. It is a third-tier organization within the structure, if you will, that exists to provide housing to our servicemembers and their families, and we do other apartment-type communities and student housing around the country under that banner of Balfour Beatty Communities.

Senator JOHNSON. Ms. Christian talked about that this is profit over people, pure and simple. Do you have a response to that?

Mr. TAYLOR. I absolutely have a response to that. I think that that is unfair characterization. We work tirelessly. We have approximately 1,400 employees that work, about a third of whom, by the way, are like Ms. Cook and myself, former military, retirees. We employ a number of spouses that also choose to live with us. We have folks who get up every day with a singular commitment, to provide for the health and safety of our military residents. I think that that is unfair characterization.

Again, I will go back to: Do our people make mistakes? Yes, they make mistakes. There is human error in every business, but to suggest that the error rate is indicative of widespread broken business is totally unfair.

Senator JOHNSON. In my briefing materials, I saw something like \$30 million a year generated for this division. To me, that seems woefully low. Is that an accurate number, or is there a different number?

Mr. TAYLOR. It is the deal that we struck when we closed on the projects. That \$30 million, roughly, is about the average over the last 3 years for the receipt of the property management fees across our 55 military installations, 43,000 housing units. To put it into context, that equates to about \$700 per unit per year on a pre-tax basis, and it does not net off the cost of running the business.

Senator JOHNSON. But that is a small percentage of your division, correct?

Mr. TAYLOR. No, sir. That is—

Senator JOHNSON. That is your division.

Mr. TAYLOR. That is the most significant revenue stream for our military housing—

Senator JOHNSON. \$30 million. When you pay a \$65 million fine, that wipes out more than 2 years' worth of revenue, not just profit, but revenue.

That \$30 million a year division, that employs 1,400 people?

Mr. TAYLOR. Approximately 1,400, yes, sir.

Senator JOHNSON. Do you also subcontract out to contractors?

Mr. TAYLOR. We do.

Senator JOHNSON. What percent do you perform with those 1,400 people? That is 1,400 people looking at about 43,000 units.

Mr. TAYLOR. Yes, sir. Yes, there is a lot of third-party support, and it varies jurisdictionally. If we are in a market where there is limited availability of third-party vendors, then we will have a heavier staff than we would, but generally speaking, we could have anywhere from 10 to 12 vendors on a third-party service agreement that assist us with the performance of our work.

Senator JOHNSON. Do you evaluate your vendors? If they do not perform, do you terminate their contracts and hire others?

Mr. TAYLOR. Absolutely.

Senator JOHNSON. How often do you do that?

Mr. TAYLOR. We have the standard termination clauses that are in contracts that you find in any contracting arrangement.

Senator JOHNSON. Again, you manage 43,000 housing units. What is the total inventory of housing units for the military? Do you know?

Mr. TAYLOR. I think it is about 300,000. Might be a little—280,000. OSD can give you that.

Senator JOHNSON. So you are more than 10 percent.

Mr. TAYLOR. Yes, sir.

Senator JOHNSON. Are you the largest manager of housing units, or are there other people that are as big or larger?

Mr. TAYLOR. I believe there is one provider that manages more units than we do.

Senator JOHNSON. OK. How do you explain the testimony you heard from Captain Choe, Sergeant Torres, and Ms. Wanner?

Mr. TAYLOR. I think it is their perception of what transpired. I think that we have a different perception. I think that—

Senator JOHNSON. Can you give us a different perspective, for example, with Captain Choe's daughter?

Mr. TAYLOR. First, as a father of a son and daughter myself, I have empathy, substantial empathy for the Choe family. I know that is hard to deal with any child. I have a hard time drawing the conclusion that has been drawn on the first panel that there is a

direct correlation between the condition of the home and his daughter's medical condition.

Senator JOHNSON. OK. I guess that is a legitimate point to make, sometimes very difficult to prove causation on things. But do you deny the fact that the issues of mold just were not addressed over a relatively long period of time?

Mr. TAYLOR. I do deny that, yes, sir. In advance of this, having known that Captain Choe was going to testify, again, I was not involved in the details, but I took time to kind of understand a bit more about the situation because I wanted to be responsive to the Subcommittee.

In the time that the Choe family lived with us, they submitted 28 work orders, 22 of which were online, and Captain Choe acknowledged that, he used that predominantly to let us know that work was being requested. The one mold work order that was put in late February 2020 was inspected twice by our staff, was jointly inspected by our military housing partner, and found no evidence of mold at that time. Subsequent to that, there were 11 additional work orders that were put in online by Captain Choe, clearly indicating, his intent to continue to notify us through the online portal, to notify us of those issues.

Importantly for me, I think it is, a clear demonstration that Captain Choe had access to the portal, which also does not give him just the ability to input work orders, but it gives you—you can see any open work orders and what the status is of those work orders.

I guess my perspective, having heard what I heard a little bit ago, is if he did not think that that we were responding to the work orders by engaging in the resident portal it should have been clear that no work order was being looked at in our system. To my knowledge, we have not been notified of that.

To my knowledge, we have never seen any photographic evidence of any mold existing with the home.

To my knowledge, the medical doctor's letter that suggest that the home might be the cause of her skin conditions and/or the school, to my knowledge, that doctor never visited the home personally to view the condition in the home. To my knowledge, that report was written—that letter was written in late June 2020 and was provided to our site team in October of that year, about a 4-month delay.

When I kind of look at the fact pattern, I think that there is just holes, and so I think that, it is hard for me to reconcile in my mind that the home was actually the cause of the condition when the findings that we had in responding to the work requests did not indicate the same.

Senator JOHNSON. Mr. Chairman, would you give me time to see how Ms. Cook responds to that?

Same question, Ms. Cook. Do you have any explanation?

Ms. COOK. Could you repeat that? Explanation on the mold? Is that what you are—

Senator JOHNSON. In terms of the situation with Captain Choe and his daughter.

Ms. COOK. Yes.

Senator JOHNSON. You listened to their testimony. Do you refute it?

Ms. COOK. It is heartbreaking. I am a grandmother. I am a mother. I care deeply about our residents, as all of our team does. I will say that we did go inspect the home. I personally did not, but our team is trained, as well as our garrison housing office is trained. I do feel that if there was a life-health-safety issue that we would have immediately removed that family so that we could remediate. There was no signs of life-health-safety.

If it is behind the walls I cannot see that, no, sir, but I do feel that we did follow all U.S. Environmental Protection Agency (EPA) and the U.S. Centers for Disease Control and Prevention (CDC) guidelines in that home as well as all of our homes.

Senator JOHNSON. OK. Thank you, Mr. Chairman.

Senator OSSOFF. Thank you.

Senator Scott.

#### **OPENING STATEMENT OF SENATOR SCOTT**

Senator SCOTT. Thank you, Chairman. Thank you, Ranking Member. Thank you for being here.

I was Governor of Florida, and I served in the Navy. At that time, there was not any housing for us. But I think it is well acknowledged we have to do whatever we can to provide our men and women the best facilities, the best care we can.

I want to sort of follow up what Senator Johnson was talking about, but first, I want to ask something specific. By the way, when I was Governor, I did base commander meetings about every 4 months and tried to find their problems. Because it was a Federal issue, I never dealt with that, but since I have been in the Senate—I have been up here a little over 3 years—a lot of people have complained. I want to go through one specific one.

I have received reports of unacceptable housing conditions at the naval air station in Key West. I do not know if you are familiar with this. It is the Sigsbee Park Annex. It says most of the units require significant improvement so that enlisted personnel and their families can have safe housing. Do you know what efforts have been made to ensure that our servicemembers in Key West are living in acceptable housing conditions and what your plans are to improve them? Is that something you are familiar with or not?

Mr. TAYLOR. I am, Senator. As a matter of fact, I think it was approximately 2 weeks ago I was at Key West, visiting with our team on that site. I think you are well aware, Key West has—the overwhelming majority of what we have there is legacy housing. We constructed 111 new units during the initial development period. That project is part of an 11-base, multi-site project called the Navy Southeast Project.

We have invested heavily in renovation of Sigsbee in particular. We have done bump-outs. We have done kitchen improvements. We have done a lot of significant changes in there. We have not been able to touch them all because of the financial constraints, I can tell you.

We have had some issues with HVAC, duct sweating just because of the conditions in those homes. We have had some issues with lack of quality insulation because of the time in which those units were constructed, and they are being addressed through this renovation plan.

The Navy Southeast Project in particular is financially stressed. The BAH increases have not materialized over the time period that were expected. Insurance and utility rates have far outpaced rates of inflation.

I will give you an example. For all of the Navy Southeast Project, this year after we set our budgets, I think it was in March of this year, or it might have been April. The local utility, or the utility that manages or provides the utilities for Key West and all the Navy Southeast, told us that there is going to be a 30 percent increase in the utility costs this year when we budgeted for 3 percent.

Those are the sorts of challenges that I think do not get talked about enough in this type of forum because those are the real challenges that we ought to be engaging in.

Again, I will go back. Do we make mistakes occasionally? Yes. But if we want to look out for the long-term health and viability of this program that can serve the needs and interests of our servicemembers and their families, we ought to be having the conversation about the financial viability of the projects.

Senator SCOTT. Can we go through—and this is similar to Senator Johnson's question. How long have you been at the company?

Mr. TAYLOR. Twenty-two years, sir.

Senator SCOTT. OK. Did you do the contract? Did you enter into the contract?

Mr. TAYLOR. I led the business development team that pursued that project.

Senator SCOTT. What are the economics? How does it work? Are you getting paid a fee per home? Are you getting paid—did you pay for all of the existing housing, and then you are responsible for it? How does it work?

Mr. TAYLOR. Yes, so in this case, with the Navy projects, very similar to the Army projects, the private partners—in this case, I will talk about our company. We made an equity contribution, an equity investment in the project. Equity investments typically for most projects—I do not recall specifically for Navy Southeast—generally, are between 1 and 5 percent. The Navy always wanted less equity in the projects than the other branches.

The Navy would make a financial investment that they took out of the near appropriations, and then what we would do is we would underwrite the potential revenue from the Basic Allowance for Housing that we receive throughout the project. We would then take that revenue, BAH's topline revenue, net out projected operating expenses, get to a net operating income line. We would then go the financial markets, and based upon the net operating income we could raise in most cases hundreds of millions of dollars that would be deployed during that initial development period to do replacement housing, renovations, all of those sorts of things. That is how the project—

Senator SCOTT. You basically borrowed against future revenues.

Mr. TAYLOR. Correct.

Senator SCOTT. OK. The assumptions when you got into the contract, how have those assumptions been wrong?

Mr. TAYLOR. The Basic Allowance for Housing, again, is the only source of revenue for these projects. BAH is reset annually. It is

supposed to be indicative of the cost increases in the local market because the BAH is not just specifically for the MHPI.

Senator SCOTT. No, I got it.

Mr. TAYLOR. More importantly, there are 70 percent of folks that are living off—

Senator SCOTT. Yes, I bet it was. I got \$124 a month. My apartment cost \$250.

Mr. TAYLOR. BAH has been highly unpredictable. We originally underwrote 2 to 3 percent annual increase. If you look at BAH across the entirety of the DOD spectrum, it looks more like an electrocardiogram (EKG) chart.

Senator SCOTT. OK. Your expectation when you bid for the contract is to 2 to 2-plus percent a year. That did not happen.

Mr. TAYLOR. That did not happen.

Senator SCOTT. That is No. 1, OK. Have you lost money on—let us take whichever project, Navy Southeast. Have you lost money on that project?

Mr. TAYLOR. We have not lost money. It is just that we get paid management fees as a percentage of income. If income does not go up, our fees do not go up.

Senator SCOTT. How do you make money? Just on the management fees?

Mr. TAYLOR. Management fees and for the property management. We also get a return on the equity investment I talked about that we made at the front end, and that is at the very bottom of the cash-flow.

Senator SCOTT. That is separate. You have a management fee over here, and you have another company that was set up that took the risk on the construction. Is that the way it is set up?

Mr. TAYLOR. The company made an equity investment in the project to help fund that initial development period work. The return on that equity, just like any investor in a real estate project, would get—you get—after all of the bills are paid, the mortgage is paid, then the way the—

Senator SCOTT. It is leveraged to the hilt. If they only wanted 1 to 1.5 percent equity, then it is complete leverage, right?

Mr. TAYLOR. Significantly, yes.

Senator SCOTT. Why did the Navy want that?

Mr. TAYLOR. Because we could tap into private sector capital and then—

Senator SCOTT. But then the markets were—market-level interest rates were so low.

Mr. TAYLOR. It did not encumber the Federal budget.

Senator SCOTT. Then what happened? Did anybody change the deal? They made assumptions. Their assumptions were wrong. Did the Department of Defense change the deal ever?

Mr. TAYLOR. No.

Senator SCOTT. It is just that the assumptions were wrong. Have they made—is it OK if I just finish?

Have they made money? Has the equity side, where they bought the property and responsible for the fixing it up, has that been a money loser?

Mr. TAYLOR. For our company?

Senator SCOTT. Yes.



Mr. TAYLOR. No, it is not a loser, but again, if revenues do not grow at the pace that you expected you are falling short of what you expected.

Senator SCOTT. The equity holders make the return.

Mr. TAYLOR. It is still in a losing position.

Senator SCOTT. All right. The management fee is not the problem other than it seems like when Senator Johnson asked you a question the management fee per unit seems pretty low. I have never done a deal like that, but that seems low.

Mr. TAYLOR. Relative to what private sector companies do, it is low.

Senator SCOTT. Yes. But you bid it, so you are responsible.

Mr. TAYLOR. We got into this business because of, I served in the Navy myself. This business is attractive to me and always has been, and the reason that I work as tirelessly as I personally do is because I believe in the construct. I believe that it is a heck of a lot better way to provide housing to our servicemembers and families than what we were capable of doing when I was in uniform. Light-years difference.

Senator SCOTT. What would you do in hindsight? What should either you or the government have done differently to make sure there is less of a risk that you have rogue employees that do the wrong thing?

Mr. TAYLOR. In our case, had better internal controls.

Senator SCOTT. Is there anything the government should have done differently?

Mr. TAYLOR. I think that there was certainly engagement from our military partners along the way. The fiscal year 2020 NDAA really helped stoke the fire there, and I can tell you that we are working more closely with our military partners than we have ever worked. I think that is what the program ultimately needed.

Senator SCOTT. You do not think the structure of the entity caused the problem. You think it was a lack of oversight.

Mr. TAYLOR. Yes, I think that is fair.

Senator SCOTT. Thanks.

Senator OSSOFF. Thank you, Senator Scott.

Mr. Taylor, I want to return to the question of whether indeed Balfour has reformed and improved its practices since 2019. Again, the period of 2013 to 2019 is the period during which the company was, as you have acknowledged, engaged in a scheme to defraud the United States. You made note in your opening remarks of satisfaction surveys that you have undertaken. Is that in your view an indicator of improved performance, or what does that signify in your opinion?

Mr. TAYLOR. It is just one KPI that we pay close attention to because it is direct feedback that comes from our residents through an independent third party. As I said, all servicemembers are invited to participate when they move into their new home or their home. Once they take occupancy, they are invited to participate in the survey anytime we are in their home to provide response to a work order.

It is an indicator. It is not the end-all, be-all, but it is a pretty good indicator, and we track that and see how it trends over time so that we can take action where we see things are trending in the

wrong direction to investigate, why are our scores dropping, what is about that we need to be paying attention to, to correct.

Senator OSSOFF. Yes. I am skeptical of the satisfaction scores as an indication that you have improved your performance—and this is something that you and your team also raised in interviews before this hearing with the Subcommittee staff. If we could have a look, please, at slide 16.

Here we have your prepared testimony today at left. We have your predecessor in this role's prepared testimony from February 2019 at right, testifying before the Senate.<sup>1</sup> Now just to make sure we have these dates correct, I want us to clarify that February 2019, when your predecessor made these comments to the Senate, that was still during the period when the company was engaged in a scheme to defraud the United States. Is that correct?

Mr. TAYLOR. February 2019, that was still—

Senator OSSOFF. Yes?

Mr. TAYLOR [continuing]. Part of the period, yes.

Senator OSSOFF. OK. Here we have your predecessor touting the satisfaction scores in sworn testimony before the Senate during a period when the company is engaged in a fraud scheme, falsifying and destroying work orders, lying to the Armed Services, and the company is touting its satisfaction scores. Then at left here, we have, from your written statements today, the satisfaction scores as an indicator of your company's improvement in performance.

Now 1 to 5, or very good to outstanding, these may not be apples to apples comparisons, but it gets back to the core question—we can close the slide—which is, why should the Senate believe a company that for 6 years defrauded the government? I have to say I am shocked, Mr. Taylor, that you deny these issues are systemic. They are clearly systemic.

In fact, your performance as a company at installations in my State is notorious. Local media have reported on it for years and years and years. Every time I visit an installation, enlisted personnel raise it without me even prompting them to. We have convened entire discussions with enlisted personnel to figure out what is going on. That is why we embarked upon an 8-month long investigation to understand what is happening.

I am just not sure that you understand what is happening within your own organization. Did your senior executives know that for 6 years the company was engaging in fraud?

Mr. TAYLOR. No.

Senator OSSOFF. Would you know now if your company was continuing to engage in fraud?

Mr. TAYLOR. Yes.

Senator OSSOFF. You would. I would like to explore whether or not your management team has the situational awareness to understand what is happening inside your own firm, if we could please turn to tab 13.

While you do that, Mr. Taylor, if you could please tell the Subcommittee who is Mr. Thomas Rodriguez and how was he related to you in the organization?

Excuse me, tab 12. Forgive me.

<sup>1</sup>The Resident Survey appears in the Appendix on page 197.

While you turn to tab 12, please, Mr. Taylor, who is Thomas Rodriguez?

Mr. TAYLOR. He is a former employee and former facility manager at Fort Gordon.

Senator OSSOFF. OK. He was the facility manager at Fort Gordon in Georgia.

Mr. TAYLOR. Prior to that, he was a maintenance supervisor at Fort Stewart.

Senator OSSOFF. Understood. Thank you. Here we have an e-mail from Mr. Rodriguez. As the facility manager at Fort Gordon, am I correct that perhaps not your direct subordinate, but he is your subordinate, correct?

Mr. TAYLOR. He is in my chain of command, yes, sir.

Senator OSSOFF. That is right. This e-mail is from February 2021. This is 2 years after the conclusion of the period during which Balfour was engaged in this acknowledged scheme to defraud the United States. Two years later, here is an e-mail from Mr. Rodriguez, your subordinate.

I am not sure you received this e-mail, Mr. Taylor, but you did, Ms. Cook—it was forwarded to you—in which Mr. Rodriguez says that the state of the facilities department at Fort Gordon is “total chaos.” He says, quote, “Words could not describe the total chaos.”

He further states that the facilities department at Fort Gordon has been lying to the Army about the condition of the facilities department at Fort Gordon. He says, “This is not acting honestly or respecting our third parties,” meaning the Army, “and treating them with integrity and professionalism.”

Ms. Cook, you received this e-mail in February 2021. Is that correct?

Ms. COOK. Yes, I did.

Senator OSSOFF. What action did you take when you received this e-mail reporting that there was total chaos in the facilities department at Fort Gordon and again, this is from the head of the facilities department at Fort Gordon—and that the facilities department was being dishonest with the Army? What action did you take?

Ms. COOK. I do not totally recall without reviewing the records, but I do believe I did forward this up my chain of command.

Senator OSSOFF. OK. Did you follow up after forwarding it to see what action was taken?

Ms. COOK. I believe we had a couple—because it was regarding the FM buildings. It was regarding the facility building, and I do believe—

Senator OSSOFF. So you followed up.

Mr. Taylor, were you aware of this e-mail at the time?

Mr. TAYLOR. I was not.

Senator OSSOFF. You were not aware, so you understand the skepticism.

Let us just set the stage here. It has been 2 years since the end of a 6-year period when the company is engaged in a scheme to defraud the United States. At this very moment, February 2021, you are under Department of Justice investigation for being dishonest with the military and for fabricating and destroying work orders. You know you are under investigation. You know you are in hot

water. Your subordinate reports that the facilities department at Fort Gordon is in total chaos and that with respect to the condition of the facility department and its premises there is a lack of integrity with the Army, and you were not aware of this, Mr. Taylor.

You say that the senior executives at Balfour did not know that there was fraud ongoing for 6 years but that you would know if there was fraud ongoing now. How sure are you, Mr. Taylor, that you would know if that misconduct continued to this day? Are you sure?

Mr. TAYLOR. I think that your interpretation of this e-mail, what you just described, does not align with the question that you are asking me.

Senator OSSOFF. OK. Let me restate the question then for clarity. Here we have your subordinate reporting that when he took over the facilities department at Fort Gordon it was in a State of total chaos and that the facilities department has been dishonest with the Army, correct?

Mr. TAYLOR. Where does it say that?

Senator OSSOFF. We have the document here. That is what it says. It says, "when I arrived onsite . . . words could not describe the total chaos that was the facilities department" at Fort Gordon. You were not aware of this report, correct?

Mr. TAYLOR. I was not aware of this e-mail.

Senator OSSOFF. OK. My time is expired. Ranking Member Johnson.

Senator JOHNSON. Can you step through, after the settlement a couple years ago, what specific actions did you take to correct the deficiencies in your process, specifically? What did you do?

Mr. TAYLOR. Yes, Senator, there were many, and as we were working through them I will share that we were sharing that—those remediation plans with the DOJ investigators as they were conducting their plan. We were sharing those remediation steps with our military partners. We were sharing that with HASC and SASC staffers that have oversight of this particular program.

But there were a number of things, and I would follow up with a more fulsome response, but I will just share with you some of the things that we did. If you look at one of the root causes for the falsification of work order data was the system that we used, the database that we used is a product called Yardi. At the time, there was too much opportunity for those individuals that used this system to manipulate data. So we worked with that provider—

Senator JOHNSON. By the way, were they on bonus plans so that manipulating data was to their individual benefit? In other words, in your 1,400 employees, you had managers. Did they get bonuses based on what their performance was off the Yardi system?

Mr. TAYLOR. The statistics, there was a portion of their bonus—that came out in the investigation, that their compensation was tied to performance. That is correct.

Senator JOHNSON. Is that still the case?

Mr. TAYLOR. It is not the case.

Senator JOHNSON. OK.

Mr. TAYLOR. All of their bonus at the site level is tied to customer satisfaction, where it ought to be.

Senator JOHNSON. Is there any way for them to doctor the customer satisfaction surveys?

Mr. TAYLOR. There is not. It is all conducted by third parties. We do not conduct any surveys ourselves.

Senator JOHNSON. OK.

Mr. TAYLOR. That system had a lot of opportunity for manipulation of data. We worked with the provider to ensure that local site teams have no ability to change the data.

We also engaged a third-party call center now that takes 100 percent of our calls, and so you have an independent third party that is documenting the timing of the receipt, the date of the receipt of that work request, so that it is not our staff that are inputting that information.

If there is a recognized error in those work orders—and I heard some of this in the previous testimony—local site teams cannot make those adjustments. That has to be documented and justified, and it has to be approved up to a vice president level. If we make that change, we are transparent with our military partners the reason why we made the change to ensure that there is transparency and agreement with making that change.

Senator JOHNSON. Do you know what you are being investigated for by the Department of Justice right now?

Mr. TAYLOR. Nothing that I am aware of.

Senator JOHNSON. Are you aware there is a Department of Justice investigation?

Mr. TAYLOR. Ongoing currently?

Senator JOHNSON. Yes.

Mr. TAYLOR. I am not.

Senator JOHNSON. OK. Nor was I.

Ms. Cook, how do you explain the e-mail from Mr. Rodriguez when he is talking about facilities in chaos? What was in chaos? Do you know?

Ms. COOK. I believe—and if I may, Senator, I get thousands of e-mails in my e-mail box every day, just as all of us do. So you know, I definitely received it, but I do know that Tom went down there to help. We had lost a previous facility manager. I took it as his first observation of being on the ground, and he sent it to his supervisors that could help him pull it together in an action plan of how we are going to pull this to get—

Senator JOHNSON. So this is an initial e-mail when he gets down there and goes, “Man, this is a mess. This is in chaos, and I am going to fix it for you.” I mean, is that how you kind of interpreted it?

Ms. COOK. That is kind of how I remember it. Like I said, I get thousands of e-mails, so I would have to go back and review that, sir.

Senator JOHNSON. OK.

Ms. COOK. But I do feel that Tom just had come on the ground and he was reporting what he was seeing.

Senator JOHNSON. OK. Mr. Taylor, I want to go back, and I want to try and understand this business model. Tell me if I have this right. There is the actual construction phase of this, where you put in a very small percentage in terms of equity and you leverage it up. You are able to do that because it is housing for the military,

so nobody is afraid that they are not going to get paid back. You can literally build a billion dollars of housing and you are only investing, what, \$10 million maybe, 10.5, 10 to 15 million?

Mr. TAYLOR. On that, I think every one of our projects the equity contribution from the company was between 1 and 5 percent, so it varied.

Senator JOHNSON. So again, it could be 10 to 15 million.

Mr. TAYLOR. It could, yes.

Senator JOHNSON. But again, then your entire revenue stream, you are telling me, is \$30 million a year.

Mr. TAYLOR. Our property management fees on average over the last 3 years.

Senator JOHNSON. That is your revenue stream, or is there some revenue stream from the construction part of this? I mean, are you making money on the construction?

Mr. TAYLOR. In the initial development period, when we were building out the housing, we had a third party and then a related third party that was our builder.

Senator JOHNSON. Let us say you construct a billion dollars and you act as a GC and you may be getting 10 percent for that. You make money on the actual construction of the housing unit, and then that is done.

Mr. TAYLOR. A builder would have, but Balfour Beatty, as the developer, we earn development fees for the buildout.

Senator JOHNSON. OK. You make money there, but then ongoing it is literally that \$30 million, with 1,400 employees, with costs going up and down. The reason I am digging into this, I would not invest in this business. Listen, I guess I appreciate the fact that you have a commitment and you want to provide good housing for our servicemembers, but unless I am missing something here it just seems like a pretty risky business.

Mr. TAYLOR. It is not the only revenue source. That is the property management fees, Senator. I just want to make sure that we are clear.

The way that the projects are constructed, the majority of the cash that is left over after all the bills are paid, on average, about 90 percent of that goes to a project reinvestment account. That is there for long-term sustainment. It was always envisioned to be sufficient to take care of the housing over the balance of these 50-year agreements.

Those reinvestment account funds are deployed in when our military service partners are in agreement with what the plans for how we deploy those funds to make further improvements down the road. When that happens, again, we will earn development fees on that work. We will engage contractors to perform that work. There is still opportunity for revenue or fees, but that was always envisioned in the construct of the deals.

I talked about the equity investment that we made. Ninety percent of that excess cash-flow at the bottom of the waterfall goes to the reinvestment account. On average, about 10 percent of that comes to us as a return on that equity investment because we invested in the project as well.

Senator JOHNSON. OK. The reason I am trying to delve into the finances here is if a company like yours is not making money on

this or making such a slim margin there is probably not much incentive for you to improve things. But if you are making a fair return, it is still a business that is attractive to you and others.

Mr. TAYLOR. I do not agree with the statement that it does not incentivize us to do a good job and improve things frankly because everybody is well aware our property management fees, that \$30 million, is made up of a base management fee and then an incentive component. That incentive component was the issue that got us into the challenges with DOJ, but that incentive component, if we do our job well, there is opportunity for us to earn more money for the business. We are not a not-for-profit. We are a business just like every other provider, to try to be profitable.

Senator JOHNSON. To close this out, in your mind, I think I heard you testify that the solution here is better internal controls on the part of you and probably your competitors in this space.

Mr. TAYLOR. Absolutely.

Senator JOHNSON. You think with better internal controls you can satisfy Ms. Christian and our other witnesses?

Mr. TAYLOR. We are seeing evidence of it already, that the level of control and oversight that we have within our own organization, the level of oversight that we see from our military partners, there is a lot more control over the activities that are happening on every one of these installations. It is in a better place, a heck of a lot better place today than it was 3 years ago.

Senator JOHNSON. You have an independent company doing your surveys. Is there any other independent auditing of your performance?

Mr. TAYLOR. All of our financials are independently audited.

Senator JOHNSON. Financial, but I am talking about in terms of your performance.

Mr. TAYLOR. The performance? There are annual CEL surveys that the service branches engage. You saw the example that was on the screen, on the right-hand side of the screen, was the result of CEL scores that the service branches engaged. Then we have SatisFacts for those, for the work we perform there.

Senator JOHNSON. This will be my last question because I am disturbed about the potential retaliation, and we heard that from, I think, all the witnesses, and I have seen that since I came to the Senate. Coming from the private sector, I am actually shocked at how much retaliation there is within government. And this would be within the military. Are you aware of that?

It sounds like, based on testimony, it is retaliation certainly participated in by members of Balfour staff in combination with some of the folks in the military.

Mr. TAYLOR. I am not aware of our staff retaliating against residents because they have expressed displeasure with our service.

Senator JOHNSON. OK. Thank you, Mr. Chairman.

Senator OSSOFF. Thank you, Ranking Member Johnson. To close out, I think it is worth recapping what you were getting into, Ranking Member Johnson, in terms of the structure of revenues.

For clarity with our final few moments here, Mr. Taylor, describe one more time how this incentive fee structure operates, please?

Mr. TAYLOR. If you look at the cash-flow waterfall for any project, as part of the operating expenses, there is typically a base manage-

ment fee. It is usually on the order of 2 percent of revenues. After debt service is paid, after we put away money for capital repairs and replacement, we will qualify for incentive management fees.

There is a slight difference with a lot of similarity between the way that each branch of service has negotiated the performance metrics within those. All of them have undergone a revamping in the last 3 years.

Senator OSSOFF. If I might, those incentive fees, for example, the incentive payments that you will receive from that joint fund you have established with the Service, will be correlated with your performance and among the metrics of performance will be the timely and successful closure of work orders, correct?

Mr. TAYLOR. The timely response to emergency and urgency, the timely completion of routine service.

Senator OSSOFF. Right. If there is an issue such as mold, which poses a health hazard, then that is classified differently with a different expectation of successful or timely response than, for example, a routine carpentry issue. Is that correct?

Mr. TAYLOR. That is correct.

Senator OSSOFF. When we see Sergeant Torres's work order, where he clearly stated in the description that it is mold, and then we see that it was classified as carpentry, that kind of thing could impact your incentive fees, correct, if the company—and this is, I believe, what was going on during the period of the scheme to defraud the United States. Misclassification of a request for remediation of mold, which should be more timely acted on as something like carpentry, will cause you to be paid more in incentive fees by artificially inflating your performance metrics, correct?

Mr. TAYLOR. If the volume of that activity rose to the level that we would not meet the threshold, that is a correct statement, and it assumes that we did not identify the error and put in place a correct—correct the error.

But again, to achieve the incentive fees, just to be totally transparent, it does not mean 100 percent success to qualify. There are graduated levels depending on that. One or two work orders in and of itself being an error would not potentially impact whatsoever our incentive fees.

Senator OSSOFF. Thank you, Mr. Taylor. Thanks for that clarification.

I want to thank the members who attended this hearing today. I want to thank all of the witnesses on both panels for their testimony and for appearing today before the Subcommittee.

We will continue to seek remedies for the issues discussed today. Our military personnel, stateside and abroad, sacrifice continually in service to this Nation, as do their families. They deserve the very best. It is of utmost importance that they be provided with safe housing, that there be accountability within the Department and by those companies responsible for providing that housing.

This hearing record will remain open for 15 days for any additional comments or questions by any of the Subcommittee members.

With that, this hearing is adjourned.

[Whereupon, at 12:33 p.m., the Subcommittee was adjourned.]



## A P P E N D I X

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**Opening Statement of Chair Jon Ossoff  
“Mistreatment of Military Families in Privatized Housing”  
U.S. Senate Permanent Subcommittee on Investigations  
Homeland Security and Governmental Affairs Committee  
April 26, 2022**

The Permanent Subcommittee on Investigations will come to order.

Thank you all for your attendance. Thanks to the public for tuning into these proceedings. Ranking Member Johnson, thank you for all of your work, as our staffs and we have collaborated on this investigation focused on the mistreatment of military families in privatized housing on U.S. military installations.

In the mid-1990s, when the Department of Defense commenced the privatization of military housing, it was envisioned that this initiative would lead to better outcomes for military families; safer, more reliable living conditions; healthy homes; and affordable housing available to families living on and around U.S. military installations.

For years, however, this program has been plagued by problems.

When I visited Fort Gordon in the first few months of my term in the Senate, I asked the base command if I could sit down with families on Post to hear about their experiences living in privatized housing managed by Balfour Beatty at Fort Gordon.

And the stories that I heard shocked me. I heard stories about maintenance requests that were ignored, maintenance requests that were never followed up on — not just routine maintenance, but maintenance that impacted the health and safety of our servicemembers and their families living in their homes.

And those families at Fort Gordon, they asked me to take action.

And so, using my authority as the Chair of the Permanent Subcommittee on Investigations, and working closely in a bipartisan way with my colleague, Ranking Member Johnson, who in his past capacity chairing the Homeland Security Committee, has led substantive oversight investigations of related matters, we embarked upon an eight-month intensive investigation looking into these allegations of mistreatment of military families at U.S. installations.

We focused on Fort Gordon in Georgia and Sheppard Air Force Base in Texas. The results of this investigation are alarming and disturbing. They reveal injustice imposed on servicemembers and their families, reveal grave risks to the health and safety of servicemembers and their families, reveal neglect by Balfour Beatty, which is responsible for housing tens of thousands of military families, and reveal not only neglect, in my view, but also misconduct and abuse — neglect, misconduct, and abuse that persisted even after Balfour Beatty pled guilty to a scheme to defraud the United States between 2013 and 2019.

Today, we are going to hear from servicemembers who have joined us to share their personal family stories of living in Balfour Beatty housing. We will hear from advocates and military spouses, who will share what they've learned from their personal experiences and advocating for the families who live on Post and live on installations across the United States. We will then ask tough questions of senior executives at Balfour Beatty and demand answers and accountability.

Again, I want to emphasize this has been a bipartisan effort from start to finish. Ranking Member Johnson has been a great partner in this effort. I thank my staff and his staff for their tireless work, reviewing tens of thousands of pages of records, interviewing dozens of witnesses.

I thank the witnesses for joining us today, in particular the servicemembers who I will introduce after our opening statements, who have come to share their stories, who have displayed the bravery, courage and dedication that we know and expect from those who serve in the Armed Forces, and are doing a great public service, by joining us today and sharing their stories.

**Opening Statement of Ranking Member Ron Johnson**  
**“Mistreatment of Military Families in Privatized Housing”**  
**April 26, 2022**

*As submitted for the record.*

The Permanent Subcommittee on Investigations (“PSI”) has a longstanding bipartisan tradition of investigating government and non-government entities, uncovering waste, fraud, abuse, and outright corruption. These efforts have brought transparency and accountability to the public. I am pleased to join Chairman Ossoff on this inquiry and look forward to continuing the Subcommittee’s traditions of conducting thorough oversight on behalf of the American people.

Today, PSI released a bipartisan report and findings based on its inquiry into issues with privatized housing on U.S. military installations. We will hear from service members whose family’s health and safety have been put at risk because of the conditions of their homes. We will also hear from Balfour Beatty Communities (“Balfour”), one of the largest managers of privatized military housing in the country.

Service members represent the finest among us. They and their families make many sacrifices in service to this great nation. When stationed in U.S. military installations, these men and women should expect to live in conditions that will not damage the health and safety of themselves and their families. The Subcommittee uncovered troubling practices by Balfour in which prolonged delays in repairs put the health and safety of service members and their families at risk and potentially wasted taxpayer dollars. These practices went on at multiple homes for several months and senior leaders at the company failed to take action to prevent harm.

The Subcommittee also uncovered multiple instances where data within Balfour’s work order software was inaccurate. Accurate work order data helps families moving into homes determine whether there is a history of a particular problem within a home prior to move in. In addition, accurate and complete work order data is a vital tool in preventing waste of taxpayer dollars. Because Balfour receives financial incentives from the military for prompt and complete repairs, it is essential that the data reflecting those work orders is accurate.

In 2021, Balfour pled guilty to fraud against the United States for inflating its performance metrics and receiving improper incentive fees from military service branches. As a result, the company agreed to pay over \$65 million in fines and restitution. This guilty plea coupled with the Subcommittee’s findings show that Balfour still has a long way to go to earn the public’s trust.

Moving forward, the Defense Department and all military housing providers must ensure that our service members live in safe, habitable environments. In particular, the Defense Department and its Office of Inspector General need to actively oversee its housing contracts to ensure compliance. I thank the witnesses for appearing before the Subcommittee today and I look forward to your testimony.

## **Testimony of Captain Samuel Choe**

Homelands Security and Governmental Affairs Committee (HSGAC)

Permanent Subcommittee on Investigations (PSI)

Hearing titled,

**“Mistreatment of Military Families in Privatized Housing”**

**Tuesday, April 26<sup>th</sup> at 10:00 a.m.**

Good morning Chairman Ossof, Ranking Member Johnson, and members of the Subcommittee. It is my professional and personal honor to participate in this proceeding, regarding the deficiencies in privatized housing provided to servicemembers and their families at Fort Gordon, GA by Balfour Beatty Communities LLC (BB), and the personal experience that my family and I have had while residing on-post in Balfour Beatty-managed housing.

My name is Samuel Choe, and I am an active duty United States Army Officer, currently serving at the rank of Captain at Camp Humphreys, South Korea. My military service spans over 12 years, as both an enlisted, and now, commissioned, Soldier. Prior to my current field as a communications Officer, a position in which I have served since 2015, I served as an intelligence analyst from 2010-2015. I have been stationed in the following locations in the specified capacities: Fort Campbell KY, 2010-2013, Camp Parks, Dublin CA, 2013-2015, Camp Walker South Korea, 2016-2018, Camp Humphreys South Korea, 2018-2019, Fort Gordon GA, 2019-2022.

Before joining the Army, I was employed as a banker for Wells Fargo and JP Morgan Chase. I am married to my wife Mijin and we share three children. My oldest child is Nathaniel, who is 14 years old, and aspires to become a neurologist. My second child is Cherylin, who is 10 years old, and aspires to become a Pixar film director. My third child is Luka, who is 11 months old, and aspires to share the snacks that I eat someday soon.

For the matter regarding the current state of Fort Gordon's military housing, it is imperative that all members of the Subcommittee, and all other parties present, understand the circumstances leading up to today's witness testimony. It is presently established that the Department of Defense's (DoD) commitment to privatized housing for uniformed servicemembers (SM), is overseen by the Office of the Assistant Secretary of Defense for Sustainment-Facilities Management, as part of the Military Housing Privatization Initiative (MHPI). Created in 1996, the MHPI stipulates that the conceptualization, acquisition, funding, development, and establishment of military housing for SMs adheres to the National Defense Authorization Act for Fiscal Year 1996, Public Law 104-106 (110, Stat 186, Section 2801). The contracts established between the different US military branches, and the private sector, are meant to enable uniformed personnel to rely upon being furnished homes that are suitable for residence.

The advent of privatized housing DoD-wide means that these for-profit companies are contractually obligated to satisfy the housing initiative established by the MPHI. This includes basing their business models on an expected occupancy rate, in exchange for the entire basic allowance for housing (BAH) stipend given to SMs. Considering this, BB is at the forefront of privatized military housing, managing 55 different military installations across the US, which exceeds 43,000 homes and counting.

Currently, Fort Gordon's on-post residences are operated, in whole, by BB. This organization, and its Fort Gordon office, has direct managerial oversight for the different units that are leased by enlisted, commissioned, and in certain cases, non-military tenants. BB requires that all tenants sign a lease prior to occupying a unit, which stipulates the terms and conditions that both lessor and lessee are to abide by for the duration of the contract. It is fair to consider that for all intents and purposes, these contracts are essentially the same as conventional tenant/landlord agreements that are part of the US civilian rental market.

My family's concerns and issues with BB relate to our first-hand experience and suffering in a BB-managed home, from August 2019-February 2021, and the systemic failures of BB, affiliates domiciled at Fort Gordon, and members of the Fort Gordon garrison to address our complaints of toxic conditions. The ramifications of living at our former on-post home are still felt keenly due to the adverse impact that it has had on my daughter, Cherylin. While residing there, she developed a potentially fatal mold allergy, which has become the focal point of our concerns with BB, and their inability to provide tenable conditions for SMs as a whole.

The condition that Cherylin has been permanently diagnosed with is severe atopic dermatitis. When less concentrated, this is more commonly known as eczema. She developed this allergic condition as a direct result of living at 149-A Cypress Circle, Fort Gordon, specifically through exposure to black mold and mildew. Prior to this, she had never exhibited any symptoms aside from testing positive for a mild allergy to cats, dogs, and eggs. As a military dependent, Cherylin has moved from California, to Fort Campbell KY, to California again (Camp Parks), to three different locations in South Korea, and to Fort Gordon GA. With absolute confidence, my family and I state that she never exhibited any allergy symptoms remotely close to what she now does on at least a weekly basis, which stems from her exposure to the black mold and mildew which was present at 149-A Cypress Circle.

We originally received military orders to move from South Korea in the spring of 2019, where I was stationed at Camp Humphreys as a communications engineer for 1<sup>st</sup> Signal

Brigade. The orders detailed that I attend a military course located at Fort Gordon, due to my recent promotion from Lieutenant to Captain. My family and I conducted our move in August 2019, and moved into the BB-managed home of 149-A Cypress Circle. Shortly after our move, Cherylin began to experience a series of harsh rashes and skin irritation, primarily on her arms and legs. These epidermal aberrations would prove to be long-lasting and harmful, from both a physical and psychological standpoint. The following is a timeline of the events which led to our move from 149-A Cypress Circle, to our off-post residence at that time.

**-October 2019:** Cherylin is seen at Dwight D. Eisenhower Army Medical Center (DDEAMC), prescribed medication. Symptoms exhibited include rashes, hives, darkened skin, and skin irritation.

**-November 2019:** Cherylin is seen at DDEAMC by Dr. Victor Dewyea (allergy/immunologist)

**-December 2019:** Cherylin is seen at DDEAMC for continued symptoms, and an allergy test is conducted to determine cause of symptoms. She is found to be highly allergic to mold and mildew.

**-January 2020:** Cherylin is seen at DDEAMC, and subsequently placed into the Army Exceptional Family Member Program (EFMP). This program is to provide specialized care and attention for military dependents who endure medical conditions or educational challenges.

**-February 2020:** The Choe family is notified that Cherylin's condition is potentially fatal, and a test needs to be conducted at 149-A Cypress Circle to determine if it is the cause. A work order is submitted through the BB online resident portal for a mold test to be conducted.

**-February 2020:** Representatives from BB, Fort Gordon Housing, Fort Gordon Army Community Services (ACS), EFMP, and an independent contractor employed by Fort Gordon Housing, arrive at 149-A. A moisture test is conducted in the home, to include the walls, attic, and HVAC system. The moisture reading reflects the home to be at a normal state of moisture for the season. Samantha Daher, the BB manager, along with David Cross, the BB maintenance/facilities manager, inform CPT Choe that going forward, if there are any additional concerns regarding mold, moisture, or mildew, to

contact her office directly via email, in-person notification, or by informing the workers who conduct the work orders. She hands CPT Choe her card and states that the results of the moisture test will be reviewed.

**-March 2020:** Cherylin continues to experience periodic flare-ups and rashes, and receives at-home treatment via her prescribed medication.

**-April 2020:** Cherylin's condition persists. In addition to the physical aspect of her condition, Cherylin begins to exhibit psychological effects, stemming from the negative she receives from her peers at school.

**-May 2020:** Cherylin's condition persists.

**-June 2020:** A follow-up appointment is scheduled with Dr. Dewyea, who suspects that the home is the main cause of Cherylin's condition. Additional medication with a stronger steroidal potency is prescribed, and a memorandum is written stating the physician's concern regarding the residence. Of note, Dr. Dewyea has made this determination based upon all other possible factors being ruled out or eliminated (such as zero exposure to cats and dogs, the testing conducted by BB, and regular application of the medicine prescribed to combat Cherylin's symptoms).

**-July 2020:** Cherylin's condition persists.

**-August 2020:** Cherylin's condition deteriorates, a follow-up appointment is scheduled. Cherylin begins to scratch at night, causing the rough skin to break and bleed onto her bed.

**-September 2020:** Cherylin's condition persists, a follow-up appointment is scheduled, and a second memorandum encouraging an off-post move is provided.

**-October 2020:** Fort Gordon Housing personnel are notified of a request to move off-post, and to have the move funded by BB due to the circumstances. Norma Puryear receives the request and forwards the information to her leadership.



**-October 2020:** The Fort Gordon Housing team is contacted via phone, regarding the move request status. CPT Choe is notified that the request is being reviewed by the Fort Gordon garrison team. After two weeks of no update, CPT Choe emailed the Housing team again, to which he is informed that the garrison team is still reviewing the request.

**-November 2020:** CPT Choe attends the retirement ceremony of Chaplain LTC Ko, the Fort Gordon garrison deputy chaplain. Also in attendance is the Fort Gordon garrison team. CPT Choe is notified by the garrison team that his request is still under consideration.

**-November 2020:** The Choe family are notified that the off-post move is not approved, and that BB will not fund a move.

**-December 2020:** Cherylin is seen off-post at Augusta University (AU) medical college, dermatology specialty clinic. This begins a series of visits with both DDEAMC and AU.

**-December 2020:** CPT Choe is notified by the Housing team that the garrison team requests additional medical records and tests before a decision is made for the Fort Gordon garrison to fund an off-post move.

**-December 2020:** CPT Choe submits an Interactive Customer Evaluation comment (ICE). BB resident supervisor Teddy Tripp notifies the Choe family that there are currently no other homes available for potential relocation on-post, and that there were additional tests that should've been conducted at 149-A, to include air and allergen testing separate from moisture. Mr. Tripp also states that David Cross was to have conducted further testing, but had left the organization prior to doing so. Tom Rodriguez, the incoming maintenance/facilities manager, was to have followed up on this matter.

**-December 2020:** CPT Choe contacts the Housing team, who informs him that one member of the garrison team is waiting for the opportunity to brief the other member regarding the funded off-post move request.

**-January 2021:** Cherylin is seen at by Dr. Dewyea again at DDEAMC due to her condition.

**-January 2021:** A meeting is facilitated by COL Pick, which included the following personnel: Samantha Daher, Tom Rodriguez, Jenna Holman, Dan Paradis, COL Michael Adamski, LTC Cory McCoy, and CSM Smith. During this, Daher and Rodriguez leveled accusations that the Choe family had turned away BB employees to treat the mold in the home, and that the mold concerns were not brought to their attention prior to the meeting. Furthermore, Daher did not disclose that the BB regional manager located in Atlanta was currently listening in on the meeting through laptop. The Choe family sought to resolve this matter in its entirety by requesting two things: to end the lease immediately, and to have an off-post move funded by either BB or Fort Gordon garrison. Both requests were immediately denied. It is after COL Pick intervened, and requested that BB agree to termination of the tenancy, BB agreed to terminate the lease without penalty, and to have the pro-rated portion of the BAH that was already garnished, to be returned.

**-February 2021:** The Choe family move off-post.

**- February 2021:** CPT Choe schedules a move-out inspection with BB. The inspector informs CPT Choe that there are no damages or monies required, and that the Choe family is free of any unresolved issues pertaining to the home's present state.

**-February 2021:** CPT Choe emails Cook regarding the circumstances involving 149-A and Cherylin. This begins a series of email correspondence between the Choe family and Cook, to include additional members of BB VPs (Leslie Cohn, Billy Lawson, Steve Curtis) and Daher. Cook is provided the moving company's costs associated with the non-funded move.

**-March 2021:** The Choe family receive a collections letter from BB, which states that if the charges notated are not paid, then CPT Choe's account will be submitted to a collections agency for further action. CPT Choe addresses this with Cook, which she states that it was an internal notice only, meant for BB staff. Cook states that she would like to seek a resolution to the Choe family's grievance regarding Cherylin's condition.

**-March 2021-June 2021:** CPT Choe and BB representatives, specifically Cook, continue to correspond via email and phone conversation. Cook repeatedly states BB's desire to resolve the grievances experienced by Cherylin, but are only willing to pay for the moving company rate provided earlier, and the pro-rated BAH that was garnished

for the month of February. After several months of seeking an amicable solution, CPT Choe retains legal counsel and BB is notified.

**-June 2021-February 2022:** Cherylin begins receiving specialized medical treatment, in the form of Dupixent. Dupixent is a potent antibody blocking prescription drug that is tailored to specifically target atopic dermatitis, asthma, and related skin conditions. Retail price averages approximately \$3,000-\$4,000 per injection. Cherylin receives dosage every two weeks, beginning in June 2021.

With the timeline detailed above, I seek to establish a few key facts that would put the entirety of this situation in a more transparent context. My family and I made the decision to provide testimony, and cooperate with PSI, due to the lack of support that we received from BB and the Fort Gordon garrison team. Cherylin's condition is a deeply personal and profound one, which is shaping her perception of who she is, and how she compares to her peers. Given her age, she is formulating her sense of self, but one that is now adversely affected by matters outside of her control. Considering the physical and psychological toll that this has had on her, it is with sadness, anger, frustration, and a feeling of helplessness, that our family felt that PSI could afford us at least some measure of balance through the testimony provided today.

Prior to moving into 149-A Cypress Circle, Cherylin was a healthy, exuberant little girl with a ready smile and steady confidence. She was, and still is, a social person, willing to express her emotions without cause for concern. Aside from a mild cat and dog allergy which made my wife and I question if we should purchase a puppy for her, there were no other health issues, preexisting or otherwise, that prevented her from enjoying the quality of life that she deserved. When my wife and I became aware of the seriousness of her atopic dermatitis, we were saddened and disoriented at how swiftly it impacted Cherylin. As the images presented show, her skin has been devastated by the severity of the rashes that ail her. Cherylin's arms, legs, torso, neck, and face have all exhibited the lengths that her condition has impacted her. Despite frequent medical attention, from both the Army, and outside care, her condition remains the same. In the concentrated areas which pain her the most, Cherylin's skin has become darkened and reptilian. At its worst, my vibrant and exuberant daughter resembles a burn victim. Members of the Subcommittee, I testify before you that Cherylin's quality of life has been profoundly changed by her condition. Words, deeds, nor my testimony will never be able to fully convey the physiological, psychological, and emotional anguish that she has had to endure, and may endure for the rest of her life. It is expected that she will have to weather her atopic dermatitis well into her adult years. If not for my military

service, I would most likely find myself unable to pay for her treatment, to include the Dupixent that she has received.

With all of this, my family and I believe that this could have been, and should have been, circumvented, with little cost involved, if BB and the Fort Gordon garrison team would have supported us in their respective capacities. Once the results of Cherylin's allergy tests were received, my wife and I brought up the possibility that 149-A Cypress Circle was the cause. Cherylin had not been exposed to mold at our previous duty stations, and we did not notice mold upon our initial move-in. It is only after Dr. Dewyea and the EFMP staff informed us of the severity of Cherylin's condition, that if exposed to prolonged periods of black mold that she could become seriously ill or die, did BB expend efforts to address this. Upon seeing the effects of the mold on our daughter, my wife and I made every attempt, and followed all guidelines provided by the medical staff to mitigate her condition. Unfortunately, the same level of dedication was not present through the BB staff or Fort Gordon garrison staff. Knowing that the home we resided in was the root cause of Cherylin's atopic dermatitis, we sought all available avenues to treat her, and remove her from the environment she was in. While seeking both military and civilian healthcare, we attempted to rely upon the BB/Fort Gordon staff for support. Recalling that Daher had encouraged us to contact her directly, we shifted our focus from trying to clean the home via filter replacements and steam cleaning, to requesting support from the BB management team of Daher and Rodriguez.

Despite receiving assurances that she and her staff would resolve any mold concerns, Daher and the BB team at Fort Gordon did the opposite. At the time I felt that being encouraged to contact BB through in-person, phone call, or email was a welcome change to submitting a work order through an online application. After several phone calls, office visits seeking Daher or someone else in a managerial position, and email correspondence, it became apparent that our situation was of scant importance. Throughout our tenancy, my wife and I submitted minor work orders, both before, and after the home was tested for moisture. I have personally informed the different repairmen that black mold is visibly present, that our family is worried that it is impacting Cherylin's health still, and that we would like this to be mitigated accordingly.

Each and every time, we were given assurances that the management was cognizant of the situation, and that there were efforts in place to fix them. In the spring, my wife noticed mold growing in the bathroom and both of my children's rooms. Although she tried to clean it, the mold would grow back. I called Daher's office number, but was unable to get through to her. I visited the office three times asking for her or Cross, but was informed that they were not available, and that a resident specialist would call me

when available. I never received any response back. When we had to replace light bulbs in the stairway during the summer, we informed the repairman of mold that continued to grow on the second floor. The repairman responded by saying BB is transitioning between facilities managers (Cross and Rodriguez), but that someone will take care of the issue. When we experienced a leaky kitchen faucet in the fall, my wife and I informed the repairman of the mold upstairs, and if he could take a moment to make a record of it. The repairman stated that he could not, and that this was specifically being handled by the facilities manager, Tom Rodriguez. The day prior to moving out, I showed the repairman where mold had continued to proliferate, and where paint had peeled and flaked off of in our bathroom. The repairman stated that his manager, Tom Rodriguez, would fix these issues. During the move-out inspection, the chipped paint with mold growing on the walls, the vinyl shower lining that was dark with mildew, and the mold spots on the ceiling, were shown to Lauren Knight, the BB representative conducting this. She echoed the same sentiment as the repairman from the previous day, that Tom Rodriguez would address this. Tom Rodriguez, the same individual identified as the facilities manager to whom everyone deferred to, was the same individual who lied in saying that my wife and I had turned away his team from cleaning the black mold. Rodriguez was the same individual who stated in front of both my command team, and the garrison command team, that I had lied about the extent of the mold, and that he had been prepared to remove it from the home if allowed.

My wife and I placed trust and faith in the BB staff, but were ignored, disappointed, or disregarded at every juncture. All of our endeavors to mitigate the mold visibly growing in the home, through our own efforts to clean, or by having a BB representative file a record of it being present, were all for naught. Throughout this all, Cherylin's health continued to wane. Cherylin requested to speak to someone about her emotions, and the bullying she experienced at school stemming from her appearance. I made several phone calls to the Military and Family Life Counseling program (MFLC) on Fort Gordon, but was unable to reach a live person. Eventually, I asked my colleague who is a military chaplain at my unit, if he would be willing to provide support for Cherylin. My daughter eventually had three sessions with him, where she detailed days where she was frightened to wear summer attire, or anything that would expose her arms and legs to the public. She stated that she was grateful that COVID-19 forced everyone to wear masks, which gave her a reason to hide her face that was being afflicted by her dermatitis. Cherylin felt relief when my wife and I assured her that one way or another, whether we receive approval or not, that we would move off-post. It was rather clear that seeking support outside of our own family was a fruitless endeavor. My wife, who was 7 months pregnant at the time, spent the weekdays moving our belongings to our new off-post residence, while I worked the final details of vacating the 149-A Cypress Circle home.

After having BB disapprove the off-post move, both from a contractual and funding standpoint, COL Pick facilitated the meeting between all vested parties. As notated on the timeline above, it was only at the behest of COL Pick and COL Adamski, my Brigade commander, that BB relented in allowing us to move without penalty. Up until this point, Daher and her staff refused to fund or approve our family relocating. After several months of asking for either relocating to a different home on-post that BB managed, which we were denied, or covering the costs involved to transition, did BB and Fort Gordon staff enable my family and I to do so. I would like to clearly state that, at no point in time, did any representative of BB express any type of apology, or take anything beyond a mildly conciliatory tone for what transpired. In addition to this, the garrison team made an effort in trying to convince me that the home was not the cause of Cherylin's atopic dermatitis, and that perhaps it was a moderate allergy that was ailing her.

Chairman Ossoff, Ranking Member Johnson, Subcommittee members, and other vested parties, my family and I have provided to you the most comprehensive account of our tenancy while at Fort Gordon. The terms by which we abided, the guidelines to which we adhered, the stipulations which we met, only proved that willful misconduct or gross negligence, as well as indifference and lack of responsibility undercut our efforts to protect our children from harm. My uniform, my service, my oath to country, was of little account to BB and its supporters as was shown by their lack of attention to, and disdain for, my family. This level of mistreatment is indicative of the business practice that BB has consistently shown, to which other military families at Fort Bliss, Lackland Air Force Base, and Sheppard Air Force Base can attest to. The ramifications of this testimony do not concern me, in terms of career impact. My current organization at 1<sup>st</sup> Signal Brigade has been supportive of my personal involvement with the PSI, and have been exhaustive in their efforts to accommodate my family, despite our recently having joined them. It is with great disappointment that the same cannot be said of the BB staff and the Fort Gordon garrison team. It also concerns me that there are other families who are either unwilling to come forward due to a fear of retaliation, or who have moved on already, having experienced substandard conditions but are unaware of their rights as set forth by MHPI. It is my sincere hope that this testimony, as well as the testimony of others represented today, resonate with the Subcommittee. We cannot affect a change. But it stands to reason that the Chairman, Subcommittee members, and other individuals who are privy to this hearing, can. It has been an honor, and a privilege, to be here today. I am proud of the resiliency that my daughter has shown, and I have endeavored to represent her plight to the utmost of my ability as her father. Thank you for any and all considerations. I look forward to answering any queries from the Subcommittee.

**Testimony of Jack Fe Torres**  
**Homeland Security and Governmental Affairs**  
**Permanent Subcommittee on Investigations**  
**April 26, 2022**

Chairman Ossoff, Ranking Member Johnson, and Members of the Permanent Subcommittee on Investigations, my name is Jack Fe Torres and I thank you for the opportunity to testify today.

I have served as a Technical Sergeant in the Air Force for 13 years as a Heating, Ventilation, and Air Conditioning craftsman. What brings me here is my family and the various medical conditions, frequent dislocations from our home and emotional distress we have endured because Balfour Beatty refuses to make necessary repairs to our home at Sheppard Air Force Base, Texas.

Serving as a Technical Sergeant in the Air Force with three children with a basic housing allowance of only \$1,266, I was pleased when Balfour Beatty offered a four-bedroom home as housing when options elsewhere were nearly impossible. We moved into the home on August 4, 2020. The house was coated with a new layer of paint and appeared to be in decent condition.

After moving in, my wife and children started experiencing a myriad of medical symptoms such as severe hair loss, skin rashes, difficulty breathing, dizziness, nausea, memory loss, coughing, headaches, abdominal problems, joint pains, coughing, sneezing, nose bleeds, ear problems, and fungal infections. My children and wife currently see a number of medical specialists that were unneeded prior to moving into our home as they had previously been relatively healthy. After realizing we felt better outside of our home and subsequently finding moisture issues within the home, we realized that mold was likely a threat to us.

The first major work order we called in was on March 4, 2021 due our hot water heater not working. During the repair, a Balfour Beatty technician forgot to isolate the water and gas valves causing the entire house to smell of natural gas and water to begin rushing out and into our mechanical room and hallway. Water drenched our carpets and spread under the mechanical room intake. Balfour Beatty did not adequately remove the moisture and mold started to grow in places we could not see under the mechanical room. We tried our best to vacuum up as much water as we could and even put a personal fan in the area. This was the first time we believe that our work order history did not reflect the true state of repairs (or lack of them) within our home. For example, the repair technician noted that he placed fans and picked up fan, when actually our family placed one residential-grade fan. After completing a survey noting our displeasure with the work, we were assured by the maintenance supervisors that it was not possible for mold to grow in this area and not to worry.

Issues with work orders have continued while living in the home: work orders will be opened and closed before completion frequently. Or worse, a work order will be attempted to be shoddily repaired and when we report the issue still occurring, a new ticket will be opened. The maintenance database then looks as if two different issues arose when, in reality, a superficial "fix" occurred and a new work order then was created.

On May 27, 2021 we discovered waterlogged trim in the master bedroom that had caused doors to warp so severely that the doors did not operate correctly. We placed a work order and informed Balfour Beatty via telephone. The work order was not marked urgent and did not state that it was related to mold. When our issues were not resolved, we then reported the issues to the government housing office, and the resident advocate. When our issues were still not being resolved, we subsequently contacted the Armed Forces Housing Advocates. With their involvement, we located more moisture issues within our home, copious amounts of mold in and under our mechanical room and began to report our issues to other individuals: my command, and my local congressional representative.

On June 11<sup>th</sup>, we emailed Balfour Beatty Community Manager to request a professional mold test to determine the extent of mold infestation. Balfour Beatty, however, did not promptly acknowledge the extent of mold or arrange for a professional mold test at our home. Instead, on June 14<sup>th</sup>, Balfour Beatty sent a contractor without a Texas mold license to investigate the moisture issues. At that point we were frustrated with the delays and took it upon ourselves to send mold tape-lift tests at our own expense to a lab where mold was confirmed present. Balfour Beatty and the installation's resident advocate dismissed our concerns. At one point, we were told that a large spot of mold on our mechanical room wall was just a "burn mark." To this day, I cannot believe a burn mark is better or safer than mold.

June 24<sup>th</sup>, four weeks after we notified Balfour Beatty about mold in our home an environmental work order was finally opened. On the same day Balfour Beatty sent a licensed mold assessor from Ecosystems Environmental, Inc. to conduct a mold assessment.

On June 25<sup>th</sup>, through the Armed Forces Housing Advocates (AFHA), we learned of the provisions of the Tenant Bill of Rights and we attempted to start the dispute resolution process afforded to us. Our local military housing office at Sheppard Air Force Base did not have a form available and simply created their own at the local office. This form was particularly distressing as they asked for my command's contact information before asking about our problems within our home. Being weary of reprisal, we contacted our AFHA advocate. She then provided the military housing office with a correct template that had been obtained from a nearby Army Installation. It seemed an outside nonprofit organization knew more about the process than the government housing staff responsible for managing our home. After submitting the dispute resolution form the military housing office confirmed they received it. We then had no contact from the housing office and sent multiple emails regarding the status of the dispute resolution process, only to be ignored until our second displacement nearly six months later.

We continued to repeatedly requested the mold report from EcoSystems, but Balfour did not share the report with us for several weeks. Finally, on July 19<sup>th</sup> we received two reports from Balfour Beatty's Regional Property Manager. The first report dated July 2, 2021 issued by the mold assessor, Ecosystems that visited our home, and the second report dated July 9, 2021 issued by Exponent, who had never visited our home. The Ecosystems report stated that "growth" and "moisture" was present underneath the mechanical room, along the transite wall, below the tile floor in bathrooms, and in sheetrock under a window in the master bedroom. In total, Ecosystems identified over 175 square feet of walls and floorings in those areas with visible mold growth, water impact, and wood rot. Ecosystems recommended removal of the impacted sheetrock



sections, floor finishes, and wood trim. In contrast, we were shocked to find the Exponent report did not recommend such repairs. Even though this inspector never visited our home the report asserted that it was not necessary to remove the molded sheetrock sections or rotted wood. Surprisingly, it also indicated that some issues could wait until a change of occupancy to be repaired. This was stated even though we had two years left at the installation.

Due to the extent of mold at our home, we asked Balfour Beatty to move our family to a house in a different neighborhood at Sheppard, AFB, TX, but Balfour Beatty's Regional Property Manager told us on July 20<sup>th</sup> that the Air Force did not approve our request to move to a different neighborhood. Instead, we were given three choices: to remain at our home but stay in a hotel for 2-3 weeks while repairs are being done, move to a smaller house within our Freedom Estates neighborhood or to move off base. Moving off base was an impractical option due to high rental costs.

On July 28<sup>th</sup> my squadron commander directed me to make a final decision among the three housing options by the end of the day. Later that day I emailed my commander and Balfour Beatty to inform them that we elected to be displaced while Balfour Beatty performed repairs on our home if they agreed to follow the protocol from the Ecosystems report not the Exponent report. On July 30<sup>th</sup> we emailed Balfour Beatty's Regional Property Manager again "What protocol will be used?". On August 3<sup>rd</sup>, we received a response stating that "they are still finalizing the details of the work plan and promised to pass on an update when we have it". To date we have not received an update explaining what repairs were performed in our home.

During our four-week displacement starting August 4<sup>th</sup>, repairs were completed in our mechanical room, bathroom, master bedroom and kitchen. We hoped that upon moving back into the home on September 3<sup>rd</sup> our problems would be resolved as Balfour Beatty promised, but came home to find that our home was so filthy with construction dust throughout the home. In addition, the master bathroom door frame had not been repaired as the scope of work had indicated. More alarmingly there was still visible mold underneath the mechanical room, behind hall bathroom toilet, and our kitchen cabinet was sanded down and coated with a clear coat finish but mold was still visible. We also had cracks and multiple layers of chipping paint on walls and baseboards throughout the entirety of the home due to the containment tape peeling the walls and the house sitting for a long period of time without the air conditioning being used.

We immediately reported the issue via the resident portal and the work order was marked "web entered". It was later changed to the category "carpentry" New caulk was placed, sanding was completed on the cabinet and the issues in the mechanical room were ignored. The work orders were closed as completed never indicating that mold was still present. Essentially, Balfour Beatty had remediated portions of the mold, but never gave us reason to believe the source of the problems had been effectively addressed. Even worse, my children and wife began to experience the same medical problems they had previously.

On September 20<sup>th</sup> we found a water leak from the wall next to the bathtub in the master bathroom. When a Balfour Beatty technician came to view a moisture issue in our bathroom two days, we were told "they will need to discuss this with the corporate and that what we think and what corporate thinks could be two different things". Later we were told it was simply the

shower door not being installed correctly due to it being tilted slightly outwards and the technicians caulked over the door trim. Even after removing the shower door and replacing tiles, there was still water coming out of the wall trimming.

On January 10, 2022, we discovered mold growing on the wall in our kitchen. A Balfour Beatty technician indicated to me that there may be a slab leak in our foundation. This was later informally confirmed by a plumber, but Balfour Beatty has never provided us a complete scope of work.

With only hours to gather our things, two hotel rooms on separate floors were booked for our family. This hotel was over 20 minutes away from the installation and my children's schools. After being displaced again, we reached out again to the military housing office for an update on a resolution of our dispute and after submitting the dispute forms for the second time, we were denied a dispute because, we were told, "Balfour Beatty was still actively addressing the issues in our home".

Our home sat empty while we were displaced to the hotel with no repair work being done for much of January and February 2022. The next contact we had was from Balfour Beatty's regional manager informing us that we could move into a smaller home in the same neighborhood as the repairs were expected to take more than 30 days to complete and their policy was that they would stop paying for the hotel after 30 days. Upon touring the home and reviewing the seven-year work order history, it was apparent to us that this home was in no better condition than our current home with what still looked to be visible mold growth in the mechanical room. This was not satisfactory and eventually Balfour Beatty conceded to paying for our hotel room.

For several weeks, we were afraid that Balfour Beatty would stop paying for our hotel rooms and leave us with no safe housing options. We attempted to locate a home off the installation but with housing and rental prices soaring, we were unable to locate anything that would not leave us out of pocket more than \$500 per month. The Tenant Bill of Rights states that if military families are moved out of their homes in the case of repairs they will be provided lodging at no cost.

When our family was displaced for the second time for nearly three months, we were only provided \$300 a week to feed our family of five. Per diem rates for meals should have equated to \$661.50 for food each week. I watched as my wife struggled to make meals in our hotel rooms without increasing our grocery budget. We were still paying rent in the form of an automatic allotment of BAH to Balfour Beatty and despite the Tenant Bill of Rights stating we could subrogate our rent, we were not given this option. To make matters worse, we were forced to pay up front for the costs of our meals as it was not until March 2022, eight weeks after our second displacement when we would receive reimbursement for our meals. Service members are not receiving these monies in a weekly check like you would expect, but instead are forced to wait at least a month to have their rent credited.

These displacements caused my wife and children copious amounts of stress as you can imagine having a two-, five-, and eight-year-old without their comforts of home, including toys, and in a strange environment during a pandemic is frustrating for the entire family. Our oldest daughter

has developed behavioral issues and has been diagnosed with severe anxiety and depression and she continues to struggle in school.

My family was able to move back into our home on March 31<sup>st</sup> nearly 12 weeks after being displaced. We were told that the house would be cleaned after being vacant for such a long period, but unfortunately, we moved in again to construction dust coating many of our belongings and wood rot still present where we had confirmed mold growing. The air filter on our HVAC system had not even been changed during the mold remediation and the build-back construction.

I believe if our slab leak, water heater mishap, concerns about our bathroom and the general upkeep of the home had truly been taken seriously by Balfour Beatty, as was indicated in the environmental first report, our second displacement could have been prevented. I also believe that had our resident advocate and the military housing office been adequately trained and willing to help our family our stress would have been substantially less. Unfortunately, through this ordeal, my career has been adversely impacted. I have missed work due to the hotel relocations and doctors' appointments for my family due to their health conditions being negatively impacted. I was also passed over for a supervisory role that could have advanced my career and was told it was due to complications of my family's housing dispute.

While hesitant to tell my family's story of how Balfour Beatty has impacted our health, my career and our emotional wellbeing, I remain hopeful that Congress will seriously address what military families around the country like mine continue to experience. We must do better, and we must find a better path forward. Our military families should not be forced to live in fear of their own homes. Thank you.

**Rachel Christian**  
**Chief Legislative Officer, Armed Forces Housing Advocates**  
**Homeland Security and Governmental Affairs Committee (HSGAC)**  
**Permanent Subcommittee on Investigations (PSI)**  
**April 26, 2022**

Chairman Ossoff, Ranking Member Johnson, and Members of the Subcommittee, thank you for the opportunity to testify before you today and for allowing the Armed Forces Housing Advocates (AFHA) to share the stories of thousands of families residing in privatized military housing that have been impacted by the systemic failures of the Military Housing Privatization Initiative.

Background: AFHA

The Armed Forces Housing Advocates serve military families of every branch across the continental US, Hawaii, and Alaska. We provide direct advocacy services to educate families on their rights and empower them to become their own advocates. Our team has assisted approximately 1,500 residents with mold remediation, asbestos, lead exposure, window safety, Americans with Disabilities Act and Fair Housing Act compliance, gas leaks, sewage leaks, water contamination issues, and PCS homelessness since May of 2021.

AFHA also collects and reports data regarding the substandard living conditions in privatized military housing with an end goal to bring about long-lasting protection for current and future residents.

Every team member is either a veteran, military spouse, or someone who has currently or previously resided-in an MHP home. Our organization is completely volunteer run. The necessity of our organization means that 100% of our current funds, mostly small donations from individuals our team has assisted, are used to support military families.

The Armed Forces Housing Advocates are testifying today to be the voice of the residents we represent. When our families are afraid to speak up due to fear of reprisal - we must be their voices.

Common Themes: Balfour Beatty Managed Properties

Due to the grassroots approach our advocacy takes, we have a unique view of the current process and procedures across the United States.

### *Move In Conditions*

When moving into a Balfour Beatty managed property, incoming residents are often accepting homesite unseen and are moving into units that have been improperly turned over with obvious issues such as mold, flaking and chipping lead-based paint and non-working appliances. [See Exhibit A: Photos of Move-In] There are many maintenance requests placed in the first few weeks for the average home. Balfour Beatty maintenance staff often tells families not to put initial work orders into the electronic work order system, and insist that maintenance will handle them separately. This practice not only circumvents the metric by which MHPI success is measured, but also does not give the next resident a clear view of their maintenance history, which is an allotted right in the Tenants Bill of Rights. Move-ins at F.E. Warren AFB, West Point, Fort Stewart, Fort Leonard Wood, NSB Kings Bay, Fort Carson, Whiteman AFB, Fort Bliss, and Carlisle Barracks, have experienced these issues in the past year.

### *Maintenance*

Beyond move-in, there are often maintenance requests for water leaks, sewage, mold, and other environmental hazards. The response to these issues are subpar and does not meet industry standards. Major leaks are often stopped at the source, but not dried or cleaned properly, even if the leaks contain raw sewage. Exhibit B shows a completed maintenance request for a sewage leak and a photo of the area after the work order was closed by Balfour Beatty maintenance staff at JB Charleston. Even when contractors bring in dryers, like seen in Exhibit C, the areas are not opened between floors and often lead to mold growth, due to the improper drying process.

Mold on porous surfaces is often wiped with cleaning solvents or painted over, leaving the source of the mold growth uninvestigated. This step only wipes away the visible mold at that moment but does not remediate the problem, which will become worse. (Exhibit D - Mold Wipe/Paint) If remediation is attempted, there is often little to no containment placed (Exhibit E- no containment), and if set, it is merely for spectacle. This dishonest display of containment creates a safety risk in that mold spores continue to spread when the area is not correctly contained. More recently, there have been refusals to displace residents while mold remediation occurs, even if significant home areas are unusable, including kitchens and full bathrooms. When remediation occurs in older homes, where lead-based paint and asbestos may be a concern, often little to no precaution is taken to treat these areas as hazards.

In Exhibit F, you can see where Balfour Beatty maintenance staff attempted to take a moisture reading, but due to how wet the walls are in this home, the wall crumbled. This home is a lead-based paint and asbestos hazard that Balfour Beatty refused to remediate.

The Yardi system does not provide an accurate reflection of when work orders are placed or completed. For example; If you place a work order for lead-based paint in Yardi, the property manager can change the verbiage not to reflect that it was a lead-based paint request or manipulate the language to make the work order an informative request versus an actionable request. If you try and place a work order for mold, the term is often changed to verbiage like "environmental growth" and frequently closed out after a visual inspection. This can be seen right now at Hunter Army Airfield, Fort Carson, Fort Leonard Wood, and NSB Kings Bay.

Visual inspections by local maintenance staff are a frequent occurrence. These inspections are unreliable and lead to systemic issues with uninhabitable homes being provided to tenants. For example, a Balfour Beatty maintenance employee is known for doing visual inspections of mold, wiping his finger in the area, and licking it while asking the resident if they thought he would do that if it was mold. In several such incidents, independent laboratory tests have shown the presence of mold, yet these maintenance staff deny and mark the mold work orders complete in their systems due to the home passing visual inspections. Exhibit G, shows mold that maintenance dismissed as not being mold growth.

Denied maintenance requests are a common occurrence. Maintenance may be requested to complete a task, but if a request is deemed unnecessary or too expensive to complete at the time then it is closed, without recourse from the tenant. At Whiteman AFB, a resident requested a tree be removed from their front yard due to the falling limbs. This request was denied. Just weeks later, a large limb fell on a car, which just moments prior had an infant inside. [Exhibit H]

#### *Disability Related Requests*

Military Families with disabilities are being faced with excessive red tape by Balfour Beatty when requesting reasonable accommodations and modifications to their homes. Federal law protects individuals with disabilities, but often the excessive requests for documentation and personal information breaches these protections. If a disability is clear, then a doctor's note should not be required. Exhibit I shows a child that resides in a Balfour Beatty community. He is clearly disabled, but Balfour Beatty required several

forms of documentation to prove the disability, which is a violation of his federal rights. This is common practice regardless of the type of disability. Once an accommodation is approved, maintenance is known to install the accommodations incorrectly. For example, providing grab bars but installing them sideways, which makes them unusable for a disabled individual or installing a wheelchair ramp that leads to a grassy yard. [Exhibit J].

In addition, confusion and inaccuracies are often passed to residents. Exhibit K shows an email to a resident regarding their Emotional Support Animal request. The resident provided a valid note from their medical provider for the emotional support animal, but was told they needed to get further approvals from the government housing office. The government housing office had never heard of such approval. The Balfour Beatty employee that wrote the email stated that the verbiage came from corporate attorneys.

#### *Medical Issues*

Due to the environment in the homes, we have seen numerous medical conditions that can be linked, by the resident's medical providers, to the conditions in their homes. Physical health symptoms like allergy symptoms, nose bleeds, and recurring respiratory illnesses that clear once residents leave their homes are common. Balfour Beatty staff often downplay illnesses and insist they are not due to home conditions. At Fort Bliss, a child was diagnosed with high levels of lead in their blood. After the inspection was completed, it was shown that there were higher than allowable levels of lead dust on the vertical surfaces. Balfour Beatty continued to insist that the exposure was not due to the home. At Fort Leonard Wood, faulty construction of a kitchen cabinet, as admitted by Balfour Beatty maintenance, led to a resident receiving a traumatic brain injury when the cabinet fell on her while making dinner for her family. The resident has been attempting to seek resolution with Balfour Beatty for over a year with no resolve. All of these medical conditions caused by Balfour Beatty homes are costing military treatment facilities and Tricare millions of dollars.

#### Government Housing Office

Families seeking assistance from their government housing representatives are often met with resistance. The representatives from the government housing offices are often poorly trained on state and federal laws that apply to housing and have little to no experience in actual home inspection services. At Fort Gordon, the RCI office was aware of potential lead-based paint exposures occurring at a playground within one of the neighborhoods for years. They had cited this in their ground lease compliance report themselves but never took further action. This detestable behavior is a theme. Like RCI

(also called MHO, among other acronyms), the government housing offices may become aware of the problems, but have little to no recourse to move the property management company to comply with requests. Simple requests like removing language from their leases that violate the Servicemember Civil Relief Act, which protects military service members from being charged for breaking their lease due to a military move, was left unchanged for years.

Additionally, the government housing office employees are inadequately trained in federal disability and landlord/tenant law. Some are under the impression that the property management company is not required to follow state law; they are. The installations are not equipped to provide the informal and formal disputes processes, as these processes require some knowledge and training in state and federal housing law.

#### Retaliation

As an organization, AFHA has seen retaliation firsthand. Families are terrified of coming forward due to the potential interference it may have with their careers. For example, a service member was up for promotion and when the spouse spoke out about housing issues with mold and contamination in water, the service member's promotion was passed up. Also, the property management companies frequently engage directly with the servicemember's chain of command- recently one soldier was told by his chain of command to "get your wife under control with housing issues or your career will go down the tubes." These are common, systemic responses, and not just a localized issue.

Appealing to a civilian tenant's corporate ladder would be unheard of in the private sector. It is intimidating to have higher-ranking individuals showing up at your home and forcing your hand to settle a housing dispute to make the situation disappear. I have personally witnessed installation commanders giving incorrect information about the Fair Housing Act to a service member, which ultimately led the family to drop their complaint due to the installation commanders' actions. AFHA has received multiple reports that Child Protective Services has been called to inspect residents' homes that have made housing complaints. We have also had several families threatened with eviction this year if they file further complaints.

Our team often has families that come to us for assistance but retreat and become unresponsive once they face the pressures or negative interactions with the property management company, the government housing employees, or the chain of command. The barriers housing companies create that residents are up against to seek assistance or file complaints, are so strenuous, that many give up. The disturbing fact is that it is



less troublesome for people to live in uninhabitable and dangerous homes, than it is to ask for livable housing.

#### Is This Widespread?

As an organization, we would like nothing more than to be able to give you an example of an installation or housing management provider that is doing this well, but we cannot. The issues stated above are not the breadth of problems nor are they unique. The local management at the installation level is receiving direction from their corporate leaders, which is why the issues we see at one installation mirror those we see at others with the same management company. Balfour Beatty often claim their issues are regional with a few bad actors, but we vehemently disagree with this notion. Corporate leadership has a direct impact in the policies and actions of their community level managers. Our team has had several employees from Corvias, Hunt, and Balfour Beatty reach out about the actions they have witnessed while working at different military installations for these companies. The prevailing theme is there is a drive to slash costs by cutting corners, which is being passed down from the top levels to the local employees.

When corporate leadership is directing the actions of the local employees, the issues are inherently systemic.

#### A Way Forward

We need a properly trained, impartial third party to provide oversight of privatized housing. Third-party means they have no allegiance to either the Department of Defense or the privatized partners. Residents need advocates at their installations who truly represent them when they encounter the need for help, rather than advocates who are concerned about the negativity it may cause the branch of service. Military families who need immediate assistance cannot wait any longer.

At AFHA, we believe that readiness starts with a safe home. When our service members are exploited by the very companies that promise to protect them, our troops are not operationally ready. No service member should have to choose between a costly reasonable accommodation for their family member, or purchasing groceries. No service member should be losing sleep on deployment, worried that their family is sick or injured in their home. And no service member or their family should ever be homeless while serving this great country. It is time that our service members and their families are all treated with the dignity and respect they deserve.

Service members have lost their faith in companies like Balfour Beatty due to their continued disregard for the health and safety of our military families. We believe that ending the partnership with Balfour Beatty is the only way to ensure the readiness of our service members.

**AFHA Data and Survey Results (nearly 1,000 residents surveyed)**

<b>Claim by MHPI Representative</b>	<b>AFHA Question</b>	<b>Data / Response</b>
Properties are well-maintained and safely constructed.	Do you feel your privatized military home is properly and safely maintained?	<ul style="list-style-type: none"> <li>• 70.28% reported "No"</li> </ul>
Maintenance staff are properly and adequately trained.	Do you feel the maintenance team at your installation is properly trained to safely handle your issues with mold, lead, asbestos, gas leaks, and other environmental issues?	<ul style="list-style-type: none"> <li>• 85.65% reported "No"</li> </ul>
The Tenant Bill of Rights has been implemented, including dispute resolution.	Do you feel that you have easy access to the dispute resolution process?	<ul style="list-style-type: none"> <li>• 80.65% reported "No"</li> </ul>
MHPI staff do not retaliate against residents that report issues.	Are you afraid that you will face retaliation if you speak out about your housing issues?	<ul style="list-style-type: none"> <li>• 68.23% reported "Yes"</li> </ul>
MHPI companies allow residents to say whether or not they are satisfied with the work before closing a work order.	Does your housing company ask for your approval before closing out your work orders?	<ul style="list-style-type: none"> <li>• 74.34% reported "No"</li> </ul>
We support our military members.	Would you, or your family member, leave military service early if you were only able to live in privatized military housing?	<ul style="list-style-type: none"> <li>• 50.07% reported "Yes"</li> </ul>

## Exhibit A

Active mold growth on wall at resident move-in.



## Exhibit B

Work order marked as completed.

<b>REQUEST #</b> [REDACTED]
<b>REQUESTED</b> 6/25/2021
<b>CATEGORY</b> Plumbing
<b>DESCRIPTION</b> Sewage overflowing from clean out
<b>STATUS</b> Tech Completed
<b>DATE COMPLETED</b>
<b>MAINTENANCE NOTES</b>

Photo after work completed.



## Exhibit C

Drying sewage leaked from second floor to first floor kitchen. This was the only remediation provided.



## Exhibit D

Mold was wiped and painted over. This is not proper maintenance, but rather a cover-up of the real issue.



## Exhibit E

Containment should be used to protect the residents and their property from contaminants, especially in older homes with lead and asbestos risks.





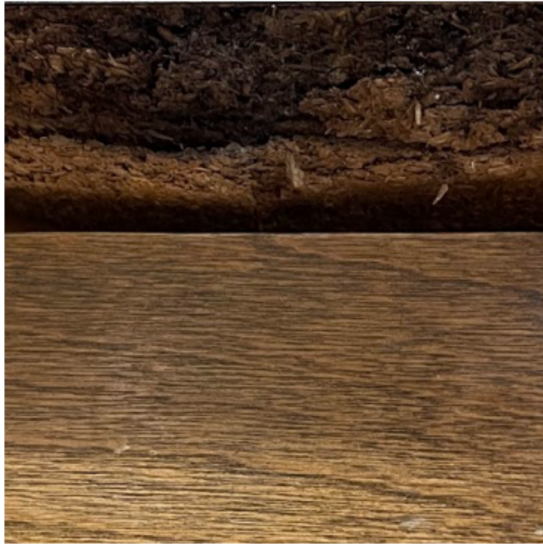
## Exhibit F

This home is an asbestos and lead based paint hazard located at Hunter Army Airfield. Maintenance created this hole while moisture testing, but never returned to fix it. Claimed wall was not wet, even though it crumbled.



## Exhibit G

Mold on a kitchen cabinet that was proven to be mold with laboratory testing, but Balfour Beatty refused to acknowledge as mold growth.



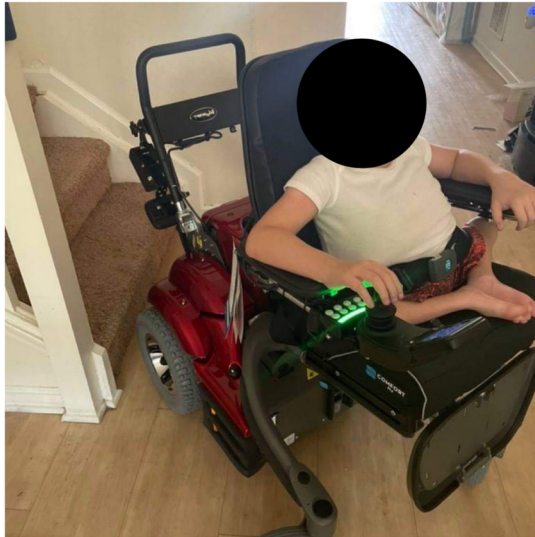
## Exhibit H

Request for tree removal due to limbs falling denied just weeks prior by Balfour Beatty at Whiteman AFB.



## Exhibit I

Disabled child in front of the steps that lead to the bedrooms of his home managed by Balfour Beatty. Balfour Beatty employees that requested documentation of disability had seen this child multiple times, but continued requesting more documentation to prove disability.



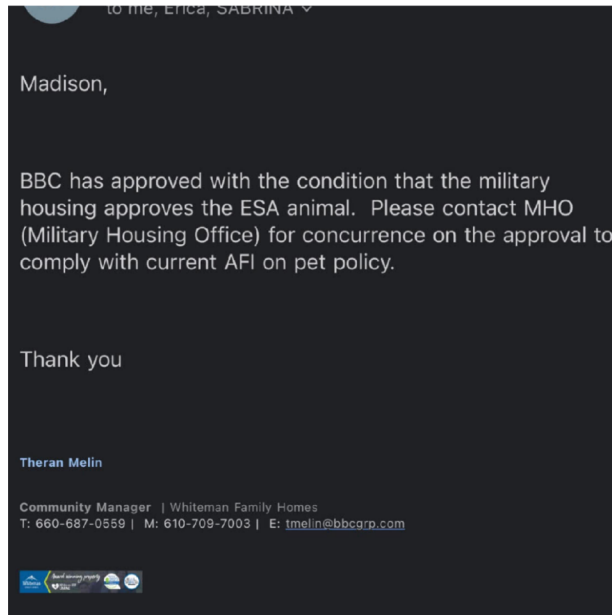
## Exhibit J

Grab bars installed sideways and a wheelchair ramp surrounded by grass with no access. These are two different Balfour Beatty installations; West Point and Sheppard Air Force Base.



## Exhibit K

This email was sent to a disabled resident that recently suffered a traumatic incident. The further confusion and misinformation in this email was passed to the local management from Balfour Beatty corporate according to the employee.



# GEORGIA

## Overarching issues at all installations:

- Mold
- Excessive move out fees
- HVAC issues, poor maintenance
- Work order fraud

## 101 military families served by AFHA

### Other notable issues:

#### NSB Kings Bay-

- Management staff unaware of state and federal laws
- ADA and FHA violations
- Fined by HUD
- Documented racism toward residents

#### Robbins:

- Will not document findings as "mold" unless resident acquires their own lab test proving mold is present
- Remediation is done improperly without containments
- No industry standards were followed for leak and mold remediation projects

#### Benning:

- Homelessness

#### Fort Stewart:

- Electrical hazards
- ADA and FHA violations
- Rotting wood
- Inappropriate maintenance employee behavior

#### Fort Gordon:

- Mold
- Excessive move out charges
- Work order fraud



**SEN JON OSSOFF**  
*Chairman*

#### Air Force

Moody AFB  
Hunt

Robins AFB  
Hunt

#### Army

Fort Benning  
Clark Realty

Fort Gordon  
Balfour Beatty

Hunter Army Airfield  
Balfour Beatty

Fort Stewart  
Balfour Beatty

#### Marines

MCLB Albany  
Liberty Military Housing

#### Navy

NSB Kings Bay  
Balfour Beatty

# WISCONSIN

No MHPI projects to note.



**SEN RON JOHNSON**  
*Ranking Member*

About 7,700 Wisconsinites serve in the  
Wisconsin Army National Guard



# DELAWARE

**Dover Air Force Base**  
**4 military families served by AFHA**

- Work order fraud
- MHO office has a great spirit to help residents but is roadblocked by Hunt by interfering and not providing adequate or accurate information
- Brand new homes are built with improperly installed walls that allow for water and moisture to leak and cause mold growth.
- Reports of improper fire code adherence.



**SEN THOMAS R. CARPER**

**Air Force**

Dover Air Force Base  
Hunt

# NEW HAMPSHIRE

## NSY Portsmouth

No current military families served by AFHA, however, based on previous complaints, does not mean there are no issues. Previous publicly documented issues from 2013 to 2020 are complaints of mold, poor mold remediation, and most recently unaffordable civilian options for housing. Additionally, it seems ideas of housing satisfaction are misconstrued by skewed survey results of 92 percent occupation rate which is often correlated with assumed satisfaction, whereas the truth lies in that 70% of civilian housing is not affordable for Kittery residents-military families essentially must reside in MHPi housing or in another surrounding state with a commute to financially survive.



**SEN MARGARET WOOD  
HASSAN**

New Hampshire has 37th highest share of military personnel among the 50 states

# CALIFORNIA

## Overarching issues at all installations:

- Inadequate window fall prevention
- Homelessness and housing crisis
- Mold
- ADA and FHA violations

## 108 military families served by AFHA

### Other notable issues:

#### Camp Pendleton, Twenty Nine Palms, Naval Base San Diego, Fort Irwin, Monterey Bay:

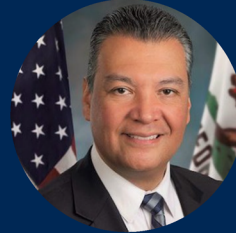
- Short cuts on work orders causing larger issues down the line
- Excessive move out fees
- Respiratory issues caused by mold
- Homelessness

#### Vandeberg:

- MHO staff does not understand state law is applicable
- Suggests families seek outside counsel rather than using rights available for dispute resolution

#### Travis and Beale:

- Mold
- Respiratory issues
- Poor leak and flood remediation



SEN ALEX PADILLA

#### Air Force

Beale AFB  
Balfour Beatty

Travis AFB  
Balfour Beatty

Vandenberg AFB  
Balfour Beatty

Edwards AFB  
Corvias

Los Angeles AFB  
Lendlease

McClellan AFB  
McClellan Park

#### Marine Corps

Camp Pendleton  
Hunt

# KENTUCKY

**Overarching issues at all installations:**

- Lead-based paint hazards
- FHA violations
- Mold
- MHO staff is undertrained
- Poor understanding of state law applicability

**16 military families served by AFHA**

**Fort Campbell**

- Documented toxic strains of mold



**SEN RAND PAUL**

**Army**

Fort Campbell  
Lendlease

Fort Knox  
Lendlease

# OKLAHOMA

**Overarching issues at all installations:**

- Mold
- ADA Violations
- Asbestos

**47 military families served by AFHA**

*Other notable issues:*

**Sill:**

- Historic homes are environmental hazards,
- Improper remediation of even minor maintenance requests exposes residents to asbestos and lead

**Tinker:**

- Mold
- Respiratory issues



**SEN JAMES LANKFORD**

**Air Force**

Altus AFB  
Balfour Beatty

Tinker AFB  
Balfour Beatty

Vance AFB  
Hunt

**Army**

Fort Sill  
Corvias

# FLORIDA

- **Overarching issues at all installations:**

- Mold
- Do not follow state laws
- ADA and FHA violations
- BAH insufficient

**23 military families served by AFHA**

*Other notable issues:*

**MacDill:**

- Water damage in homes with stilts is so bad that HVAC and floors are sinking due to rot and mold
- ADA violations for families needing one-story homes

**Key West and Pensacola:**

- Mold
- Respiratory issues
- Insufficient BAH



**SEN RICK SCOTT**

**Air Force**

Eglin AFB  
Corvias

Hurlburt Field AFB  
Corvias

Patrick AFB  
Hunt

Tyndall AFB  
Balfour Beatty

MacDill AFB  
Harbor Bay-Michael's

**Navy**

NAS Jacksonville  
Balfour Beatty

NAS Keywest  
Balfour Beatty

NS Mayport  
Balfour Beatty

NAS Pensacola  
Balfour Beatty

NAS Whiting Field  
Balfour Beatty

NSA Panama City  
Balfour Beatty

# SHEPPARD AFB

**Overarching issues at all installations:**

- Leaks
- Mold
- Improper remediation
- Improper reasonable accommodation installation
- Not enough homes to serve the incoming residents

**22 military families served by AFHA**



**BALFOUR BEATTY**

Freedom Estates  
Heritage Heights  
Wind Creek Village



### Master List-Balfour Beatty Properties

State	Families served by AFHA May 2021-April 2022
California	119
Arizona	0
New Mexico	0
Colorado	6
Washington	0
Texas	30
Florida	23
Georgia	124
North Carolina	0
South Carolina	1
Idaho	0
Wyoming	0
Montana	0
Oklahoma	47
Arkansas	0
Iowa	0



Missouri	12
North Dakota	4
South Dakota	0
Indiana	0
Mississippi	2
Alabama	0
Tennessee	0
Virginia	0
Maryland	2
Pennsylvania	3
New Jersey	7
New York	19
Maine	0
Rhode Island	0
Connecticut	0
Total	399

Testimony of Jana Wanner

Before the Permanent Subcommittee on Investigations

U.S. Senate Homeland Security and Governmental Affairs Committee

April 26, 2022

Mr. Chairman, Ranking Member, and distinguished Members of the Subcommittee, thank you for the invitation to participate in today's hearing.

My name is Jana Wanner. I am the proud spouse of my husband, who is in the Army, and we have been married for 12 years. My husband is a Sergeant First Class, and he has been in the Army for 15 years. We have 2 children, one with special needs, who is enrolled in the Department's Exceptional Family Member Program.

Like most military families, our family has moved often. We are currently at our 5<sup>th</sup> duty station, but at Ft. Gordon for a second time. During our first tour at Ft. Gordon in 2013, we arrived from Germany and did not have enough time to look for off post housing. After waiting in a hotel for over 2 weeks, we were offered a home that had an active leak from the refrigerator, cigarette butts scattered on the stairs, as well as dirt and roaches on the kitchen floor. When questioned about the condition of the home, the Balfour staff member stated that roaches are "normal" in Georgia, and that the contractors must have "accidentally" left their used cigarettes behind. Over the next few months, we had frequent work orders to include leaks, mold issues, an air conditioner that did not work properly, and at one point was declared a fire hazard. After 5 months living in these conditions, we moved to a home outside of the installation.

I began my advocacy 4 years ago while stationed in Maryland. After our own experiences as a family with lack of appropriate accommodations for our daughter, and mold

issues in our home, I decided to speak out about the conditions military families are living in. After returning to Ft. Gordon for the 2<sup>nd</sup> time in 2019, I started hearing from military families living on the installation with various housing concerns. Myself, Hannya Webster, and Chrissy Dykes, created a private Facebook group that is specifically for Ft. Gordon families with housing issues. On average, each month, we help dozens of families with the ongoing problems with Balfour's mismanagement of the homes on the installation. Lack of prompt response to repairs such as leaks, and mold, as well as lack of transparency about the waitlist for on post housing, sewage leaks, or pest issues are things we hear about frequently from families.

Work orders for maintenance requests go unaddressed or ignored for months at a time in some cases. More specifically, one resident has had work orders open since December 2021, requesting repairs to their master bedroom ceiling with water damage. The ceiling appears to be caving in from the damage, but maintenance has not addressed their concerns since putting the work orders in. Several other residents have reported similar experiences with leaks causing water damage, with limited communication from maintenance about repairs, and work orders have been left open with no timeline given for repairs.

When residents have requested a move-in checklist to document pre-existing damages, housing staff has stated there is no official form to document the damages. Residents are then told to send an email to the housing office with photos and descriptions of the damages, and these will be kept on file. However, after several residents reached out to confirm their emails were on file to prepare for a move out inspection, they were told their documentation was never received.

ADA accommodations requests, or other reasonable accommodations requests, have been ignored or denied. There are currently no standard proof requirements for accommodation

needs. Balfour is inconsistent with the information they request to prove the need for reasonable accommodations. Some families have made reasonable requests for accommodation and were promised one level homes, only to arrive to find out the home they were offered was not a one level home. Other families have requested ADA homes due to the medical need, only to be placed on a several months long waitlist due to Balfour not leaving the homes available for need based families.

The fear of retaliation by Balfour, and a lack of clarity on how to report, are common reasons that have prevented families from reporting their issues. Residents have frequently discussed what is sometimes described as verbally abusive staff that deter them from speaking up any further. For families that have never lived in military housing before, the process to dispute is even more confusing and unclear.

The Tenant Bill of Rights and the dispute process were well intentioned. But more oversight is still needed, such as more thorough inspections, that are not just based on cosmetic appearance of the homes. Also, ensuring that families with special needs do not have extra layers of red tape to have access to ADA homes, or reasonable accommodations. Military families make sacrifices every day. A safe home should not be one of them.

Thank you, Senators, for the opportunity to testify, and for addressing the health and safety of military families.

Written Testimony  
of  
Balfour Beatty Communities, LLC  
Before  
Permanent Subcommittee on Investigations  
Committee on Homeland Security & Governmental Affairs

Represented by

Richard Taylor  
President  
Facility Operations, Renovations and Construction  
Balfour Beatty Communities, LLC

and

Paula Cook  
Vice President  
Transformation  
Balfour Beatty Communities, LLC

April 26, 2022

Chairman Ossoff, Ranking Member Johnson, and Members of the Subcommittee.

Thank you for the opportunity to provide an update on the ongoing efforts and commitment of Balfour Beatty Communities, LLC ("BBC") to support the safety, health and wellbeing of the service members and their families through the Military Housing Privatization Initiative (MHPI), as well as to supplement the record of your staff's review of our efforts to serve these individuals at Fort Gordon, Fort Stewart, and Sheppard Air Force Base. We at BBC consider it an honor and privilege to serve those who serve our country.

In your letter inviting Mr. Taylor to testify, you asked him to be prepared to discuss the facilities management function of our housing operations at U.S. military bases, particularly at Fort Gordon, including quality assurance, preventative maintenance, health and safety, and the accuracy and completeness of work order data. Additionally, you asked that Mr. Taylor describe the efforts we have taken to address resident complaints about these issues and to improve our military housing operations. We very much appreciate the opportunity to do so with this statement and during the hearing.

By way of background, Mr. Taylor is a Navy veteran, a civil engineer, and a champion of public-private partnership ventures such as the MHPI. Mr. Taylor held the position of Civil Engineer Corps Officer in the U.S. Navy for over twelve years. In his last Active Duty assignment, he served as the Officer in Charge of Construction for the U.S. Navy field office at the Naval Air Station in Willow Grove, Pennsylvania. He

was responsible for construction management at U.S. Navy and Marine Corp facilities throughout Pennsylvania, New York and New Jersey.

In your letter inviting Ms. Cook to testify, you asked her to be prepared to discuss the community management aspect of BBC's military housing operations. Like Mr. Taylor, Ms. Cook is a veteran. She joined the U.S. Navy in 1976. During her tenure, she had the privilege of maintaining personnel records and counseling enlisted Navy personnel regarding training, education and job opportunities. She ended her tour of service with an honorable discharge in 1980.

Until recently, as Vice President, Military Community Management, Ms. Cook's portfolio encompassed seventeen Army bases, including our housing operations at Fort Gordon and Fort Stewart. Ms. Cook's background also includes a successful tenure as Vice President for BBC's Navy portfolio for 12 years, as well as more than 25 years of senior management experience in the multifamily and student housing industry. In the newly created role of Vice President, Transformation, she will be responsible for working closely with the BBC Operations team in the further development of both risk management and assurance programs for the community management side of our military housing operations.

You indicated that Ms. Cook should be prepared to address in particular communications with military families and the Army concerning housing conditions, health and safety, and the accuracy of the work order data in the Yardi database. Given the focus of these questions, we look forward to discussing any communications from residents at Fort Gordon and the extensive efforts we have undertaken, especially over the past three years, to improve our military housing operations at this base and others within our portfolio.

At BBC, we work hard to maintain vibrant, diverse and active communities for our men and women in uniform and their families. We recognize that these communities are central to the quality of life for our service members, and we do not take that lightly. We value the common goal with Congress and the Department of Defense (DOD) toward the provision of suitable family housing for service members and their families and continue to remain focused on further enhancing the housing experience for service members and their families.

*SERVING THOSE WHO SERVE.* Today, jointly with our military partners, 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 approximately 150,000 residents. Through these projects, we have partnered with the DOD to oversee the construction of more than 15,000 new military homes and the renovation of more than 14,000 legacy military homes. Since the start of the MHPI, BBC and its Service Branch partners have developed project investments totaling approximately \$5.6 billion to improve the options available for service personnel and their families living on base. This portfolio also includes nearly 1,000 homes that qualify as historic properties.

As a diversified real estate services company, beyond the acquisition, management and renovation of residential assets in the military housing sector, we also have substantial experience in serving the multifamily and student sectors. 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 for our residents. The BBC management team has been a leader in the U.S. residential real estate market for more than 20 years.

*MHPI STRUCTURE.* The privatized family housing operations for Fort Gordon, Fort Stewart, and Sheppard AFB are administered under three separate projects: the Fort Gordon project (commenced in May 2006), the Fort Stewart/Hunter Army Airfield project (commenced in November 2003) and the AETC Group I project, which includes Sheppard AFB, Tyndall AFB, Altus AFB and Luke AFB (commenced in February 2007). Each of these projects was authorized pursuant to the MHPI as part of the FY 1996 National Defense Authorization Act. Congress established the MHPI as a means of helping the military improve the quality of life for its service members by improving the condition of their housing. According to the Office of the Assistant Secretary of Defense for Sustainment:

- the MHPI was designed and developed to attract private sector financing, expertise and innovation to provide necessary housing faster and more efficiently than traditional Military Construction processes would allow. The Office of the Secretary of Defense delegated to each of the Military Services (Army, Navy and Air Force) the authority to enter into agreements with private developers selected in a competitive process to own, maintain and operate family housing via a fifty-year lease;
- MHPI addressed two significant problems concerning housing for military Service members and their families: (1) the poor condition of DOD owned housing, and (2) a shortage of quality affordable private housing; and
- Under the MHPI authorities, DOD works with the private sector to revitalize military family housing through a variety of financial tools, including direct loans, loan guarantees, equity investments, conveyance or leasing of land and/or housing/and other facilities. Military Service members receive a Basic Allowance and can choose to live in private sector housing, or privatized housing.<sup>1</sup>

Under our MHPI agreements, we act in joint partnership with each of the Military Services (at both the Pentagon and local command levels) to administer the housing operations at each installation. These contracts require us to coordinate all aspects of the leasing, facilities maintenance and renovation and development of the housing and community amenities within privatized family housing areas with the Military Services. Each project is generally financed through a combination of an equity contribution from BBC, an equity contribution from the Military Services for Army and Navy projects, a government direct loan for Air Force projects, and private sector debt. All income from these housing operations is held through project-specific accounts that are administered by an independent third party trustee or servicing/lockbox agent and are only permitted to be expended in alignment with the project's financing agreements and an annual budget approved by the Military Services and lenders. MHPI projects are designed to be self-sustaining throughout their 50-year term. In other words, private-sector partners such as BBC do fund additional capital for project operations and must work within the confines of available cash flow generated by each project. The primary funding source for these projects is the rents received from residents, which for service members equates to their basic allowance for housing received as compensation for their service obligations with the DOD. Due to fluctuating levels of project net income, which changes when the available basic allowance for housing is set annually by the DOD, occupancy rates and uncontrollable expenses (such as utilities and insurance), the ability to make improvements to older or aging housing conveyed into the project by the Military Services (referred to as "legacy housing units") is limited and the amount of project funds spent on capital repairs and replacements must be approved

<sup>1</sup> See [https://www.acq.osd.mil/eie/fim/Housing/Housing\\_index.html](https://www.acq.osd.mil/eie/fim/Housing/Housing_index.html).

by both the Military Services and project lenders annually. This is important to understand given that it may financially restrict the operations and services available as administered by the privatized housing property manager and is a very different model than found in the conventional residential housing market.

*FOCUS ON THE RESIDENT EXPERIENCE.* Our primary focus is providing our service members and their families with safe, quality homes supported by prompt and effective customer service and maintenance support. Our employees take this mission very seriously. We work diligently every day to achieve resident satisfaction. We have made it easy for residents to raise needs or issues in the home that need work and engage our teams for support. Enhancements to our work order process allow residents to submit and track work orders through an app, online Resident Portal or a phone call to our maintenance call center which is staffed with live work order agents available 24/7 to initiate the ticket in our system, schedule maintenance visits, provide status updates on open work orders and answer any related questions in real time.

Maintaining robust, open communications with residents is a priority for our teams. Our approach to resident communications not only focuses on ensuring residents have all the information they need when they need it, but also that easy two-way communication channels are in place and residents can connect with our team and build camaraderie with the larger community. Enhanced "Resident Portals" put a wide variety of resources and information right at every resident's fingertips, allowing them to access lease documents, view work order history, review community messages and event calendars, as well as access community policies and forms, household maintenance and safety tips, trash and landscaping schedules, information on community amenities and the local area and more. Residents have the flexibility to access their resident portal account on their computer or any smart device through a mobile app. Another important communication vehicle is the community newsletter which is sent to residents on a monthly basis and contains a message from the community manager, updates on community projects, reminders about community policies, details on community events, introductions of new employees and much more.

We understand the importance of feedback and we seek it from multiple sources to help us get the clearest picture of our performance as residents see it. We have multiple check points with new residents before, during and after move-in to ensure the process has been smooth, that there are no issues or questions regarding the home, and that the family is settling into their new community as smoothly as possible. Another critical touch point is our response to work order requests. When our maintenance technicians complete a work order, our process includes contacting the resident via text message (if the resident agrees) in order to confirm that the work was completed to their satisfaction before closing out a work order. We supplement this personal outreach with surveys, conducted by an independent third-party provider, sent to residents after move-in and work order completion asking them to rate and provide feedback on the courtesy and professionalism of our employees, the quality of our work, and the overall ease of the process.

Administered by residential survey leader SatisFacts, residents are asked to rate the service they received on a scale of 1 to 5, with 5 being a superior service score. In 2020, BBC received close to 45,000 survey responses from residents and our average service rating was 4.51. In 2021, we received just over 40,000 survey responses from residents, resulting in an average service score of 4.53. For the period January 1, 2021 through yesterday, the average work order scores were: Fort Gordon—4.62, Fort Stewart—4.20, and Sheppard AFB—4.69.



While the numbers give us a solid baseline, we look to the survey results to provide us insights into how to identify any potential negative trends and improve our processes wherever possible. It's a significant part of our commitment to continuous improvement. With a diverse portfolio of more than 43,000 homes—over a third of which are aging units constructed by the military—and on average more than 280,000 resident-generated work orders processed annually, we acknowledge we will never have zero defects. Like with any residential housing property, there always will be challenges to face—things in homes will break, plumbing problems will arise, systems will fail, natural disasters will hit, and customer service complaints will surface. However, we remain determined to always be as responsive as possible to the service member, to continuously improve, and to deliver on our commitments for the long-term.

*HOUSING IMPROVEMENTS.* Our MHPI projects continue to implement upgrades for aging homes and improvements to community infrastructure on an ongoing basis. Over the last three years, our housing projects have continued to invest in wide-ranging improvements to more than 40,000 homes including roof replacements, exterior renovations, HVAC system replacements, interior upgrades, community infrastructure improvements and demolition of aging home inventory. We are constantly evaluating the project financial resources available to fund housing improvements. We continue to focus our project development efforts on those assets that are most in need; and we currently have more than \$1 billion in housing and infrastructure improvements projected through 2031. These efforts will include significant whole-home renovation work and new home construction, as well as continued demolition of outdated inventory to make way for new construction or return to green space or other community amenities. BBC is also working through the final stages with the Army to refinance one of our military housing projects to raise additional funds for the continued demolition and replacement of aging housing, as well as significant renovations to certain outdated units across a number of Army bases. We are continuously evaluating opportunities to raise additional financing for our projects—whether through project refinancing or through securitization structures. We have also developed several innovative ways to financially support our projects, including developing relationships with cell tower and solar operators to license for fees certain unused land within our project footprints to construct cell towers and ground mounted solar arrays. We are also strongly committed to advancing the DOD's energy security goals by making homes more energy efficient, by investing in renewable energy solutions and following sustainable construction practices. We believe these endeavors help to strengthen our communities and better position them to be part of our military installations of the future.

*COMMITMENT TO SUPPORTING TENANT BILL OF RIGHTS AND OTHER NDAA REGULATIONS.* Since the significant Congressional scrutiny over MHPI projects began in early 2019, BBC has cooperated in testifying before various House and Senate committees in an effort to provide meaningful insights into the challenges faced by the military housing privatization program and to offer recommendations for legislative changes that Congress might support to improve the program. In addition, BBC has supported the implementation of the Tenant Bill of Rights and other MHPI regulatory requirements established in the FY 2020 National Defense Authorization Act.

Since 2021, BBC has put into effect all applicable requirements, including a Universal Lease negotiated with the Office of the Secretary of Defense; the institution of a formal dispute resolution process available to all service members in regard to claims under their lease agreement and rent segregation pending a dispute; access to an electronic work order system through which residents may request maintenance or repairs of a housing unit and track the progress of the work; participation in government housing inspections that require a finding of no life/health/safety deficiencies before a home may be offered to a housing applicant; and the provision of seven-year maintenance histories to all housing applicants and existing service member tenants. As these are all new features within the MHPI

program, we are continuing to work with the DOD to ensure that communication to residents and administration of these available rights and remedies is properly conducted. As with any new program, the processes and procedures around these areas are still in the process of being fully embedded, trained and adjusted as necessary. We continue to work with the Military Services to ensure we are in alignment on messaging to residents and fulfillment of all new MHPI regulatory requirements.

*IMPLEMENTING THE FY 2020 NDAA.* Before concluding, we think it is important for the Subcommittee to understand the changes we have begun to implement since enactment of the FY 2020 National Defense Authorization Act beyond implementing the Tenant Bill of Rights, as noted above. As a result of concerns regarding the operation of privatized military housing throughout the DOD's entire MHPI portfolio, Congress enacted this legislation to enhance the program to ensure service members and their families are assigned safe housing. As part of these additional requirements, each installation is responsible for "(A) reviewing, on an annual basis, the mold mitigation plan and pest control plan of each landlord managing housing units for the installation; and (B) notifying the landlord and the major subordinate command of any deficiencies found in either plan." BBC affirms that it has not received any notice from the installation command at its sites identifying any deficiencies found in its mold management and pest control plans.

In addition, the NDAA required that the head of the housing management office of an installation be responsible for "conducting a physical inspection of, and approving the habitability of, a vacant housing unit for the installation before the landlord managing the housing unit is authorized to offer the housing unit available for occupancy." We believe this is especially important to acknowledge because it provides an independent verification process outside of BBC's operational staff to affirm that there are no life, health or safety hazards in a housing unit before it is offered to a service member and their family. Through this process, the installation's housing management office has begun to ensure that the maintenance performed by BBC and other MHPI providers meets standards our government sets out for the provision of safe military housing and is deemed compliant with applicable law.

BBC has embraced the new NDAA requirements as another check and balance in place to assess the habitability of on-base housing and prevent service members and their families from being placed in an unsafe home. We look forward to continuing to work with the DOD and installation command toward further implementation of NDAA legislative enhancements.

*CONCLUSION.* Over the last three years, BBC has demonstrated an unwavering commitment to listening to our residents at Fort Gordon, Fort Stewart, and Sheppard AFB, as well as to residents at all the other installations where we serve those who serve our country. We have worked extremely hard to make real improvements across all aspects of our business. Our performance metrics confirm we have made significant progress and the overwhelming majority of our residents are happy with their home and the service we provide. We remain committed to sustaining these efforts and continuing to work with residents, military housing advocates and our partners in the Congress and the DOD to address challenges and seek effective ways to support the long-term viability of the MHPI program. In addition, we look forward to learning from you and your colleagues through the outcome of this investigation for how we can further improve. Again, we appreciate the opportunity to testify today and to continue serving our men and women in uniform and their families.

*SUPPLEMENTARY MATERIALS.* We appreciate the Subcommittee affording BBC with this opportunity to supplement the record and to answer in greater detail the issues you raised in your letter

inviting the company to testify. To date, the Subcommittee's staff have conducted 13 interviews with BBC employees, totaling nearly 40 hours of testimony, and we have produced 14,217 pages of records.

We address here these five issues: (1) our commitment to the accuracy of work order data (2) our approach to mold management and other environmental issues, (3) our ongoing efforts to address the condition of the maintenance facility at Fort Gordon; (4) the resolution of matters with the Department of Justice; and (5) the ongoing civil litigation initiated by the Torres family against BBC.

In addition to these five areas, having not been afforded an opportunity to comment on the draft report in its entirety, we set forth at the end of this document highlights of the text with clarifications we filed with the Subcommittee staff on April 22.

**Our commitment to the accuracy of work order data.** The commitment to provide accurate information to the Military Services is a cornerstone of BBC's corporate policy and approach. BBC has established a variety of protocols and assurance processes for reviewing and confirming that work orders have been completed and documented correctly to ensure accurate reporting:

- Work orders are updated to "Work Completed" status in the property management software (Yardi) only after a thorough review for accuracy and completeness;
- Work orders are not to be updated to Work Completed in Yardi without completing a process that permits residents the opportunity to confirm the work was done to their satisfaction;
- Once the status of a work order has been updated to Work Completed, no further edits may be made in Yardi by the onsite team without approval by a Vice President level manager; and
- A Service Center Coordinator or other person designated by the Facility Manager/Facility Director is responsible for Reviewing Tech Completed work orders in Yardi for accuracy and completeness and updating the status of the work order from Tech Completed to Work Completed in Yardi.

Regarding the resident sign-off process, we note this protocol is not required under BBC's MHPI agreements with the government. Rather, it is an extra procedure that BBC has decided to voluntarily create to ensure both that residents find their housing concerns have been addressed properly and to ensure information in Yardi is recorded accurately. If a resident is dissatisfied with the work, BBC staff will contact the resident and seek to address any concerns in an attempt to ultimately achieve their complete satisfaction with our service. BBC only closes out a work order in Yardi once it is (1) able to obtain resident "sign-off" regarding satisfaction, or (2) where the resident does not respond to BBC after several attempts, the installation Military Housing Office is made aware of the action and does not object to the work order being closed out in Yardi.

Further reflecting BBC's commitment to provide accurate information to the Military Services, we have implemented an Operations Assurance Plan as a safeguard to ensure the accuracy of the data in Yardi and compliance with internal policies and procedures regarding work order management. Moreover, the Operations Assurance Plan promotes a corporate culture where the need to maintain accurate records is always the priority.

Beyond maintaining accurate records, we also value transparency. BBC residents have the ability to receive a summary of maintenance conducted on the housing unit they lease or are offered as a prospective tenant. These reports ("seven-year maintenance histories") provide a "summary" of maintenance conducted, including renovations, for the particular housing unit for the previous seven years (or, if less than seven years, the time period the housing unit has been in the inventory). Residents

also may request additional detailed information on any or all items listed in the attached seven-year maintenance history. Knowing that service personnel may seek to rely upon the seven-year histories of work performed at a residence to decide whether to accept a lease at a residence, we understand how important they are to the individuals we serve. Yet, because the information referenced in the seven-year maintenance histories is generated from multiple sources that may encompass hundreds of electronic data points collected over many years, MHPI project owners are unable to make specific representation or warranty about the accuracy or completeness of the information listed and typically include a disclaimer to that effect when communicating these reports to residents. Nevertheless, we do our best to ensure they are as accurate as possible and we have implemented a process to correct any identified errors.

To further improve the resident experience, we recently established a new call center, which is staffed with work order agents available 24/7 to initiate a work order in our system, schedule maintenance visits, provide status updates on open work orders and answer related questions in real time. We believe this new system will ensure that work orders are classified consistently as to level of urgency (“Emergency,” “Urgent” or “Routine”).

**Our approach to mold management and other environmental issues.** BBC’s mold management, asbestos, and other environmental policies were developed with the help of third-party experts, including external environmental lawyers and Exponent, Inc., which employs highly experienced certified industrial hygienists and other leading consultants in this field. We have developed training manuals and policies that guide our efforts to protect health and safety of residents. We regularly update them to ensure they reflect the best science available. During the interviews conducted by PSI staff, none of the BBC employees interviewed identified any instances in which the company failed to meet applicable policies and standards established by the company.

During the course of this investigation, we have provided the Subcommittee with the following BBC policies:

- Mold Management Policy (Policy 7001);
- Asbestos Management Policy (Policy 7003);
- Lead-Based Paint Management – Overview (Policy 7007);
- Lead-Based Paint Disclosure Requirements Policy (Policy 7008);
- Lead-Based Paint-Renovation, Repair & Painting Rule (Policy 7009);
- Lead-Based Paint-Interim Controls/Abatement Policy (Policy 7010);
- Lead-Based Paint – Occupant Protection Policy (Policy 7011);
- Lead-Based Paint-Visual Surveys Policy (7012);
- Lead-Based Paint-Lead Hazard Evaluation and Risk Assessment Policy (Policy 7013);
- Lead-based Paint-Lead Hazard Clearance Testing Policy (Policy 7014);
- Lead Based Paint – Response to Resident Report of Elevated Blood-lead Level Policy (Policy 7015);
- COVID-19 Move-In Policy (Policy 8308);
- COVID-19 Notice to Vacate/Move Out Process Update (Policy 8309); and
- COVID-19 Safety Protocols for Entering Occupied Homes (Policy 8307).

Additionally, we made available to PSI staff a variety of Balfour Beatty training materials, including the Mold Management Policy eLearning Course,

We have attached as part of this submission, five White Papers prepared by Exponent, Inc. and previously submitted with the Office of Secretary of Defense to assist the DOD's Office of the Inspector General in its "Audit of Medical Conditions of Residents in Privatized Military Housing" pursuant to section 748 of the National Defense Authorization Act of 2020:

- Existing National Standards or Guidelines—Dampness and Microbial Growth;
- Existing National Standards or Guidelines—Asbestos and Manmade Fibers;
- Existing National Standards or Guidelines—Lead-based Paint;
- Existing National Standards or Guidelines—Safety Hazards; and
- Existing National Standards or Guidelines—Causation.

Throughout many of the interviews conducted by the PSI staff, the environmental and safety-focused questions put to BBC employees frequently focused on the potential risk of mold and asbestos to the health of residents. The White Paper entitled "Existing National Standards or Guidelines—Dampness and Microbial Growth" highlights the fact that "[t]here are no national standards or guidelines that establish levels of dampness or microbial (fungal or bacterial) growth in residential or other settings . . . presenting an increased health risk to occupants. In fact, as Exponent, Inc. points out, "[n]either the U.S. Centers for Disease Control and Prevention (CDC) nor the U.S. Environmental Protection Agency (EPA) recommend *routine* sampling for mold, including sampling for mold in air. Because neither the CDC nor the EPA has developed air quality or any other mold standards, there is no basis against which to test for mold and thus there is no basis to criticize BBC for not performing regular mold or air quality testing.

Many are often concerned to learn that BBC does not routinely "test" for mold. BBC believes it is appropriate to follow the recommendations of the CDC and EPA, as well as the Military Services, which do not call for routine mold sampling or testing and instead dictate that mold assessment and remediation is best addressed through visual inspections.

In its white paper on asbestos and other manmade fibers, Exponent, Inc. said this of particular interest: "There are no existing or national standards or guidelines concerning the presence of in-place building materials containing asbestos or manmade fibers (MMF) in residential settings." Given the age of many of the residential homes in BBC's portfolio, many were built when asbestos and other manmade fibers were in use as insulation or part of the adhesive for tile floors. Exponent, Inc. points out in its white paper that "[a]sbestos may be present in different types of building materials and is not considered to be a potential hazard when the asbestos-containing material (ACM) is not damaged or when it is enclosed or encapsulated." As Exponent, Inc. also notes, "[t]he U.S. Environmental Protection Agency (EPA), the U.S. Occupational Safety and Health Administration (OSHA), and the U.S. Consumer Product Safety Commission (CPSC) state that the mere presence of ACM in a building does not imply that an asbestos exposure has or will occur, let alone such an exposure at a level in the air that increases human health risk. . . . Various federal agencies have issued general guidelines, none of which are enforceable regulations."

Consistent with general federal guidelines, BBC seeks to ensure that it addresses any potential risks to residents when ACM is damaged or no longer enclosed or encapsulated. Maintenance staff are empowered to seek guidance up through the chain of command and via regional environmental specialists to make sure they know how best to address potential environmental issues when they are engaged in addressing repair and maintenance matters for a home.

**Our ongoing efforts to address the condition of the maintenance facility at Fort Gordon.** During many of the interviews of BBC employees, PSI staff inquired about the safety and soundness of the maintenance facility at Fort Gordon as a result of openings in the ceiling that allowed rain water to enter the facility during severe weather. We believe it is important to stress that no BBC personnel were known to be at risk. We moved them to a separate trailer in late 2020 to provide a better working environment and regularly applied tarps to the maintenance building roofs to ensure that equipment and supplies were not damaged while awaiting approval to proceed with new building construction.

We have been working in partnership with the Army to get approval to commence construction of a new, replacement facility. We are in the process of negotiating final design/construction agreements to initiate commencement of construction of the new facility. Due to the unanticipated delays, BBC recommended that project operating funds be used to replace the roof of the maintenance shop with a more durable temporary roof, which is expected to be completed by the end the week or early next week.

**The resolution of matters with the Department of Justice.** In December 2021, BBC reached a resolution with the Department of Justice (DOJ) regarding criminal and civil investigations into specific performance incentive fees improperly claimed by the business between 2013 and 2019 related to maintenance work at certain military housing installations. Under the terms of the resolution, BBC pleaded guilty to one count of major fraud against the government and agreed to the appointment of an independent compliance monitor for up to a three-year period, as well as to pay fines and restitution. BBC is committed to the highest standards of ethical conduct.

The wrongdoing that took place is completely contrary to the way we expect our people to behave. It has been made clear to all employees that breaches of policies, procedures, or law will not be tolerated and we welcome the appointment of the independent compliance monitor and look forward to a constructive engagement. Since 2019, we have worked diligently to understand the root causes of employee misconduct that was uncovered and we undertook an in-depth review of our operations. As a result of our findings, we have taken significant steps to prevent this type of misconduct from reoccurring in the future. These include the restructuring of our management team, including the appointment of several additional senior executives and a Chief Compliance Officer.

In addition, we have enhanced our ethics and compliance training for all employees and made significant improvements to the maintenance work order processing system, underpinned by enhanced controls and protocols that are deliberately aimed at strengthening oversight. BBC cooperated fully with the DOJ throughout its investigation, and we have been transparent on the matter with all our stakeholders, including the DOD, our Military Service partners, this Subcommittee, and the others that have held hearings and made inquiries into privatized military housing over the past three years. As we made clear throughout the investigation, our objectives included full transparency and accountability for the improper payment of performance incentive fees, including the reimbursement of such amounts to affected projects, and the termination or disciplining of any employees found to have been non-compliant with our policies and procedures. The agreed upon resolution with the DOJ represents BBC taking responsibility for wrongdoing within our organization and brought the investigation to a close. We have apologized to all our stakeholders for the misconduct that occurred and we are focused on moving forward and continuing to improve the resident experience across our military housing portfolio.

**The ongoing civil litigation initiated by the Torres family against BBC.** As a matter of longstanding policy, BBC does its best to address disputes that inevitably arise and seeks to avoid litigation whenever possible. We were able, for example, to resolve the dispute with the Choe family without litigation.

Unfortunately, the Torres family chose a different approach. As a result, BBC and the Torres family are in active civil litigation, which involves several of the items in the limited, non-redacted portion of the draft PSI report shared with BBC (Torres, et al. v. Balfour Beatty Communities, LLC, et al, U.S. District for the Northern District of Texas, Wichita Falls Division, Case No. 7:22-CV-00021 (“the Litigation”). BBC always has acted, and continues to act, in a prompt and reasonable manner in its responses to the Torres family’s reported concerns and complaints. Unfortunately, on numerous occasions, BBC was impeded in responding to, inspecting, and/or taking the necessary action to repair or address the Torres family’s reported concerns due to their refusal to allow BBC’s employees to enter the residence, which is contrary to the terms of the lease agreement. BBC has and will continue to vigorously assert its position in the litigation that it has acted reasonably and in compliance with all applicable laws to address the family’s concerns.

With regard to the draft PSI report concerning a reference to a May 27, 2021 work order for the Torres family, BBC’s records identify the request for that work occurred on or about May 28<sup>th</sup> at 11:17 a.m. The entry for the work order was “plumbing” and “routine” based on what the Torres family initially reported to BBC as the concern, namely, a possible toilet leak. Accordingly, the initial entry for the work order was appropriate and entered consistent with BBC policy. On that same day, May 28, 2021, BBC inspected the home. Because the Maintenance Supervisor and Technician found a wet door jam in the master bath closet, a moisture reading inspection (“MRI”) was conducted – not a mold inspection – which is routine following a report of a leak. Based on the initial examination and thereafter, BBC, either by its employees or a third-party contractor, continued to perform the necessary repair work over a period of time, including performing asbestos and lead-based testing, and repairing and replacing the bathroom’s ceramic tile and flooring.

BBC personnel were in frequent communication with both the Torres family and the Military Housing Office (“MHO”) personnel at Sheppard AFB in June 2021 about the status of the work performed at the Torres family residence. On June 24<sup>th</sup>, BBC had a Texas licensed mold assessment company, EcoSystems Environmental Inc. (“ESEI”), conduct a visual mold assessment (“VMA”) of the residence, which is the recommended standard for inspection. Shortly after BBC received ESEI’s final report and recommendations, BBC shared that report and recommendations with both the Torres Family and MHO personnel. BBC followed the ESEI recommendations and had outside third-party contractors perform the repair and remediation work during which time BBC provided the Torres family with temporary housing.

The discrepancy between the category and subcategory of the May 2021 work order and the June 2021 work order is based on the information that BBC received at the time of the requested maintenance or reported concern was made. Consistent with BBC protocol, the May 2021 work order was categorized as “plumbing” and “routine” because the resident reported a toilet leak whereas the June 2021 work order was categorized as “mold” and “urgent” because there was a reported concern of mold.

These two work orders were submitted on the first day the Torres family resumed living in the residence following the repair and remediation work and following the remediation clearance assessment by ESEI. Upon receipt of these work orders, BBC’s counsel in the Litigation communicated with the Torres family’s counsel about these work orders, which include several different photographs provided by the Torres family’s counsel to BBC’s counsel about the residents’ complaints. Due to the unique circumstances of the submission of these work orders and the Litigation and based on the photographs provided, the work orders were entered as “routine” and “carpentry,” which was appropriate. Further, when BBC attempted to inspect the home in connection with these work orders, Sgt. Torres and/or his wife refused

to allow BBC's employees access to examine the specific complaints until on or about September 15, 2021, after repeated requests by BBC to do so. Once BBC was permitted by the Torres family to examine those reported concerns, BBC again acted in a prompt and reasonable manner to address those issues. Nonetheless, the Torres family commenced the Litigation, which BBC will continue to defend vigorously.

**Key clarifications set forth in BBC's "errata" submission.** As noted above, BBC was not afforded an opportunity to comment on the Subcommittee's draft report in its entirety. Instead, BBC was given the limited opportunity to make an "errata" submission to correct what we believed were factual misstatements or unsupportable conclusions set forth in the limited portion of the draft that we could see. In most instances, entire pages were redacted in black with a sentence or two for us to review, with no context. We nonetheless asked that the mistakes we identified be fixed and that the clarifications we suggested be made, as appropriate, in the interest of the Subcommittee producing a more balanced report.

We provide here a high-level overview of the materials we filed with the Subcommittee staff on April 22<sup>nd</sup>.

As a general matter, we advised the Subcommittee that we strongly objected to the use of the word "admitted" as the verb used invariably to refer to a statement made by a BBC employee in an interview. We have not identified any instances in which any BBC employee used the word "admit" in responding to a single question in roughly 40 hours of interviews. In its most common meanings, the word is intended to convey the notion of conceding something as true or valid or as acknowledging or confessing, which might have general applicability in a prosecutorial setting but has no applicability in the manner in which it has been used throughout the draft report. We noted each time it was used inappropriately in the draft report, as in the case of an instance in which the draft report suggested that Rick Taylor, as President of Facility Operations, Renovations & Construction, had to be induced or encouraged to admit that "it is critically important to maintain accurate and complete work order data in Yardi . . ." In fact, Mr. Taylor responded "absolutely" when asked during his interview if it was important for accurate data to be entered into the company's property management software for payment purposes. He was not being asked to "admit" anything. In fact, he agreed without hesitation with the premise of the question posed.

*Accuracy of work order data.* Every employee interviewed by the Subcommittee staff, when asked about the significance of work order data accuracy, indicated it was important to have accurate and complete work order data entered in Yardi. For example, as noted above, Rick Taylor responded "absolutely" when asked if it was important for accurate data to be entered into Yardi for payment purposes. The unequivocal response by all of the BBC employees reflects BBC's commitment to promoting a corporate culture where the need to maintain accurate records has always been a priority. Moreover, it demonstrates the company's ongoing and successful initiation of its Operations Assurance Plan. BBC now has a dedicated compliance team in place to review the accuracy of the data in Yardi and confirm compliance with internal policies and procedures regarding work order management as a means of ensuring the data accuracy does not solely depend on one individual. Despite BBC sharing the details of the Operations Assurance Plan numerous times—including in three separate interviews with BBC's Vice President, Compliance – Facilities Management, who leads the Facilities Management operational compliance team—the Subcommittee's draft report made no reference to these interviews and to the best of our knowledge fails to acknowledge this critical program BBC designed and implemented under the guidance of the Department of Justice to identify, investigate and correct mistakes in the work order system.



Instead, the report emphasizes individual work order errors apparently in an effort to suggest the presence of a widespread work order accuracy issue affecting the calculation of performance incentive fees. With a diverse portfolio of more than 43,000 homes—over a third of which are aging units constructed by the military—and on average more than 280,000 resident-generated work orders processed annually, BBC (nor any other third-party operator) is never going to have zero defects. Naturally, there will always be challenges to face—things in homes will break, systems will fail, natural disasters will hit, and complaints will surface. However, we remain determined in our goals to always respond to service members, to continuously improve, and to deliver on our commitments for the long-term.

Nonetheless, the report focuses on the negative and ignores BBC's obligation to audit the work order data used to compile incentive fee calculations. BBC's property management agreements (PMAs) with the military services, which covers BBC's obligations as property manager, recognize that work order data entry involves some subjectivity and human error that inherently diminishes the likelihood the intake and tracking of work orders will be 100% accurate. This is evidenced by the fact the PMAs include specific terms that allow for the project owner to require the property manager to perform an audit of work order data used to compile incentive fee calculations and that the cost of such audit will be borne by the project owner (and not BBC as property manager) unless the audit identifies an overcharge of the incentive fee to the project owner in excess of five percent (5%) for any Fiscal Year. Additionally, even where there is an error rate of greater than 5% identified through such an audit, it is not deemed a breach of the PMA by BBC as property manager, but rather requires BBC to bear the cost of the audit and to refund the overpayment.

In some instances, the report plainly ignores fact in favor of conjecture. For example, Subcommittee staff members appear to believe there should be mold-related work orders in Yardi submitted by Captain Samuel Choe after March 2020. However, there is no record of Captain Choe making mold-related work orders after March 2020, which he acknowledged he was told he could submit via a web-based resident portal or that he could call in. Captain Choe's own detailed timeline of his engagement with BBC—submitted as part of his written testimony for the April 26, 2022 hearing—makes no mention of him submitting any work order requests, except for one in February 2020, which he confirms BBC responded to. Captain Choe's account also noted how he remained in constant communication with BBC, as well as the Fort Gordon Military Housing Office and local command, meeting with their representatives on several occasions. And yet the draft shared with us focused on the trivial issue of whether Ms. Cook met with him in person (as she mistakenly said in her interview), as opposed to speaking with him by telephone. In any event, we are pleased that BBC and the Choe family reached a definitive agreement to address all of their claims for relief with a monetary payment, without either party admitting any liability, which was approved by the Office of the Secretary of Defense.

In another instance, the draft report was inaccurate in stating that no mold inspection was performed by BBC staff at the home of Army Family #1. BBC provided copies of all work orders performed in response to the resident's maintenance requests, which support that the resident's concern was promptly and reasonably addressed. Work order no. 6776494 was in fact uploaded within Yardi and produced to the Subcommittee. This was the first work order during Army Family #1's occupancy of the home that related to a concern regarding mold. It was not until July 2021 that the resident provided BBC with any information to support the status of an occupant with a medical condition that made such occupant potentially sensitive to mold.

*Approach to environmental remediation.* In the draft report, the Subcommittee criticized BBC for notifying a military family about the water impact of some asbestos-containing materials in the ceiling. After BBC received test results in early October 2020, indicating that the ceiling in this home contained asbestos-containing material, BBC notified the military family about the procedure needed to be taken to repair the ceiling four weeks later, when they were able to provide the expert opinion of an industrial hygienist that could confirm to the resident that there was no health hazard produced by the leak in the ceiling alongside the asbestos survey.

BBC complied with all environmental procedures by testing the ceiling before it commenced repairs to confirm whether there were asbestos containing materials in the ceiling that would require more prescriptive repair protocols to be followed than if such materials were not present. BBC took these precautions to ensure that no hazards would be created when repairs to the ceiling were to be made. Rather than merely send the resident a report that identified there was asbestos in certain drywall compound, and which to a layperson could not be easily interpreted, BBC went out of its way to procure a report from a licensed industrial hygienist to ensure the resident could understand that the report detecting asbestos should not be interpreted to mean a health hazard was produced by the leak in the ceiling. This is consistent with the FY 2020 NDAA amendments to the Military Housing Privatization Initiative passed by Congress, which requires landlords to provide the resident along with any environmental hazard test results a simple guide explaining those results, preferably citing standards set forth by the Federal Government relating to environmental hazards. BBC provided these materials to the resident as soon as it received the final reports from its external consultants. The resident was not living in the home during the time it evaluated the appropriate protocols necessary to ensure repairs in the home were done in a manner to prevent life/health/safety issues from occurring; and BBC funded temporary housing to ensure no potential exposure to occupants while it was waiting on final test reports necessary to design these appropriate repair protocols.

In another instance, the text of the draft report appeared to suggest that it is inappropriate to rent homes that contain materials, such as asbestos or lead-based paint. If these types of materials are properly maintained in place and not disturbed improperly when the home is occupied, they do not expose a resident to any health or safety hazard. For the report to suggest that a home must be free of all potentially environmental hazardous materials, including free of mold spores in the air or on surfaces within a home, defies science. As stated by the EPA, for example, "it is impossible to get rid of all mold and mold spores indoors; some mold spores will be found floating through the air and in house dust."

A home should be delivered at move-in in a clean condition where no visible mold growth is present in occupiable spaces. In BBC's experience, incoming and current residents frequently express concern about the potential presence of mold in the air in a home and cross contamination of their personal property based on air quality tests even though no visible mold is present on their belongings. There are no national standards or guidelines that establish levels of dampness or mold growth in residential or other settings that present an increased health risk to occupants. In fact, neither the CDC nor the EPA recommend *routine* sampling for mold, including sampling for mold in the air inside a home or anywhere else. Because neither the CDC nor the EPA has developed air quality or any other mold standards, there is no basis against which to test for mold and thus any such test results would not be an effective indicator of the health risk or structural impact of a residential building. Even the Army Public Health Center's website affirms that it is their own policy to not perform air quality tests through a series of FAQs located on its website.

*Fort Gordon maintenance facility repairs.* Contrary to the evidence, the draft report suggested that individuals who worked in the facility were at risk when leaks occurred following extensive spring rains and that equipment was damaged as well. Once it was determined that the building should not be used for day-to-day office space but could continue to be used for storage of supplies/equipment, BBC moved its staff to an alternative office location. Those BBC staff members have been and will continue to work in this alternative location until a new maintenance facility can be constructed (which construction agreements are awaiting Army approval before they may be signed). Fort Gordon Housing, LLC has repeatedly re-tarped the facility as necessary to prevent leaking as a temporary measure.

The funds to be used to make repairs to the Fort Gordon maintenance facility and other improvements that are part of the Fort Gordon project are maintained in the accounts of the project owner (Fort Gordon Housing, LLC). The project owner is a joint venture owned by BBC (approximately 10%) and the Army (approximately 90%) and its project fund accounts are required to be held under and administered through a Trust Indenture with a Trustee/Bondholder Representative. As such, these funds may only be released from the trust accounts by the Trustee if the conditions of the Trust Indenture are met. BBC agreed with the Army that a new maintenance facility at Fort Gordon should be constructed in place of the current building that was leased by the Army to the project owner; and that the funds to be used for such construction would be from the project's Reinvestment Account, which is an account from which monies may only be released with the written consent of the Army. While BBC had hoped that the agreements necessary to commence construction of the new replacement building would have been approved much sooner, delays have occurred which unfortunately pushed out the anticipated timeline. Now that it appears the new building may not be completed for another 12 months or more, BBC has decided to move ahead with replacement of the roof with a more durable temporary roof versus continuing to temporarily re-tarp the roof. We advised the Subcommittee staff that work to replace the roof is expected to be completed by the end of this week or early next week.

*Miscellaneous.* We made a series of additional suggestions, as noted above, with the hope that the mistakes we identified would be fixed and that the clarifications we suggested would be made, as appropriate, in the interest of the Subcommittee producing a more balanced report.

SUPPLEMENTARY MATERIALS  
SUBMITTED SEPARATELY FOR INCLUSION IN THE HEARING RECORD

- Existing National Standards or Guidelines—Dampness and Microbial Growth;
- Existing National Standards or Guidelines—Asbestos and Manmade Fibers;
- Existing National Standards or Guidelines—Lead-based Paint;
- Existing National Standards or Guidelines—Safety Hazards; and
- Existing National Standards or Guidelines—Causation.



## DoD OIG NDAA Audit

### Existing National Standards or Guidelines – Dampness and Microbial Growth

#### Executive Summary

- There are no national standards or guidelines that establish levels of dampness or microbial (fungal or bacterial) growth in residential or other settings (e.g., workplaces, commercial buildings, or schools) presenting an increased health risk to occupants.
- Fungal and bacterial aerosols are common in indoor and outdoor environments; however, inhalation exposure limits have not been established due to the absence of exposure-response data, differences in individual susceptibilities, and the wide range of microbial species capable of growing indoors. Moisture is required for microbial growth, but moisture or dampness is not by itself a cause of adverse health effects in individuals. For these and other reasons, no governmental or scientific bodies have established national standards or guidelines establishing airborne levels of specific molds above which an increase in health risk would be expected.
- In the absence of national standards, governmental and health agencies and scientific organizations have issued non-enforceable guidelines on ways to prevent and remediate indoor dampness and microbial growth.
- Central to the remediation guidelines is the amount of visual, suspect microbial growth, which is defined by categories of observed impacted surface area (e.g., less than 10 square feet). The presence of visible, suspect microbial growth does not imply that an exposure to mold has occurred or that a mold exposure is related to any health concerns.
- Neither the U.S. Centers for Disease Control and Prevention (CDC) nor the U.S. Environmental Protection Agency (EPA) recommend *routine* sampling for mold, including sampling for mold in air. While guidelines recognize that surface sampling may be useful to determine if a surface has been adequately cleaned or remediated, such sampling should be conducted by professionals experienced in designing mold sampling protocols, employing sampling and analytical methods recommended by reputable scientific organizations, and when interpreting results.

#### Objective

This summary is intended to assist the DoD Office of the Inspector General (OIG) in identifying any existing national standards or guidelines for dampness and microbial growth in military housing units or in the absence of applicable national standards or guidelines identifying whether there is other authoritative guidance pertaining to dampness and microbial growth in residential units.

#### Findings

In the context of indoor dampness and microbial growth, fungi and bacteria are commonly referenced (American Industrial Hygiene Association [AIHA], 2020). Other microbial agents, such as viruses, are not summarized here. The term “fungi” is often used interchangeably with

“mold” (or “mould”) in the scientific literature. There are no existing national standards or guidelines that address levels of dampness or microbial growth in residential or other settings (e.g., workplaces, commercial buildings, or schools) that might present an increased health risk to occupants.

Along with requiring appropriate temperatures and organic nutrient materials, “[w]ater is the single most important factor for microbial amplification in indoor environments” (AIHA, 2020). AIHA notes, “[a]s a generalization, bacteria require liquid water for growth, and it is the fungi ... that grow under ‘damp’ conditions” (AIHA, 2020). Relative humidity (RH) is a key concept that is central to understanding the potential for microbial growth in indoor environments, as discussed by the American Conference of Governmental Industrial Hygienists (ACGIH): “RH is a ratio (expressed as a percentage) of the amount of moisture in air to the maximum amount the air could hold. Warmer air has a greater capacity to hold water in its vapor form than cooler air” (ACGIH, 1999). According to AIHA, “[a] period likely to promote mold growth is defined as any 24 h[ou]r period during which there was 100% relative humidity (RH) or a RH greater than 70% following a period of 100% RH at the surface being tested” (AIHA, 2005). The World Health Organization (WHO) notes, “[i]n reality, relative humidity and temperature on surfaces and in building structures change all the time, and mould formation is a time-dependent process that can be described by relative humidity, temperature, and building material ... Therefore, a single limit value [for RH] is inadequate for the hygrothermal design of building structures” (WHO, 2009). Notably, the Institute of Medicine (IOM), now known as the National Academy of Medicine, indicates that “[e]xcessive indoor dampness is not by itself a cause of ill health,” but that a potential consequence of such a condition is “new or enhanced growth of fungi and other microbial agents” (IOM, 2004).

The epidemiologic literature on the potential relationship between health outcomes and indoor dampness (e.g., as relative humidity) or presence of fungi or other microbial agents in damp indoor environments has been extensively reviewed by WHO, drawing upon similar research efforts by others (e.g., IOM, 2004). While WHO acknowledged varying degrees of evidence of associations for certain health outcomes, overall, WHO concluded, “there is insufficient evidence of a causal relationship with any of the health outcomes reviewed” (WHO, 2009).

According to ACGIH, “[i]t is important to remember that everyone is exposed to bioaerosols [“airborne particles that are living or originate from living organisms”] throughout their lives, because bioaerosols of one kind or another are ubiquitous in the indoor or outdoor environment. This is especially true for fungal and bacterial aerosols” (ACGIH, 1999). Relevant inhalation exposure limits have not been established for bioaerosols. The ACGIH notes, “[t]here is no scientific basis for applying specific exposure limits for total bioaerosol concentration, or ... the concentration of any specific culturable or countable bioaerosol” (ACGIH, 1999). Similarly, AIHA concludes, “[t]here is no scientific basis for applying specific exposure limits for total bioaerosol concentration or, at the time of this publication, the concentration of any specific culturable or countable bioaerosol” (AIHA, 2005). In their *Report to the California Legislature*, the California Department of Health Services (CDHS) “evaluated the feasibility of developing a PEL [permissible exposure limit] for indoor mold” and “determined that sound, science-based PELs for indoor molds cannot be established at this time” (CDHS, 2005). CDHS highlighted several “critical challenges” in establishing a PEL for mold, including “absence of exposure-

response data,” “[d]ifferences in individual susceptibilities to molds,” and “existence of hundreds of mold species capable of growing indoors.” The State of California reaffirmed their position on this topic in subsequent guidance (California Department of Public Health [CDPH], 2016). For these and other reasons, EPA has not established “federal regulations or standards for mold contaminants” (EPA, 2021b) and “[s]tandards for judging what is an acceptable, tolerable or normal quantity of mold have not been established” (CDC, 2021).

In the absence of national mold standards or guidelines, various regulatory and health agencies and scientific organizations have instead issued non-enforceable guidance on ways to prevent and remediate indoor dampness and microbial growth. These guidelines focus on prevention and remediation, and do not define whether dampness or microbial growth the levels of dampness or microbial growth in residential or other settings that might present an increased health risk to occupants. The size of the area of suspect visible microbial growth is central to these guidelines. According to AIHA, “[t]he size or extent of contiguous mold is assumed to relate to the source strength; the more extensive the mold, the greater the potential source of pollution” (AIHA, 2020). ACGIH cautions, “[c]learly, if biological growth is visible, there is no doubt it exists,” but “such an observation does not mean that occupants are necessarily exposed to biological agents from areas of visible contamination or that health problems workers [or other occupants of indoor settings] may be experiencing are due to the biological contamination” (ACGIH, 1999).

As an example, the New York City Department of Health and Mental Hygiene’s (NYDOHMH) *Guidelines on Assessment and Remediation of Fungi in Indoor Environments* offer remediation recommendations based on surface area-delineated observations of suspected fungal growth on heating, ventilation, and air-conditioning (HVAC) systems and non-HVAC surfaces (NYDOHMH, 2008). These observed growth categories are defined as follows: less than 10 square feet (ft<sup>2</sup>) for either HVAC or non-HVAC surfaces is described as a “small isolated area”; 10 to 100 ft<sup>2</sup> for non-HVAC surfaces as a “medium-sized isolated area”; and more than 10 ft<sup>2</sup> for HVAC surfaces and more than 100 ft<sup>2</sup> for non-HVAC surfaces as a “large area.” The size of the fungal growth area is not correlated with any health-based metrics.

Surface area-driven remediation recommendations have additionally been developed by other health agencies, such as the EPA, U. S. Department of Housing and Urban Development (HUD), and U.S. Occupational Safety and Health Administration (OSHA) (EPA, 2008; HUD, 2001; OSHA, 2013). Notably, these agency-derived surface area categories are not based on health-specific criteria. In EPA’s *Mold Remediation in Schools and Commercial Buildings*, they note, “[t]hese remediation guidelines are based on the size of the affected area to make it easier for remediators to select appropriate techniques, not on the basis of health effects or research showing there is a specific method appropriate at a certain number of square feet” (EPA, 2008). A nearly identical caveat is noted in OSHA’s *A Brief Guide to Mold in the Workplace* (OSHA, 2013).

According to HUD, “[s]mall amounts of mold can be removed ... by homeowners and renters. This type of job, like house cleaning and yard work, is usually considered part of running a home” (HUD, 2001). HUD specifies that “[i]f the area [of visible suspected fungal growth] is less than 10 square ft. in size, you can probably handle it” (HUD, 2001). Similarly, EPA notes, “[w]ho should do the cleanup depends on a number of factors. One consideration is the size of

the mold problem. If the moldy area is less than about 10 square feet (less than roughly a 3 ft. by 3 ft. patch), in most cases, you can handle the job yourself” (EPA, 2021a).

The current governmental remediation guidelines are based on the presence of suspect *visible* microbial growth, regardless of whether microbes are indeed present and, if present and observed, are actively growing; routine sampling for mold is not recommended. CDC “does not recommend or perform routine sampling for molds” (CDC, 2021). According to EPA, “[i]n most cases, if visible mold growth is present, sampling is unnecessary” (EPA, 2021b). EPA notes that “[s]urface sampling may be useful to determine if an area has been adequately cleaned or remediated” and that sampling should be conducted by “professionals who have specific experience in designing mold sampling protocols, sampling methods and interpreting results” and employ analytical methodology recommended by AIHA, ACGIH, and other reputable scientific organizations (EPA, 2021b). Similar investigation and remediation frameworks have been adopted by the U.S. Army and U.S. Navy (Navy) (U.S. Army Public Health Center [APHC], 2019, 2021; Navy, 2020). APHC states that a “[m]old assessment is based on visual inspection including identifying the source of moisture and the extent of mold growth. Air sampling for mold is not part of a routine assessment because it is not an effective indicator of the health risk or structural impact” (APHC, 2021). Navy states that “Mold sampling and analysis are not part of the initial mold evaluation process and is generally not required when mold is present. Routine sampling for mold will not be conducted as part of an IEQ [indoor environmental quality] investigation” (Navy, 2020). According to CDC, “[t]he best practice is to remove the mold and work to prevent future growth” (CDC, 2021).

One research methodology that EPA advises *should not be used* is the environmental relative moldiness index, commonly known as ERMI. EMRI was originally developed as a method to “describe the mold burden present in a home” and relies upon the analysis of collected samples using mold specific polymerase chain reaction (MSQPCR). Following reported inappropriate use of this tool, EPA issued a report stating that ERMI and MSQPCR are “not validated or peer reviewed,” are “not intended for public use,” and that their use may lead the public to “make inappropriate decisions or take unnecessary actions regarding indoor mold” (EPA, 2013).

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## DoD OIG NDAA Audit

### Existing National Standards or Guidelines – Asbestos and Manmade Fibers

#### Executive Summary

- There are no existing or national standards or guidelines concerning the presence of in-place building materials containing asbestos or manmade fibers (MMF) in residential settings.
- Asbestos may be present in different types of building materials and is not considered to be a potential hazard when the asbestos-containing material (ACM) is not damaged or when it is enclosed or encapsulated.
- The U.S. Environmental Protection Agency (EPA), U.S. Occupational Safety and Health Administration (OSHA), and U.S. Consumer Product Safety Commission (CPSC) state that the mere presence of ACM in a building does not imply that an asbestos exposure has or will occur, let alone such an exposure at a level in the air that increases human health risk.
- There is no regulatory framework for minimizing MMF exposures in indoor settings due to the federal government’s position that MMFs pose a limited health hazard.
- There are also non-enforceable federal guidelines to minimize airborne exposures to asbestos in residences and other buildings, such as those published by EPA and CPSC.
- The presence of an ACM cannot be used as a surrogate measure of exposure in the context of health risk assessment because there is no method that reliably predicts the concentration of asbestos in air given the concentration of asbestos in a source.
- Occupational standards administered by OSHA, for example, or EPA standards applicable to schools such as those promulgated pursuant to Asbestos Hazard Emergency Response Act (AHERA), are not standards for residential settings.

#### Objective

This summary is intended to assist the DoD Office of the Inspector General (OIG) in identifying any existing national standards or guidelines for asbestos and MMFs in military housing units or in the absence of applicable national standards or guidelines identifying whether there is other authoritative guidance pertaining to asbestos and MMFs in residential units.

#### Findings

“Asbestos” collectively refers to the following regulated, naturally-occurring mineral silicates in their asbestiform habit: actinolite asbestos, amosite, anthophyllite asbestos, chrysotile, crocidolite, and tremolite asbestos (Agency for Toxic Substances and Disease Registry [ASTDR], 2001; OSHA, 2011a; EPA, 2011a). According to ATSDR, “[s]mall quantities of asbestos fibers are ubiquitous in [ambient] air” (ATSDR, 2001). Only amosite, chrysotile, and crocidolite have had commercial use in the U.S. MMFs, also known as “synthetic mineral fibers” or “synthetic vitreous fibers,” are primarily comprised of rock, clay, slag, or glass and classified into one of three groups: fiberglass, mineral wool, and refractory ceramic fibers (ATSDR, 2004; OSHA, 2011b, 2021a).

There are currently no existing or national standards or guidelines concerning the presence of in-place building materials containing asbestos or MMFs in residential settings. Asbestos may be present in different types of building materials and is not considered to be a potential hazard when the ACM is not damaged or when it is enclosed or encapsulated.

There are federal regulations designed to minimize airborne exposures to these agents in non-residential settings. These include occupational standards for asbestos and MMFs in workplaces, as regulated by OSHA, and asbestos in public and private elementary and secondary schools, as regulated by EPA under AHERA. There are also non-enforceable federal guidelines designed to minimize airborne exposures to asbestos in residences and other buildings, such as those published by EPA and CPSC.

OSHA and EPA have both taken the position that airborne concentrations of asbestos drive human health risk, recognizing that the potential for asbestos fibers to be released specifically from asbestos-containing building materials generally depends on their “friability” and whether such materials have been or will be disturbed (EPA, 2008, 2011a; OSHA, 2011a). A friable material is defined as one that “when dry, may be crumbled, pulverized, or reduced to powder by hand pressure” (EPA, 2011a). OSHA indicates that “fibrous or fluffy sprayed-on materials used for fireproofing, insulation, or sound proofing” are some examples of friable building materials, which “readily release airborne fibers if disturbed” (OSHA, 2011a). OSHA also notes that “vinyl-asbestos floor tile or roofing felts” and “[a]sbestos-cement pipe or sheet” are examples of non-friable building materials that “generally do not emit airborne fibers unless subjected to” aggressive manipulation (e.g., cutting, sanding, sawing) (OSHA, 2011a).

OSHA, EPA, and CPSC recognize that the mere presence of an ACM does not necessarily imply that an inhalation exposure to it has or will occur, let alone such an exposure at a level in the air that increases human health risk.

For example, in the asbestos standard, OSHA states that caution labeling is not required for products containing less than 1.0% asbestos by weight, or products containing asbestos fibers that “have been modified by a bonding agent, coating, binder, or other material provided” and where it can be demonstrated that the OSHA permissible exposure limit (PEL) will not be exceeded “during any reasonably foreseeable use, handling, storage, disposal, processing, or transportation” (OSHA, 1994). Under AHERA, EPA permits the presence of “damaged” asbestos-containing “surfacing material” (e.g., acoustical plaster or fireproofing) or “miscellaneous material” (e.g., floor or ceiling tiles) in public and private elementary and secondary schools on the condition that, once identified, it is enclosed, encapsulated, or repaired in a “timely manner” (EPA, 2011a).

A similar position is taken by EPA in their guidance, *Asbestos in the Home: A Homeowner’s Guide* (also known as the “White Book”) and *Guidance for Controlling Asbestos-Containing Materials in Buildings* (also known as the “Purple Book”) (EPA, 1985, 1992). For example, EPA states, “as long as the surface [of the ACM] is stable and well-sealed against the release of its fibers and not damaged, the material is considered safe until damaged in some way” (EPA, 1992). EPA also states, “[t]he presence of asbestos in a building does not mean that the health of building occupants is necessarily endangered. As long as asbestos-containing material (ACM) remains in good condition and is not disturbed, exposure is unlikely” (EPA, 1985). In addition,

CPSC indicates in their guidance, *Asbestos in the Home*, “[e]ven if asbestos is in your home, this is usually NOT a serious problem. The mere presence of asbestos in a home or a building is not hazardous” (CPSC, 2021). CPSC further states that if an ACM in the home “is a problem, there are two types of corrective actions: repair and removal,” noting, “[r]emoval ... should be the last option consider in most situations” (CPSC, 2021).

As described by EPA, “[t]he relationship between the concentration of asbestos in a source material and the concentration of fibers in air that results when that source is disturbed is very complex and dependent on a wide range of variables. To date, no method has been found that reliably predicts the concentration of asbestos in air given the concentration of asbestos in the source” (EPA, 2008).

As with asbestos, there are currently no national standards or guidelines concerning the presence of MMFs in residential settings. The federal government’s position is that MMFs pose a limited human health hazard potential. OSHA notes, “There is insufficient evidence that synthetic mineral fibers cause respiratory disease in humans” (OSHA, 2021b). ATSDR notes in their *Toxicological Profile for Synthetic Vitreous Fibers* that as of 2004, EPA’s Integrated Risk Information System (IRIS) “has not classified the potential carcinogenicity of glass wool, continuous filament glass, rock wool, or slag wool, but assigned refractory ceramic fibers to Group B2, probable human carcinogen, based on no data on carcinogenicity in humans and sufficient evidence of carcinogenicity in animal studies,” ATSDR (2004) also references the literature review conducted by the International Agency for Research on Cancer (IARC), the research arm of the World Health Organization, who concluded that “[s]pecial-purpose glass fibres” and “refractory ceramic fibers” are “possibly carcinogenic to humans” (Group 2B), whereas “[i]nsulation glass wool, continuous glass filament, rock (stone) wool and slag wool” are “not classifiable as to their carcinogenicity to humans” (Group 3) (IARC, 2002).

#### *Other Standards That Are Not Standards for Military Housing Units*

1. **Occupational standards for asbestos and MMFs for workplaces such as ones administered by OSHA.** For example, OSHA’s promulgation of PELs for asbestos and MMFs (specifically as “inert or nuisance dust”) assumes exposure at the PEL over a “working life,” that is, 8 hours per day, 5 days per week, 48 weeks per year for 45 years (OSHA, 2011c). This assumed exposure pattern is unlike that of non-occupational settings, including time spent in residences, such that if the OSHA PEL is used to contextualize airborne exposures to asbestos or MMFs in a residential setting, adjustments to account for the differences in exposure patterns, such as duration and intensity, must be undertaken (EPA, 2011b).
2. **Standards applicable to asbestos in schools such as ones administered by EPA under AHERA.** Under AHERA, EPA requires measurement of airborne levels of asbestos for compliance purposes, specifically to evaluate that “cleanliness” of the air inside a space where an ACM has been removed, encapsulated, or enclosed (EPA, 2011a). AHERA post-abatement air sampling compliance criteria are not health-based and, therefore, not appropriate for human health risk assessment (OSHA, 1994).

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**DoD OIG NDAA Audit  
Existing National Standards or Guidelines – Lead-based Paint**

**Executive Summary**

- Lead-based paint (LBP) is common in housing constructed prior to 1978. The U.S. Environmental Protection Agency (EPA) estimates that three-quarters of the homes built in the U.S. prior to 1978 (64 million homes) contain LBP.
- EPA has the following standards for lead hazards in dust and soil:

Medium	Level
Lead in dust on residential floors	10 µg/ft <sup>2</sup>
Lead in dust on interior residential windowsills	100 µg/ft <sup>2</sup>
Lead in soil used in residential play areas	400 mg/kg
Lead in bare soil areas	1200 mg/kg

- These hazard standards are clearly defined and are primarily intended to protect children under 6 years old from exposures to lead.
- The Centers for Disease Control and Prevention (CDC) recommends that follow-up actions be initiated when the level of lead in a child's blood is 5 micrograms per deciliter (µg/dL). However, the 5 µg/dL reference value is a statistical value and is not a standard for determining whether a hazard exists in a residence or that a medical condition or injury has occurred.

**Objective**

This summary is intended to assist the DoD Office of the Inspector General (OIG) in identifying any existing national standards or guidelines for LBP in military housing units or in the absence of applicable national standards or guidelines identifying whether there is other authoritative guidance pertaining to LBP in residential units.

**Findings**

EPA regulations under the Toxic Substances Control Act (TSCA) define LBP as paint or other surface coating that contains lead in excess of 1.0 milligrams per square centimeter (mg/cm<sup>2</sup>) or 0.5 percent by weight (%wt) (EPA, 2019). Any paint containing lead in excess of that measure is deemed "lead based paint."<sup>1</sup>

Residences built before 1978 are likely to contain LBP (EPA, 2021a). EPA estimates that three-quarters of the U.S. homes built prior to 1978 (approximately 64 million homes) contain some

<sup>1</sup> The U.S. Department of Housing and Urban Development (HUD) indicates the following exception to disclose of lead-based paint hazards: "Leases of target housing that have been found to be lead-based paint free by an inspector certified under the Federal certification program or under a federally accredited State or tribal certification program" (24 CFR Subtitle A §35.82).

LBP (EPA, 1996). EPA also states, “Lead paint is still present in millions of homes, sometimes under layers of newer paint. If the paint is in good shape, the lead paint is usually not a problem. Deteriorating lead-based paint (peeling, chipping, chalking, cracking, damaged, or damp) is a hazard and needs immediate attention.” (EPA, 2020). In addition, “Disturbing lead-based paint or removing lead improperly can increase the hazard to [the resident] by spreading even more lead dust around the house” (EPA, 2021a).

EPA’s hazard standard and clearance levels are both 10 micrograms of lead per square foot ( $\mu\text{g}/\text{ft}^2$ ) for dust on floors and 100  $\mu\text{g}/\text{ft}^2$  for dust on interior windowsills (EPA, 2021b). These surface levels are only applicable to housing built prior to 1978, when consumer use of LBP was banned. The lead hazard standards help property owners, lead paint professionals, and government agencies identify lead hazards in residential paint, dust and soil. The clearance levels are used to demonstrate that abatement activities effectively and permanently eliminate those hazards. EPA defines lead-based paint *hazards* as conditions of LBP and lead-contaminated dust and soil that “would result in adverse human health effects,” where lead-contaminated dust is defined as “surface dust in residential dwellings” (EPA, 2019).

EPA considers lead a hazard in outdoor bare soil at 400 milligrams per kilogram (mg/kg) in children’s play areas and 1,200 mg/kg in other areas (EPA, 2001). Sources of lead in soil include lead-based paint, historic gasoline emissions, industrial emissions, and naturally-occurring lead in soil.

The regulatory levels of lead described above are summarized in the table below:

Medium	Level
Lead in dust on residential floors	10 $\mu\text{g}/\text{ft}^2$
Lead in dust on interior residential windowsills	100 $\mu\text{g}/\text{ft}^2$
Lead in soil used in residential play areas	400 mg/kg
Lead in bare soil areas	1200 mg/kg

The Centers for Disease Control and Prevention (CDC) recommends that follow-up actions be initiated when the level of lead in a child’s blood is 5 micrograms per deciliter ( $\mu\text{g}/\text{dL}$ ) or more in a confirmed (second) sample (CDC, 2020). Depending on the magnitude of confirmed blood lead level, follow-up actions may consist of reviewing environmental exposure history to identify potential sources, environmental investigation, and/or medical intervention. However, the 5  $\mu\text{g}/\text{dL}$  reference value is a statistical value, representing the 97.5<sup>th</sup> percentile of blood lead distribution in children, and is not a standard for determining whether a hazard exists in a residence or that a medical condition or injury has occurred. Note that CDC no longer uses the term “level of concern” for blood lead levels (CDC, 2021).

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## **DoD OIG NDAA Audit Existing National Standards or Guidelines – Safety Hazards**

### **Executive Summary**

- The term “safety hazards” is not defined in the National Defense Authorization Act (NDAA) and could encompass a wide range of hazards that can cause injury, illness, or death.
- Producing an exhaustive list of relevant safety hazards is challenging, if not impossible.
- Applicability of local, state, or federal building codes to housing on federally-owned land must be evaluated on a case-by-case basis. Potentially applicable residential building codes, such as those modeled on the International Residential Code (IRC), International Property Maintenance Code (IPMC), and Life Safety Code (LSC), address some hazards, such as those involving electrical, thermal, and mechanical safety.
- Product safety standards and regulations, such as those set forth by the U.S. Consumer Product Safety Commission (CPSC), apply to certain appliances and fixtures found in homes.

### **Objective**

This summary is intended to assist the DoD Office of the Inspector General (OIG) in identifying existing national standards or guidelines for safety hazards in military housing units. In the absence of applicable national standards or guidelines, this summary is intended to assist in determining whether there is other authoritative guidance pertaining to safety hazards in residential units.

### **Findings**

Safety hazards, as distinguished from “physiological” and “psychological” hazards by the NDAA, potentially include a wide range of hazards that can cause injury, illness, or death. Producing an exhaustive list of potential residential safety hazards that could be applied across residences covered by the NDAA is extremely challenging, if not impossible.

Presented here for reference is a summary of residential building codes that address a variety of safety hazards, including various electrical hazards (e.g., wiring methods), thermal hazards (e.g., fire safety and egress), and mechanical hazards (e.g., structural safety, wind, and seismic hazards). Local, state, or federal authorities having jurisdiction (AHJs) may adopt, modify, and update residential building codes based on model codes, such as the IRC, IPMC, and LSC. Existing structures are often exempted (i.e., “grandfathered”) when codes are updated, and code compliance for existing structures is determined by the codes applicable at the time of construction or substantial alteration. The applicability of state, local, or federal building codes to housing on federally-owned land must be evaluated on a case-by-case basis.

Standards and regulations for appliances and fixtures found in homes are also briefly discussed.

### *International Residential Code*

The IRC was created by the International Code Council (ICC) to serve as a complete and comprehensive code regulating single-family homes, two-family homes (duplexes), and buildings consisting of three or more townhomes (IRC, 2021). The IRC applies to the construction, alteration, movement, enlargement, replacement, repair, equipment, use and occupancy, location, removal, and demolition of such structures. The purpose of the code is to establish minimum requirements to provide a reasonable level of safety, health, and general welfare through attributes such as structural strength, means of egress, stability, sanitation, light and ventilation, energy conservation and safety to life and property from fire and other hazards and to provide a reasonable level of safety to fire fighters and emergency responders during emergency operations (IRC 2021, R101.3).

Generally, to have effect in a particular jurisdiction, the IRC must be adopted by the appropriate local, state, or federal regulatory AHJ. The IRC provisions do not nullify any provisions of applicable local, state, or federal law (IRC 2021, R102.2). The IRC 2021, and each version preceding it, applies prospectively, and the occupancy of any existing structure is permitted to continue without change, except as specifically covered in the IRC or other applicable codes (IRC, 2021, R102.7). Additions, alterations, and repairs to an existing structure may comply with code requirements without requiring the entire existing structure to comply (IRC 2021, R102.7.1). In other words, existing structures are “grandfathered,” and code compliance with existing structures is determined by the codes applicable at the time of construction or substantial alteration.

The IRC is organized into parts based on building construction, including various components and systems. The following parts most clearly address topics relevant to various safety hazards:

- Part III – Building Planning and Construction
- Part V – Mechanical
- Part VI – Fuel Gas
- Part VII – Plumbing
- Part VIII – Electrical

Part III, *Building Planning and Construction* (Chapters 3–10), contains requirements for floors, foundations, wall construction, wall covering, roof-ceiling construction, roof assemblies, and chimneys and fireplaces. The relevant chapters for each building component address topics such as the support of required design loads, structural integrity, materials, design, and construction.

Part V, *Mechanical* (Chapters 12–23) and Part VI, *Fuel Gas* (Chapter 24), contain requirements for the design, installation, maintenance, alteration, and inspection of mechanical systems that are permanently installed and used to control environmental conditions within buildings. Chapters within Part V address systems such as heating and cooling equipment, exhaust systems, duct systems, chimneys, boilers, and water heaters. Part VI, *Fuel Gas* (Chapter 24), based on the International Fuel Gas Code, contains requirements for fuel gas piping, appliances, combustion air, appliance venting, and specific appliances. Sections within Chapter 24 address systems such as gas fireplaces, furnaces and heaters, clothes dryers, water heaters, and boilers.

Part VII, *Plumbing* (Chapters 25–33), contains requirements for existing plumbing installations and testing of new or repaired systems. Chapters address topics such as plumbing fixtures, water heaters, water supply and distribution, sanitary drainage, vents, traps, and storm drainage.

Part VIII, *Electrical* (Chapters 34–43), compiles provisions extracted from the National Electrical Code (NEC), produced by the National Fire Protection Association (NFPA) as NFPA 70. Chapters address topics such as wiring methods, power and lighting distribution, devices and luminaires, and appliance installation.

#### ***International Property Maintenance Code (IPMC)***

The IPMC supplements the IRC by providing requirements for the continued use and maintenance of building elements, site conditions, swimming pools, plumbing, mechanical, electrical, and fire protection systems in existing residential and nonresidential structures. The code constitutes minimum requirements and standards for premises, structures, equipment, and facilities for light, ventilation, space, heating, sanitation, protection from the elements, a reasonable level of safety from fire and other hazards, and for a reasonable level of sanitary maintenance.

As with the IRC, to have an effect in a particular jurisdiction, the IPMC must be adopted by the appropriate local, state, or federal regulatory AHJ. The IPMC provisions do not nullify any provisions of applicable local, state, or federal law (IPMC, 2021, R102.11). The provisions of the IPMC are not required for historic buildings with approval from by code officials (IPMC, 2021, R102.7).

#### ***Life Safety Code***

The LSC, produced by NFPA, addresses construction, protection, and occupancy features necessary to minimize danger to life from the effects of and created by fire, including smoke, heat, and toxic gases. The code contains provisions for both new and existing buildings and structures, and it provides general requirements for means of egress, building service, fire protection, life safety equipment, interior finish, contents, and furnishings. One- and two-family dwellings are further addressed in Chapter 24, which contains requirements for means of escape, including doors, stairs, ramps, guards, handrails, and grab bars; interior finish; detection, alarm, and communications systems; sprinkler systems; and heating, ventilating, and air conditioning equipment. As with the IRC and IPMC, the LSC is subject to adoption and modification by the local, state, or federal regulatory AHJ.

#### ***Product Safety Standards and Regulations***

In addition to the codes described above, residential safety hazards pertaining to certain appliances or fixtures found in homes are addressed by product safety standards and regulations. The CPSC administers regulations pertaining to products, such as cellulose insulation, garage door openers, television antennas, and refrigerators. In addition to regulations, the CPSC collaborates with national voluntary standards organizations, such as the American National Standards Institute (ANSI), to develop voluntary standards for additional products, such as

clothes dryers, ranges, smoke alarms, and upholstered furniture (CPSC, 2021). CPSC regulations and voluntary product safety standards apply to products at the time of manufacture or import. After the time of sale, if products are determined to present unreasonable hazards, the CPSC may also be involved in corrective actions, such as recalls.

## References

- 16 CFR Parts 1000-1799. Commercial Practices, Vol. 2, Chapter II, Regulations by the U.S. Consumer Product Safety Commission, [https://www.ecfr.gov/cgi-bin/text-idx?SID=3b44d60558a6b338e7e6bf6254cdde3c&mc=true&tpl=/ecfrbrowse/Title16/16cfrv2\\_02.tpl#0](https://www.ecfr.gov/cgi-bin/text-idx?SID=3b44d60558a6b338e7e6bf6254cdde3c&mc=true&tpl=/ecfrbrowse/Title16/16cfrv2_02.tpl#0)
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## Preparers

Dr. Julia K. Diebol's areas of expertise include safety management, risk communication, and human factors. She often uses her expertise to evaluate the role of standards and regulations in safety and environmental health behaviors. She has experience evaluating compliance with regulatory requirements including those by the CPSC and other state, federal, and international regulations. Dr. Diebol also has experience assessing conformance with consensus and industry standards requirements including those by ANSI, the International Organization for Standardization (ISO), NFPA, and other standards bodies. Prior to joining Exponent, Dr. Diebol was an adjunct faculty member at the University of Michigan, teaching a senior-level engineering course in Product and Occupational Safety Management. Dr. Diebol is a Certified Safety Professional and a Certified Product Safety Manager.

Dr. Chason J. Coelho is a human factors, safety, and risk management professional. He conducts proactive risk analyses aimed at reducing human error through incorporating human factors principles in design, policies, procedures, hardware, software, work environments, and team resource management. He also specializes in root cause analyses and incident investigations involving human performance gaps that lead to adverse events such as explosions, fires,

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**DoD OIG NDAA Audit  
Existing National Standards or Guidelines – Causation**

**Executive Summary**

- Determining whether a given hazard is the “cause” of an individual’s injury or illness is a multi-step process. It must first be established that the subject receives the relevant dose<sup>1</sup> to the hazard. This hazard must be documented in the peer reviewed literature and that the observed disease can be caused by exposure to the hazard (known as “general causation”).
- Only after general causation is established can one move to the next phase of determining if a specific individual’s injury or illness was caused by exposure to the hazard at a dose or concentration sufficient to cause the injury or illness (known as “specific causation”).
- A systematic literature review is a key starting point in the evaluation of the claim of general causation to understand if existing scientific studies have established that an injury or disease can be caused by exposure to a particular hazard and that a dose-response relationship exists.
- Careful and rigorous investigation of alternative causes of an illness (i.e., performing a differential diagnosis, including the review of past medical records and alternative exposures) in an individual is an essential part of the specific causation methodology. Failure to identify and reliably exclude alternative causes of exposure, injury, disease, and contribution from underlying or pre-existing medical conditions calls into serious question the scientific validity of any causal claim.

**Objective**

This paper has been prepared to provide the DoD Office of the Inspector General (OIG) with a summary from the medical and scientific literature of the generally accepted methods of establishing general causation and specific causation of an injury or disease. “General causation” has been simply defined by Meilia, et al. (2020a, 2020b) as “can it?” or “does it?” cause the injury or disease claimed after exposure at a given dose or concentration. “Specific causation” answers the question “did-it?” cause the specific injury or disease in an individual (Meilia et al., 2020a, 2020b).

**Scientific Method for Evaluation of Causation**

*Evaluation of claims of causation: Establishing general causation*

The initial step in the evaluation of claims of illness or injury causation should focus on a careful consideration of the appropriate literature to understand what is known about the cause of the claimed injury or illness. The use of scientific methods of causal inference generally deemed reliable in scientific and medical research communities, through evaluation of published peer-reviewed scientific literature that is based upon generally accepted principles is essential to

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<sup>1</sup> Dose as noted herein is the product of the exposure concentration, duration of exposure, and frequency of that exposure.

investigating valid claims regarding disease causation. The appropriate application of these methods goes well beyond clinical experience and internet searches and is critical to any assessment of general causation.

The application of the scientific method is the foundation of the process for the evaluation of causation claims about injury and illness or health and disease (Celentano and Szklo, 2019; Hill, 1965; Rizzi and Pederson, 1992). The scientific method provides the objectivity critical to the evaluation of the validity and reliability of causation claims. Founded upon the scientific method, Sir Austin Bradford Hill established the following criteria for the establishment of general causation (Hill, 1965; Lucas, 2005):

1. **Strength:** Strong associations are more likely to be causal than weak associations.
2. **Consistency:** Causal relationships are often observed in a variety of different situations or populations, both prospectively and retrospectively.
3. **Specificity:** If an association is limited to specific groups with a particular biologic, chemical or other exposure and is increased in these groups, then causal association is strengthened.
4. **Temporality:** The exposure must precede the outcome.
5. **Biological Gradient:** The likelihood of a causal relationship is strengthened if a dose-response relationship exists.
6. **Plausibility:** Hill stated that this is a criterion we cannot always demand, as scientific understanding is rapidly changing, but the association is strengthened if the agent and disease are biologically plausible.
7. **Coherence:** The cause-and-effect interpretation should fit within our current understanding of biological science and natural history.
8. **Experiment:** Does laboratory experimentation and human clinical trials allow manipulation of exposures and do those modified exposures change the frequency of the disease outcome?
9. **Analogy:** Analogous exposures and disease outcomes may be observed. For example, second-hand cigarette smoke exposure and lung cancer observations are analogous to direct inhalation of cigarette smoke and lung cancer.

While Hill never intended this list to be used as strict guidance, it has provided scientists with a framework for establishing general causation since 1965. Although the scientific method applies to original scientific research studies, which in turn employ a variety of study design and analytical methods, it also plays a critical role in the application of causal inference methods. Both are essential in confirming causation claims.

**A systematic literature review is essential to the evaluation of the claim of general causation.**

Numerous peer-reviewed scientific publications and professional organizations provide generally accepted methodological guidelines for objectively and reliably assessing bodies of scientific evidence for the purpose of making general causation claims (Hill, 1965; Meilia et al., 2020a, 2020b, Lucas, 2005). The underlying methodology applied in the development of these



guidelines is to collect information systematically, carefully review the relevant scientific evidence, and then summarization and collective agreement on an interpretation of the body of scientific information about the cause or causes of an injury or disease.

*Evaluation of claims of causation: Establishing specific causation*

Claims that a particular exposure caused an individual to develop a disease or sustain an injury are supported when the question of general causation has been answered affirmatively—that is, can the particular exposure at issue cause the particular injury or disease? If the concept of general causation is satisfied, specific causation claims must then be evaluated using a method found reliable by the scientific and medical research communities. Methods for making claims about specific causation are documented in the scientific literature and involve several key considerations (e.g., Rothman, 2008; Rizzi and Pederson, 1992). At minimum, the following five conditions are required before a claim of specific causation can be substantiated to any extent:

1. A general causation claim established using recognized scientific methods;
2. Confirmation that the potentially exposed individual(s) has been diagnosed with the specific injury or disease;
3. Identification and exclusion of alternative causes;
4. Demonstration that the individual(s) was exposed to the putative causal factor (i.e., the hazard) and the amount (and extent) of such exposure; and
5. Scientific justification that the causal factor resulted in the individual's injury or disease is valid or "reasonable" given the circumstances (e.g., intensity, duration, and frequency of exposure).

If the disease or injury has more than one known cause, a critical component of a reliable method for assessing specific causation requires that alternative causes be considered and ruled out or excluded if deemed as not contributing to the injury or disease. The evaluation of exposure requires a careful and rigorous investigation of all possible alternative causes of the injury or disease, including both specific exposures and other medical conditions and contributors (e.g., family history, prior history) and is an essential part of the methodology. The prevalence of underlying health conditions requires careful consideration in the assessment of health claims. Failure to identify, consider, and reliably exclude alternative causes calls into serious question the scientific validity of any causal claim.

In the generally accepted method for assessing claims about specific causation, it is also important to carefully evaluate the specific nature of an individual's alleged exposures (including specifically intensity, duration, and frequency of that exposure) to each exposure of concern (Mulhausen et al., 2015; Yost and Ryan, 2016). Only after this consideration is it possible to evaluate the risk of developing the disease or injury resulting from a potential exposure, allowing for an assessment of specific causation regarding the specific exposure.

Finally, a distinction should be made between a scientifically reliable claim of specific causation made using a scientifically reliable method documented in the published scientific literature and a physician's personal assumption or notation in a medical record regarding why a patient's injury or disease may have occurred. Sometimes these assumptions are made without a review of

the peer-reviewed scientific literature applying generally accepted principles regarding general causation, without consideration or exclusion of alternative causes, or without a full review of the patient's medical history before, during, and after an alleged exposure. In the clinical setting, the physician's focus is typically on diagnosis and treatment; other elements of a proper finding of specific causation are typically not satisfied. The reliability and repeatability of final opinions are generally subject to individual physicians' clinical style of practice and training, making it difficult to judge the accuracy of medical expert opinions, primarily when they address complex issues of causality (Meilia et al., 2020a, 2020b).

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*United States Senate*  
**PERMANENT SUBCOMMITTEE ON INVESTIGATIONS**  
*Committee on Homeland Security and Governmental Affairs*

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*Jon Ossoff, Chairman*  
*Ron Johnson, Ranking Member*

# **MISTREATMENT OF MILITARY FAMILIES IN PRIVATIZED HOUSING**

**STAFF REPORT**

**PERMANENT SUBCOMMITTEE  
ON INVESTIGATIONS**

**UNITED STATES SENATE**



**RELEASED IN CONJUNCTION WITH THE  
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS  
APRIL 26, 2022 HEARING**

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Chairman

**SENATOR RON JOHNSON**  
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*Mistreatment of Military Families in Privatized Housing*

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**REPORT NAME ROSTER**

**FORMER BALFOUR FT. GORDON FACILITY MANAGER:** This manager was in charge of Balfour Beatty Community LLC's ("Balfour") Ft. Gordon facility department from 2019 until early October 2020.

**FORMER BALFOUR FT. GORDON EMPLOYEE #1:** This refers to a former Balfour resident engagement specialist at Ft. Gordon.

**FORMER BALFOUR FT. GORDON EMPLOYEE #2:** This refers to a former Balfour maintenance supervisor at Ft. Gordon.

**ARMY FAMILY #1:** The military spouse of this family had an immune condition that was reportedly exacerbated as a result of exposure to mold in a home they lived on at Ft. Gordon from October 2020 to July 2021. Balfour ignored requests over a nine-month period to conduct a mold inspection of this home. In addition, Balfour failed to log the family's requests to address the presence of "mold" in their home as "mold" complaints in its internal work order tracking system. Instead, the family's complaints about "mold" were incorrectly entered into this database as "preventative maintenance" issues. These actions effected the integrity of this critical data. The family was eventually moved out of this home.

**ARMY FAMILY #2 (The Choe Family)<sup>1</sup>:** This family's then eight-year old daughter began experiencing severe skin rashes soon after moving into their home at Ft. Gordon. The girl made one dozen visits to an allergy specialist on base who attributed her onset of severe atopic dermatitis or eczema as a likely consequence of her exposure to mold in the home and eventually advised the family to move. Balfour suggested its inspections of the home did not reveal mold. They also failed to document the Army Captain's repeated complaints about mold in their home in Balfour's internal work order tracking system. Eventually the family moved out. Soon after the Army Captain of this household received a "collection notice" from Balfour for several hundred dollars that Balfour finally admitted was a clerical error.

**ARMY FAMILY #3:** This family first complained to Balfour of a roof leak in May 2020. Balfour maintenance staff accessed the roof and said an outside contractor was needed to repair it, but Balfour failed to provide the family with a clear time line on the needed repairs. Despite repeated complaints about the ongoing roof leak, no repairs were made. In August 2020 the ceiling in an interior hallway collapsed from the leak, which the family captured on video. Still, even after the collapse and repeated messages to Balfour it took more than six weeks for Balfour to actually respond to the family. Balfour blamed their slow response on COVID-19 and difficulties getting contractors to complete multiple roof repairs at that time at Ft. Gordon.

**ARMY FAMILY #4:** In June 2020, this family noticed a roof leak over their bedroom and immediately reported it to Balfour. The company attempted initial repairs but the roof leak soon returned. By the end of September 2020, the service member in this home had made more than

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<sup>1</sup> The Choe Family entered into a settlement agreement with Balfour in March 2022 without any admission of liability by either side.



two dozen attempts to get Balfour to repair the roof leak and ongoing mold growth in their home that had resulted as a result of the leak. During this time period the service member's wife who suffered from a long-standing immune condition suffered increased respiratory symptoms she believed was due to her exposure to mold in the home. Balfour eventually addressed the leak and mold issues in the home in September 2020. However, while some of Balfour's own records indicate the presence of mold in the home, Balfour's internal work order database – used by the military to help access the company's 'award fees' – did not contain a single mold work order request for 2020 during the time period the family made multiple requests to have Balfour address mold in their home. In October 2020, Balfour also received information that the roof leak had disturbed asbestos-containing materials in the ceiling of the home, but did not inform the home owners about the presence of asbestos until four weeks later.

**ARMY FAMILY #5:** This family also encountered resistance by Balfour to treat their concerns about potential mold in the home seriously. The family noticed a “strong musty smell” and discoloration on the floor of one of their bathrooms and submitted repair requests to Balfour. However, Balfour employees that visited the home discounted the concerns. Finally, in September 2020, two months after the family informed Balfour about their concerns Balfour agreed to remove the bathroom floor to inspect it and repair it. The family took photos of the bathroom floor during this renovation that shows what appears to be excessive black mold on the floor. This family also had a teenage son with asthma and severe allergies, and prior to moving into the home was assured by Balfour that the home would **not** contain carpet, since that would exacerbate their son's medical condition. However, the house did contain carpet and Balfour refused to remove it from the home until after senior staff at Ft. Gordon's garrison command got involved.

**ARMY FAMILY #6:** Balfour's inability to promptly and thoroughly respond to requests also negatively affected this military service family. In response to repeated requests to investigate a water leak and the growth of mold in this home – that began in October 2021 – Balfour blamed the problem on a loose drain fixture in one of the bathrooms. However, the family noted that there was “moldy water” leaking from the shower, water leaking from behind the walls and bubbles of water in the floorboards. Eventually, in February 2022, Balfour moved the family out of the home for three weeks and cut open the walls to repair the leak. However, despite the fact that this family made specific request to address “mold” in the home, Balfour entered these requests into its internal work order database as “plumbing” and “painting” issues.

**ARMY FAMILY #7:** The husband and service member of this family and the family's four-year old boy both suffered from severe allergies to dogs. However, when the family first moved into the home the upstairs carpet in this house was reportedly covered in dog hair and pet stains. The family requested the carpet be removed but was frustrated that there was little follow-up from Balfour.<sup>2</sup>

**ARMY FAMILY #8:** In January 2022 this family raised concerns about the condition of their home when they moved in, including broken door frames, clear packing tape used to repair the floor in several areas, dirty carpets with dog hair, and mold growth in the ventilation ducts. The

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<sup>2</sup> The Subcommittee was unable to contact Army Family #7 because Balfour indicated that it could not locate this family's complaint in its email system.

family's middle and youngest daughters soon started to have respiratory symptoms the family believed was due to the environmental conditions in the home. The Subcommittee found that, according to Balfour's work order data, no repairs had been made and the house had not been cleaned as required prior to the family's move-in. Eventually, Balfour repaired these issues after consistent pressure and complaints from the family.

**U.S. AIR FORCE FAMILY #1 (The Torres Family<sup>3</sup>):** More than one thousand miles away from Ft. Gordon, this family at the Sheppard Air Force Base in Texas, suffered from very similar circumstances in their on-base, Balfour-maintained home. This family first moved into their home in August 2020. However, in March 2021 their water heater broke and they submitted a repair request to Balfour. But the repairs resulted not only in a gas leak, which was quickly turned off, but also in the flooding of one of the family's rooms and the mechanical room with the furnace. This led to mold growth in the home. The spouse in this family has asthma and believed the mold was having a negative effect on her respiratory issues. To address the family's complaints, not only did Balfour attempt to use an assessment from an industrial hygienist who had never visited the home and recommended very limited remediation, but Balfour inaccurately entered the family's complaints about "mold" into the company's internal tracking database as "plumbing" issues. The family was finally moved out of the home for one month, during which time Balfour made repairs to address the mold in the home. However, when they returned in September 2021, they noticed lingering mold in their home. When they entered new requests to have Balfour address these ongoing safety and health issues, Balfour entered the "mold" requests into its internal work order tracking system as "carpentry" issues.

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<sup>3</sup> The Torres Family is engaged in ongoing litigation with Balfour as of the date of the issuance of this report.

## I. EXECUTIVE SUMMARY

During service to the nation, America's military service members and their families may live in on-base housing across the country. Nearly all of the family housing on military installations are operated by private companies, and service members pay rent to these companies with taxpayer dollars. The U.S. Senate Permanent Subcommittee on Investigations ("Subcommittee" or "PSI") has uncovered ongoing mistreatment of these service members and their families and mismanagement by one of the largest private military housing companies — Balfour Beatty Communities, LLC ("Balfour") — that has put the health and safety of military families at risk.

Balfour operates more than 43,000 on-base homes at 55 separate Army, Navy, and Air Force bases in 26 states serving approximately 150,000 residents.<sup>4</sup> PSI's eight month-long inquiry found numerous instances between November 2019 and February 2022 where Balfour's executives and managers failed to properly respond to both repairs and environmental hazards such as mold in homes on two military bases — the Fort Gordon Army Base in Georgia ("Ft. Gordon"), where Balfour operates approximately 1,000 homes, and Sheppard Air Force Base in Texas ("Sheppard AFB"), where Balfour operates an estimated 700 homes. The PSI review was a case study of these bases, particularly Ft. Gordon. Balfour's failures in these instances exposed military service members and their families living on these bases to hazards that jeopardized their health and safety.

PSI's inquiry found numerous examples since late 2019 of poor conditions in Balfour's military housing and disregard of safety concerns and environmental hazards that put military families at risk, including:

- Failures to properly remediate mold growth in military housing subjected medically vulnerable spouses and children of U.S. service members at Ft. Gordon to mold exposure deemed by their physicians to pose significant health risks.
- One child of a service member living in Balfour housing at Ft. Gordon suffered from severe atopic dermatitis that her physician believed was likely caused by untreated mold growth in the service member's home. Other families, including one with a child with a pre-existing medical condition, expressed frustration at Balfour's lackluster response to concerns about their children's mold exposure. The spouse of a service member at the Sheppard AFB also had asthma which she believed was exacerbated due to mold exposure in their home and their children suffered from respiratory issues they believed were also due to these exposures.
- Military families were moved into homes at Ft. Gordon with broken floor tiles held together by packing tape, clogged HVAC vents, carpets filled with pet hair, rusting pipes, and broken appliances — including a furnace leaking gas.

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<sup>4</sup> See Balfour Beatty Communities, *Find Your Home—Military*, <https://www.balfourbeattycommunities.com/find-your-home/military> (last visited Apr. 11, 2022).

- Military families at Ft. Gordon lived in Balfour housing where significant water leaks went unrepaired for months causing, in several cases, collapsed and punctured ceilings, warped walls, doorframes, and flooring, and damage to service members' belongings and appliances.
- According to a Balfour employee, Balfour's facility manager at Ft. Gordon stated that health concerns about asbestos are "overblown or overstated" and suggested that the employee should just "glue down" broken floor tiles that may contain asbestos without testing them for asbestos or attempting to remediate the issue.

These poor conditions persisted well after Richard Taylor, one of Balfour's two co-presidents, publicly pledged in testimony before Congress on December 5, 2019, to improve Balfour's ability to monitor repairs and responses to conditions such as mold, to prioritize the health and safety of residents, and to prepare homes for move-ins.<sup>5</sup>

Mr. Taylor's pledge came in response to Balfour learning that its military housing operations were the subject of a Department of Justice ("DOJ") fraud investigation initiated earlier that year.<sup>6</sup> In December 2021, Balfour pled guilty to committing major fraud against the United States from 2013 to 2019. Balfour's fraudulent activities included Balfour employees manipulating and falsifying its military housing work order data to obtain performance incentive fees from taxpayer funds that it had not earned.<sup>7</sup> Balfour was ordered to pay \$65.4 million in fines and restitution and was placed under an independent compliance monitor for three years.<sup>8</sup>

In announcing the guilty plea, Deputy Attorney General Lisa O. Monaco said, "Instead of promptly repairing housing for U.S. service members as required, [Balfour] lied about the repairs to pocket millions of dollars in performance bonuses. This pervasive fraud was a consequence of [Balfour's] broken corporate culture, which valued profit over the welfare of service members."<sup>9</sup>

Despite Balfour's awareness of the DOJ investigation, PSI uncovered multiple instances after 2019 — even after Balfour's guilty plea in December 2021 — where Balfour employees

<sup>5</sup> See House Armed Services Committee, Subcommittee on Readiness, Written Testimony of Richard C. Taylor at 3-6, Hearing on Privatized Housing: Are Conditions Improving for Our Military Families, 116th Congress (Dec. 5, 2019) ("2019 Taylor HSAC Testimony"). According to Balfour's leadership directory, Mr. Taylor's military housing responsibilities include "preventative maintenance, optimal utilities management, quality assurance, and above all, Zero Harm, the Balfour Beatty safety pledge." See "Our Leadership," Balfour Beatty Communities, <https://www.balfourbeattycommunities.com/get-to-know-us/leadership> (last visited Apr. 10, 2022).

<sup>6</sup> See 2019 Taylor HSAC Testimony at 2.

<sup>7</sup> See U.S. Department of Justice: *Justice Department Announces Global Resolution of Criminal and Civil Investigations with Privatized Military Housing Contractor for Defrauding U.S. Military* (Dec. 22, 2021) ("DOJ Balfour Guilty Plea Press Release"). See: <https://www.justice.gov/opa/pr/justice-department-announces-global-resolution-criminal-and-civil-investigations-privatized>. According to DOJ's press release, Balfour was eligible for performance incentives for managing and maintaining military housing if it "satisfied performance objectives related to, among other things, maintenance of the housing[.]" When "Balfour employees altered or manipulated [work order] data," this "falsely inflated" Balfour's performance metrics and, ultimately, "fraudulently induce[d] the [military] service branches to pay performance incentive fees which [Balfour] had not earned." See *id.*

<sup>8</sup> *Id.* DOJ also specifically noted that Balfour's compliance program and internal controls were not yet fully implemented or tested to ensure prevention and detection of similar conduct in the future, and Balfour agreed to be subject to independent compliance monitoring for at least three years as part of its guilty plea. See *id.*

<sup>9</sup> See DOJ Balfour Guilty Plea Press Release.

recorded inaccurate and incomplete housing work order data for repair requests in its internal work order tracking system—named Yardi—which could lead to Balfour receiving improper performance fees from taxpayers’ funds.<sup>10</sup> For example:

- Contrary to company policy, Balfour employees repeatedly failed to record military families’ complaints about mold in their home in Balfour’s Yardi internal data management software, and also inaccurately entered the complaints about mold on multiple occasions referring to them instead as issues involving “interior repairs,” “painting,” “carpentry,” or “plumbing” issues.
- According to a former Balfour employee, two successive Balfour facility managers at Ft. Gordon routinely directed maintenance staff to advise military families to contact them directly, instead of submitting repair requests online.<sup>11</sup> However, the families’ verbal repair requests often would not be logged into Balfour’s internal work order tracking system. Further, when a service member followed up on his repeated verbal requests for mold remediation in his home, Balfour staff cited the lack of such a record in Yardi to allege that the service member had not been complaining about mold in his home, which the service member adamantly denies;
- Another former Balfour supervisor informed the Subcommittee that due to pressure from the Balfour facility manager, Balfour’s maintenance staff at Ft. Gordon prematurely closed out mold work orders after only making superficial repairs and without trying to fix the root cause of the mold growth; and
- A senior Balfour executive acknowledged to the Subcommittee that she was made aware of concerns of inaccurate and incomplete work order data at Ft. Gordon after 2019, but failed to ensure that Balfour took any action to investigate or correct these problems, thus highlighting structural oversight deficiencies that remain at Balfour.

The types of improper behavior uncovered by PSI at Balfour after 2019 bear striking similarities to the types of conduct which Balfour admitted to in its December 2021 guilty plea for actions it took between 2013 and 2019.

#### **The Subcommittee’s Inquiry**

In August 2021, the Subcommittee initiated its inquiry into Balfour’s military housing operations after Chairman Ossoff received multiple housing complaints from residents when he

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<sup>10</sup> The Subcommittee was not able to determine the extent to which Balfour received improper payments due to the inaccurate work order data discussed in this report.

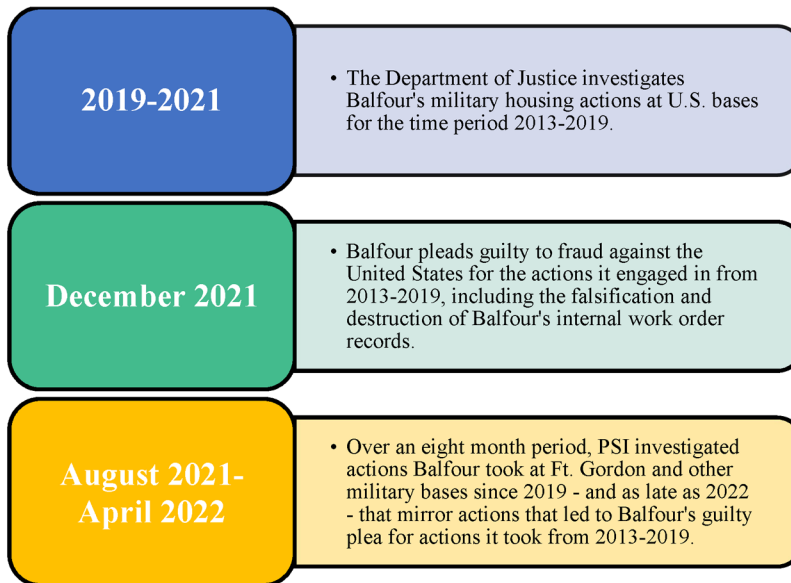
<sup>11</sup> From 2019 to present, Balfour has had three facility managers at Ft. Gordon — 1) the manager who was in charge of the Ft. Gordon facility department from 2019 until early October 2020 (“Former Balfour Facility Manager”); 2) Tom Rodriguez, who took over in October 2020 and remained in charge until November 2021, and 3) the current facility manager. The two successive managers referenced above are the Former Balfour Facility Manager and Mr. Rodriguez.

visited Ft. Gordon the previous month. Examining homes at Ft. Gordon, the Subcommittee sought to determine whether Balfour has fulfilled the public pledge that its co-president, Richard Taylor, made in December 2019 to improve how the company responds to mold and other significant environmental issues, how it addresses residents' health and safety concerns and basic repairs, and how it prepares homes prior to move-in.

Given Balfour's December 2021 guilty plea for fraud connected to its compliance and internal controls practices, and that Balfour is eligible to collect incentive payments from taxpayer dollars for completing timely repairs, the Subcommittee further sought to assess whether Balfour has improved its compliance controls and internal procedures. The Subcommittee also sought to determine whether Balfour's work order data is now more accurate and complete than it had been between 2013 and 2019, the time period DOJ examined in its fraud investigation of Balfour.

The Subcommittee received and reviewed more than 11,000 pages of records from Balfour. These records included Balfour's written policies and procedures, work order data and records, e-mails and internal memos concerning the presence of mold and asbestos and other potentially unsafe conditions in the homes that Balfour manages for the U.S. military. The Subcommittee also received internal complaints, reports, and analyses regarding the poor conditions of some of these homes.

**Figure 1: Balfour Investigative Timelines**



In addition, the Subcommittee received and reviewed documents provided by military families and former Balfour employees. These records included those families' correspondence with Balfour, the maintenance requests the families filed, and medical records of their consultation with physicians concerning the potential effect of environmental hazards, such as mold, on the health and safety of family members.

Beyond reviewing records, the Subcommittee interviewed more than one dozen military family members and former Balfour employees. The Subcommittee secured testimony from eleven executives, managers, and employees from Balfour — ranging from maintenance supervisors to Balfour's co-president. Finally, the Subcommittee received briefings from the U.S. Department of Defense ("DoD"), the U.S. Army, the Government Accountability Office, and advocacy groups for military families.

### **The Subcommittee's Key Findings**

**Balfour's staff at Ft. Gordon frequently ignored or delayed responding to urgent requests from military families to address conditions such as mold and roof leaks that threatened the families' health and safety.** A former Balfour employee at Ft. Gordon ("Former Balfour Ft. Gordon Employee #1") described to the Subcommittee how military families often contacted him multiple times each week because other Balfour employees were not responding properly to those families' repair requests, including requests involving potentially serious health issues.<sup>12</sup> The Subcommittee's inquiry found numerous corroborating examples:

- From October 2020 until July 2021, Balfour failed to address water leaks and mold growth in the home of a military family at Ft. Gordon. According to a Balfour internal memo – the unrepaired water leak resulted in a “[h]ole in the ceiling of the master bedroom” and left the bathroom wall “wet and squishy.”<sup>13</sup> The mold in the home exposed the military spouse in this family – who has a serious immune disorder – to risks of “significant health consequences,” according to her doctor.<sup>14</sup>
- In 2020, Balfour's failure to respond to mold in the Ft. Gordon home of an U.S. Army officer likely caused that officer's 8-year daughter to suffer from severe atopic dermatitis, a serious skin condition, according to the girl's physician.
- Balfour's months-long failure in the summer of 2020 to repair a roof leak in another military family's home at Ft. Gordon led to mold growth that required the military spouse to seek treatment from an infectious disease specialist for her respiratory symptoms.

<sup>12</sup> See Former Balfour Ft. Gordon Employee #1, Balfour Beatty Communities, Interview with PSI.

<sup>13</sup> See Balfour Document Production to PSI with production number BBCPSI-011021 (hereafter, references to documents produced by Balfour to PSI will be identified by their production numbers, *i.e.*, BBCPSI-xxxxxx).

<sup>14</sup> See BBCPSI-007427.

- For six weeks in 2020, Balfour’s facility manager at Ft. Gordon did not return “multiple” calls from a military family even after their hallway ceiling caved in due to a roof leak that had gone unrepaired for months.
- As recently as February 2022, Balfour failed to promptly repair a water leak, which a military family reported in October 2021, or to remediate mold that had formed as a result of the leak until a hole appeared in the military family’s bathroom ceiling months after the leak first began.<sup>15</sup>

**Balfour repeatedly failed to clean or to make basic repairs to homes at Ft. Gordon prior to move-ins.** Balfour failed to clean or remove carpets, including when it was requested to accommodate concerns about exacerbation of asthma and severe allergies, for three of the eight Ft. Gordon military families whose experiences are detailed in this report. Information provided to PSI by former Balfour employees and military families, as well as Balfour’s records, further show that Balfour’s failure to clean or make basic repairs prior to move-ins at Ft. Gordon was widespread. For example, a former Balfour employee told the Subcommittee that he received multiple complaints in a typical week from new residents about conditions such as mold, clogged HVAC vents, rusting pipes, broken appliances, and leaks that had not been repaired or addressed while the homes were vacant.<sup>16</sup>

**The Subcommittee uncovered numerous examples of inaccuracies and omissions in Yardi, Balfour’s internal work order data tracking system after 2019, when the company initially vowed to correct these problems.** In December 2021, Balfour pled guilty for having knowingly obtained incentive fees from 2013 to 2019 based on inaccurate and incomplete work order data. Balfour misrepresented that “maintenance issues raised by residents were being addressed in a timely manner,” according to the criminal charges filed against Balfour.<sup>17</sup> The Subcommittee found that inaccurate and incomplete work order data has persisted at Ft. Gordon since 2019.

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<sup>15</sup> As noted above, this PSI inquiry primarily focused on Ft. Gordon and Sheppard AFB as a case study of Balfour’s operational, management, and work order data recording practices. This report details the specific experiences of nine military families due to Balfour’s failures to make timely and thorough repairs to their homes on these two bases, to repair and clean homes prior to move-ins and to fully and properly address environmental hazards in these homes. These nine military families represent a small percentage of residents served by Balfour at Ft. Gordon and Sheppard AFB.

However, the Subcommittee’s interviews of former Balfour employees, information provided to PSI by military housing advocates, and Balfour’s own records together show that many other families – particularly at Ft. Gordon – experienced similar housing issues due to failures on Balfour’s part. As noted above, a former Balfour employee described receiving multiple calls each week from frustrated Ft. Gordon military families. Further, a tracking chart that Balfour produced to PSI with summaries of Ft. Gordon residents’ written comments contain dozens of complaints after 2019 from military service members and veterans – who are not from the nine families detailed in this report – concerning Balfour’s delays and failures to address conditions like water leaks and mold hazards in these homes. See generally BBCPSI-011019. Lastly, just since May 2021, the advocacy group Armed Forces Housing Advocates (AFHA) has helped 350 families deal with problems due to Balfour’s housing operations at military bases in seven states across the United States: California (119), Colorado (6), Texas (30), Florida (23), Georgia (124), South Carolina (1), and Oklahoma (47).

<sup>16</sup> See Former Balfour Ft. Gordon Employee 1 PSI Interview.

<sup>17</sup> *U.S. v. Balfour Beatty Communities, LLC*, 1:21-cr-742-EGS (D.D.C.), Information ¶ 9, Dkt. 1.



Specifically, the Subcommittee found numerous instances where Balfour’s internal records show that military families at Ft. Gordon and Sheppard AFB reported mold in their homes, yet Balfour’s internal work order database did not reflect those repair requests nor did it cite “mold” as the issue reported. Instead, they described these requests as being related to “internal repairs,” “carpentry” and “painting,” for instance. Further, former Balfour employees described to the Subcommittee the practices in 2020 and 2021 by two successive facility managers at Ft. Gordon — that included telling staff to encourage military families to verbally request repairs and then frequently not entering those verbal requests into Balfour’s internal tracking system — that likely undermined the data integrity of this system.<sup>18</sup>

**A senior Balfour executive acknowledged to the Subcommittee that she was made aware of concerns of inaccurate and incomplete work order data at Ft. Gordon after 2019, but failed to ensure that Balfour took any action to investigate or correct these concerns, highlighting ongoing internal oversight weaknesses at Balfour.** Paula Cook, a Balfour vice president with “executive leadership responsibility for the Army military housing portfolio,”<sup>19</sup> admitted in an interview with the Subcommittee that she knew that the Balfour facility manager who was in charge at Ft. Gordon from 2019 to early October 2020 (“Former Balfour Ft. Gordon Facility Manager”), was not implementing repairs that he promised to make for residents.<sup>20</sup> Ms. Cook did not directly supervise this employee. However, as a senior Balfour executive she failed to ensure that Balfour took steps to investigate or correct these issues at Ft. Gordon.<sup>21</sup>

Further, in February 2021, an Army officer at Ft. Gordon presented Ms. Cook with allegations of missing mold work orders for his home in 2020.<sup>22</sup> A day earlier, Ms. Cook had received an email in which Tom Rodriguez, Former Balfour Ft. Gordon Facility Manager’s successor at Ft. Gordon, wrote that when he “arrived on site [on] October 5, 2020[,] words could not describe the total Chaos that was the Facilities Department.”<sup>23</sup> Yet, Ms. Cook told the Subcommittee that she “did not ask anyone anything” in order to investigate the Army officer’s allegations of missing work orders in 2020 despite being aware of concerns raised by Balfour’s own staff about the chaotic state of the facility department at Ft. Gordon at that time.<sup>24</sup>

<sup>18</sup> See Former Balfour Ft. Gordon Employee #1 PSI Interview.

<sup>19</sup> See “Our Leadership,” Balfour Beatty Communities, <https://www.balfourbeattycommunities.com/get-to-know-us/leadership> (last visited Apr. 10, 2022). In 2019, Balfour restructured its military housing business and “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.” See Taylor 2019 HSAC Testimony at 3. Since 2019, Ms. Cook has been one of three Community Management vice presidents and is responsible for the 17 Army bases where Balfour operates housing. The other two Community Management vice presidents oversee Balfour’s housing operations on U.S. Navy and U.S. Air Force bases, respectively.

<sup>20</sup> Paula Cook, Balfour Beatty Communities, Interview with PSI.

<sup>21</sup> See *id.*

<sup>22</sup> See BBCPSI-000994.

<sup>23</sup> See BBCPSI-008394.

<sup>24</sup> Paula Cook PSI Interview. Ms. Cook was not directly responsible for Balfour’s work order data and records, but, as she acknowledged in her interview, she had access to these data and records and she often was informed of concerns that military families expressed about delayed or inadequate repairs. Similarly, while Ms. Cook did not directly supervise Facilities Management staff like Tom Rodriguez or Former Balfour Facility Manager, she had direct access to senior Facility Management executives like Richard Taylor. See *id.*; see also, e.g., BBCPSI-009598. Ultimately, regardless of whom she supervised directly, Ms. Cook is a senior Balfour executive. As a result, once she was made aware of critical data integrity issues regarding problems with Balfour’s work order data she had a responsibility to follow up and to ensure that these issues were addressed by the appropriate Balfour staff.

**The Subcommittee identified significant gaps that remain in Balfour’s compliance procedures.** Balfour admitted that its “inadequate controls [from 2013 to 2019] contributed to the misconduct” relevant to its December 2021 guilty plea.<sup>25</sup> However, the Subcommittee found that as of late 2021, significant gaps in compliance procedures continued to exist at Balfour. For example, Balfour’s compliance staff were kept in the dark for months about two internal complaints submitted by departing facility employees at Ft. Gordon — including one that specifically stated that the way Tom Rodriguez, Balfour’s facility manager at Ft. Gordon from October 2020 to November 2021 “handles asbestos needs to be investigated.”<sup>26</sup>

The Subcommittee uncovered numerous specific instances where Balfour’s housing practices since 2019 put military families’ health and safety at risk. The Subcommittee further found that Balfour’s practices since 2019 at the bases it examined mirror Balfour’s practices between 2013 and 2019 that led to its December 2021 guilty plea for fraud. The chart on the next page provides a comparison between Balfour’s conduct from 2013 to 2019 and the actions the Subcommittee discovered that Balfour was engaged in after 2019:

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<sup>25</sup> *U.S. v. Balfour Beatty Communities, LLC*, 1:21-cr-742-EGS (D.D.C.), Statement of Facts at A-10, Dkt. 5-1 (“*U.S. v. Balfour* Statement of Facts”).

<sup>26</sup> See Richard Taylor, Balfour Beatty Communities, Interview with PSI; see also BBCPSI-008033.

<b>Figure 2: Balfour’s Post-2019 Conduct Mirrored Its 2013–2019 Conduct Relevant to Its Guilty Plea</b>		
<b>Issue</b>	<b>2013–2019 Conduct That Balfour Admitted to In Its 2021 Guilty Plea</b>	<b>Balfour’s Post-2019 Conduct Uncovered by the Subcommittee</b>
Prematurely closing work orders to give the false appearance of timely resolution of repair requests	Intentionally misleading the military into thinking that repairs were being done “in a timely manner. On multiple occasions Balfour “opened work orders in response to resident complaints about acute (e.g., leaks) and long-term (e.g., warped floors) maintenance issues, and then closed the work orders prior to completing the required work.”  <i>U.S. v. Balfour Stmt. of Facts, ¶¶ 24-25.</i>	Due to pressure from one facility manager to close out mold work orders, Balfour’s facility staff at Ft. Gordon prematurely closed out mold work orders after only making superficial repairs without making an effort to find or resolve the root causes of the problem.  <i>PSI Interview of Former Balfour Ft. Gordon Employee #2.</i>
Undermining the integrity of the data in the work order tracking system data to misrepresent Balfour’s performance	Former Balfour vice president “[Rick] Cunefare gave instructions to community managers and others that resulted in the community managers and others manipulating and falsifying information in Balfour’s internal work order tracking system in order to give “the effect of falsely inflating” Balfour’s performance.  <i>U.S. v. Balfour Stmt. of Facts, ¶ 33.</i>	In 2020 and 2021, Balfour managers at Ft. Gordon instructed staff to advise military families to verbally request repairs to get quicker responses, and then frequently did not log the verbal requests into its work order tracking system, thereby undermining the system’s accuracy and integrity.  <i>PSI Interviews of Capt. Samuel Choe and Former Balfour Ft. Gordon Employee #1.</i>
Failing to investigate or take corrective action after being made aware of data discrepancies and data integrity concerns	Balfour’s “regional personnel were aware of data discrepancy and data falsification allegations and failed to take corrective action,” and its senior executives “were aware of warning signs of Performance Incentive Fee-related misconduct,” but “failed to take immediate action to investigate the allegations and correct any misconduct.”  <i>U.S. v. Balfour Stmt. of Facts, ¶¶ 46, 48.</i>	Paula Cook, a vice president at Balfour, was aware of work order data discrepancies and data integrity concerns in 2020 and 2021, but she did not ensure that the issues were properly investigated or that appropriate corrective actions were taken, pointing to ongoing structural oversight issues at Balfour that may impact the health and safety of military service members and their families.  <i>PSI Interview of Paula Cook.</i>

## II. RELEVANT BACKGROUND

### A. The Military Housing Privatization Initiative

In 1996, Congress enacted the Military Housing Privatization Initiative (“MPHI”), which gave the Department of Defense (“DoD”) the statutory authority to collaborate with private housing developers to manage, operate, renovate, and construct military housing.<sup>27</sup> Today, private housing companies like Balfour operate 99 percent of the family homes on military bases in the United States.<sup>28</sup>

One key feature of the MPHI is that the military did not enter into traditional defense procurement contracts with the housing companies. Instead, the Army, Navy, and Air Force established approximately 80 “privatized military housing projects,” according to the Government Accountability Office. Each involved the creation of “a separate and distinct [corporate] entity governed by a series of [specific] legal agreements” in which the housing company and the military each holds a membership interest.<sup>29</sup> The military service branches then “leased land to [the project entity] for a 50-year term and conveyed existing homes located on the leased land to the [entity] for the duration of the lease [*i.e.*, 50 years].”<sup>30</sup>

Another key feature of the MPHI is the typical availability of incentive fees if the housing companies can meet certain performance goals established by the military.<sup>31</sup> For example, Balfour can earn performance incentive fees on most of its military housing projects by satisfying specific performance objectives.<sup>32</sup>

Finally, despite these unique features, federal defense appropriations remain the key revenue source for these privatized military housing projects.<sup>33</sup> Specifically, defense appropriations provide military service members stationed in the United States with Basic Allowance for Housing (“BAH”) to cover their housing costs, which service members must then turn over to housing operators like Balfour to cover rent and other fees associated with their on-base housing.<sup>34</sup>

<sup>27</sup> See Pub. L. No. 104-106, §§ 2801-2802 (1996), *codified as amended at* 10 U.S.C. §§ 2871-885. At its core, the MPHI is intended to attract private sector financing, expertise, and innovation to provide necessary housing for military service members and their families in a faster and more efficient manner than traditional military construction processes previously allowed. *See id.* at 5.

<sup>28</sup> See Government Accountability Office, *Military Housing Privatization: DOD Should Take Steps to Improve Monitoring, Reporting, and Risk Assessment* (GAO-18-218) (March 2018) at 6, <https://www.gao.gov/products/gao-18-218>.

<sup>29</sup> *See id.* at 7.

<sup>30</sup> *Id.* at 7.

<sup>31</sup> *See id.* at 7-8.

<sup>32</sup> *U.S. v. Balfour*; Stmt. of Facts ¶¶ 11-12.

<sup>33</sup> See Government Accountability Office, *Military Housing: Actions Needed to Improve the Process for Setting Allowances for Servicemembers and Calculating Payments for Privatized Housing Projects* (GAO-21-137) (Jan. 2021) at 10, <https://www.gao.gov/products/gao-21-137>.

<sup>34</sup> See GAO-18-218 at 20-24; *see also* BBCPSI-000046.

### B. Balfour's Involvement in Military Housing

Balfour's involvement in military housing began in 2002, when it was called GMH Military Housing and operated as a subsidiary of the real estate firm GMH Communities Trust.<sup>35</sup> In 2008, Balfour Beatty PLC – a London-based multinational construction firm and Balfour's corporate parent – acquired GMH Military Housing from GMH Communities Trust and renamed it Balfour Beatty Communities LLC.<sup>36</sup>

Richard Taylor and Christopher Williams, who had led GMH Military Housing since its inception in 2002, remained with Balfour after the 2008 acquisition.<sup>37</sup> They currently serve as the co-presidents of Balfour — with Mr. Taylor having the title of “President, Facility Operations, Renovation & Construction 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.”<sup>38</sup> Mr. Williams, President of Balfour Beatty Communities, in turn, has responsibility for Balfour's “strategic direction of its residential business, long-term development and oversight of investments, management and operations.”<sup>39</sup>

Contractually, Balfour has structured its military housing operations as 20 separate projects.<sup>40</sup> Some projects — such as the one at Ft. Gordon — involve homes on a single military base, while others involve homes across multiple bases. Regardless of the corporate structure, all of Balfour's military housing projects share the same basic structure — including the creation of a special purpose entity to hold the 50-year ground lease from the military, to own the on-base homes, and to finance constructions and renovations by issuing bonds to lenders.<sup>41</sup>

In 2003, Balfour (through its predecessor GMH-MH) established Fort Gordon Housing, LLC, which Balfour manages through a subsidiary, as the corporate entity responsible for its military housing operations at Ft. Gordon.<sup>42</sup> Specifically, Balfour operates over 1,000 on-base homes at Ft. Gordon.<sup>43</sup> The majority of these are “legacy homes” built in the 1950s and 1960s.<sup>44</sup>

<sup>35</sup> See “Our Story,” Balfour Beatty Communities, <https://www.balfourbeattycommunities.com/get-to-know-us/our-story>.

<sup>36</sup> Richard Taylor PSI Interview.

<sup>37</sup> See *id.*

<sup>38</sup> See “Our Leadership,” Balfour Beatty Communities, <https://www.balfourbeattycommunities.com/get-to-know-us/leadership>. According to Balfour, Mr. Taylor's responsibilities also “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.”

<sup>39</sup> See *id.*

<sup>40</sup> Balfour Beatty PLC 2020 annual report at 227.

<sup>41</sup> Balfour presentation to PSI.

<sup>42</sup> See BBCPSI-000035. According to Fort Gordon Housing, LLC's 2020 audited financial statement, Balfour Military Housing - Fort Gordon, LLC is the Balfour subsidiary that manages the Ft. Gordon SPE. *Id.*

<sup>43</sup> Balfour presentation to PSI (August 6, 2021). Further, as a Balfour supervisor at Ft. Gordon noted in her interview with the Subcommittee, the “legacy homes” at Ft. Gordon often have asbestos-containing materials because they were constructed before 1980. See Jessica Hartmann, Balfour Beatty Communities, Interview with PSI.

<sup>44</sup> *Id.*

As noted above, BAH, which is determined by defense appropriations, is the “primary source of revenue” for Balfour’s military housing projects.<sup>45</sup> Balfour’s Assurance Plan for Military Housing Incentive Management Fee recognizes, “the incentive management fee is designed to provide an ‘incentive’ for good performance” by Balfour under the terms of each of its projects, and “common incentivized categories are customer service, maintenance performance and timely/accurate financial reporting.”<sup>46</sup> Further, because correct computation of incentive fees depends on the accuracy of Balfour’s internal work order data, “accuracy in the recording of work order data” is of “paramount” importance.

### C. The Yardi Program Used by Balfour to Track Military Housing Work Orders

Balfour utilizes a private sector computer program called Yardi to manage its military housing operations for purposes of “creating, updating, and closing work orders.”<sup>47</sup> When military families report housing issues like a water leak to Balfour, the information is supposed to be entered into Yardi, which generates a work order that is used to track the repair request. Once the work is completed, Balfour is supposed to “‘close out’ the work order.”<sup>48</sup>

Yardi allows Balfour to enter and track the company’s repair work orders by assigning a unique identification number to each work order and then associating that work order number with various data fields and repair records. Every Balfour repair work order has the following fields: i) CallDate, *i.e.*, when a resident first contacted Balfour to report a needed repair; ii) Priority, *i.e.*, if the repair is an emergency, urgent, or routine request; iii) Category, *i.e.*, what type of conditions (*e.g.*, mold, plumbing, or leak) is involved; and iv) Sub-category, *e.g.*, whether the request implicated a health or safety concern.<sup>49</sup>

Having accurate and complete Yardi work order data is critical for ensuring the correct calculation of Balfour’s performance incentive fees.<sup>50</sup> Balfour admitted this fact in its December 2021 guilty plea and Balfour executives, including Richard Taylor, confirmed that it is important to have accurate and complete work order data entered into Yardi.<sup>51</sup> Accurate and complete Yardi work order data also is needed to help the military exercise effective oversight of Balfour and to enable military families to make informed housing decisions. Specifically, the military

<sup>45</sup> See, *e.g.*, BBCPSI-000046 (acknowledging that BAH is the “primary source of revenue” for Balfour’s project for Ft. Gordon); BBCPSI-000026 (acknowledging that BAH is the “primary source of revenue” for Balfour’s project that encompasses Sheppard AFB). As the financial statement for Fort Gordon Housing, LLC indicates, Balfour and its corporate affiliates have had multiple roles at Ft. Gordon. See BBCPSI-000044-45. As a result, Balfour not only is entitled to a share of Fort Gordon Housing, LLC’s profits, but also receives payments for providing maintenance and repairs, development services, and property management services through its corporate affiliates. *Id.* at 000044. Further, “incentive management fee” has made up a significant majority of what Balfour earned for property management — whereas Balfour has been entitled to a “base management fee of 0.78% of effective gross revenue” at Ft. Gordon, it could earn “up to 2.5% of effective gross revenue” in incentives by “meeting specific performance hurdles.” *Id.* For the year 2020, for example, Balfour’s total property management fees at Ft. Gordon (including the incentives) was \$326,899. *Id.*

<sup>46</sup> BBCPSI-011026.

<sup>47</sup> BBCPSI-000890-891.

<sup>48</sup> *U.S. v. Balfour* Stmt. of Facts ¶ 14.

<sup>49</sup> Tom Rodriguez, Balfour Beatty Communities, Interviews with PSI.

<sup>50</sup> See *id.* ¶¶ 14-19.

<sup>51</sup> See *id.* ¶¶ 14-19. Taylor, Duggan, Rodriguez interviews.

relies on Yardi work order data to identify trends and issues in Balfour’s housing operations, and military families rely on maintenance histories generated from Yardi work order data to ascertain current or past problems with potential homes they are considering moving into.<sup>52</sup>

Since at least late 2019, Balfour has maintained written policies on Yardi work order data. For example, Balfour’s mold management policy specifies how Balfour staff are to enter Yardi work order data for any report of suspected mold in military housing:

**Figure 3: Balfour’s Mold Management Policy<sup>53</sup>**

**Initiation of Work Order in Yardi**  
1. After receipt of a report from a resident of suspected mold, open a work order in Yardi under Priority = Urgent, Category = Mold, Sub-category = Life, Health & Safety. Also refer to **Work Order Management**.

Further, Balfour’s work order management policy instructs Balfour staff that military families can make repair requests online, by phone calls, or in-person and that work orders must be opened in Yardi irrespective of how the repair request is made, stating that:

**Figure 4: Balfour’s Work Order Opening Processes<sup>54</sup>**

- Residents have the option of submitting work orders
  - Online through the Resident Portal (for Routine Work Orders)
  - Calling the facilities management office, in which case an employee will enter the work order on the resident's behalf.
  - Visiting the facilities management office in person, in which case an employee will enter the work order on the resident's behalf.

**D. Balfour’s Military Housing Operations, Including Its Operations at Ft. Gordon, Have Been the Subject of Public Scrutiny for More Than One Decade**

The public scrutiny of the quality of housing services that Balfour provides to military families, including at Ft. Gordon, has been ongoing for more than one decade. In May 2011, for example, the investigative reporting team from an Augusta-area TV station — *WRDW* — highlighted concerns about mold in homes at Ft. Gordon operated by Balfour.<sup>55</sup> In addition to reporting on the experience of military families at Ft. Gordon who alleged serious health effects from mold in their homes, *WRDW* also interviewed the duct-cleaning contractor hired by Balfour, who described seeing HVAC ducts with “years [worth] of painted on mold, dust, [and] debris” due to lack of periodic cleaning.<sup>56</sup>

<sup>52</sup> Regional Community Manager and Daniel LaFrance, Balfour Beatty Communities, Interviews with PSI.

<sup>53</sup> See BBCPSI-000604.

<sup>54</sup> See BBCPSI-000610; see also Balfour Regional Community Manager PSI Interview.

<sup>55</sup> See *Special Assignment: Mold at Fort Gordon Part 2*, WRDW (May 25, 2011) (available at: [www.wrdw.com/content/news/Special\\_Assignment\\_Mold\\_at\\_Fort\\_Gordon\\_Part\\_two\\_122626054.html](http://www.wrdw.com/content/news/Special_Assignment_Mold_at_Fort_Gordon_Part_two_122626054.html)).

<sup>56</sup> *Id.*

In August 2019, the investigative reporting team at *WRDW* issued a follow-up report on mold at Ft. Gordon. In this report, a former Balfour maintenance staff at Ft. Gordon told *WRDW* that “a lot of homes” at Ft. Gordon had problems with mold and that she would not recommend for anyone “to live on Fort Gordon.”<sup>57</sup> *WRDW* also quoted Colonel Jim Clifford, the Army’s garrison commander at Ft. Gordon, stating that he was “aware of some serious problems [that Balfour] had not been addressing,” including “gas issues, electrical issues, [and] black mold.” Col. Clifford added there were “73 moisture/mold complaints” at Ft. Gordon.

Congress also scrutinized the performance of private military housing companies, including Balfour. At a February 2019 Senate committee hearing, for example, a military spouse from Tinker Air Force Base in Oklahoma testified that Balfour had “neglected” to address “numerous ongoing issues in [her family’s] home.”<sup>58</sup> This witness described how her husband discovered “black mold covering the walls, floor to ceiling,” of the mechanical room in their home and was told by a Balfour maintenance staff that he was not “allowed [] in this room.”<sup>59</sup> Balfour’s neglect, according to this military spouse, “ultimately resulted in making [her] family very sick.”<sup>60</sup>

E. After Being Under Investigation for Fraud Since 2019, Balfour Pled Guilty in December 2021 to Major Fraud in Its Military Housing Operations

In late 2019, Balfour disclosed that it had received a subpoena from DOJ as part of a fraud investigation.<sup>61</sup> The DOJ fraud investigation continued into 2020 and 2021 and ended with Balfour’s December 2021 guilty plea.<sup>62</sup>

In April and June 2021, DOJ filed criminal fraud charges against two former Balfour employees — Stacy Cabrera, Balfour’s community manager for the Lackland Air Force Base located near San Antonio, Texas, and Rick Cunefare, a Balfour regional manager who oversaw military housing operations in Texas as well as California, Oklahoma, and Washington.<sup>63</sup> Cunefare and Cabrera both pled guilty to those fraud charges and are awaiting sentencing.<sup>64</sup> In connection with their guilty pleas, Cunefare and Cabrera admitted that they each had “conspired with” numerous other Balfour employees “to manipulate and falsify information in Yardi,” to

<sup>57</sup> See *8 Years After Reports of Mold at Ft. Gordon Homes, We Find that the Problems May Still Exist*, *WRDW*, (available at: <https://www.wrdw.com/content/news/I-TEAM-8-years-after-reports-of-mold-at-Ft-Gordon-homes-we-find-the-problems-may-still-exist-558467611.html>).

<sup>58</sup> Senate Armed Services Committee, Joint Subcommittee on Personnel & Readiness and Management Support, Testimony of “Family Member #4,” *Hearing on Current Condition of the Military Housing Privatization Initiative*, 116th Congress (Feb. 13, 2019).

<sup>59</sup> *Id.*

<sup>60</sup> *Id.*

<sup>61</sup> See, e.g., 2019 Taylor HASC Testimony at 2 (acknowledging 2019 DOJ subpoena).

<sup>62</sup> See DOJ Balfour Guilty Plea Press Release.

<sup>63</sup> See Department of Justice, “Former Managers at Major Property Management Firm Plead Guilty to Defrauding U.S. Air Force,” June 9, 2021, <https://www.justice.gov/opa/pr/former-managers-major-property-management-firm-plead-guilty-defrauding-us-air-force> (last visited Apr. 11, 2022).

<sup>64</sup> *Id.* Specifically, Cunefare faces a maximum of 10 years in prison and a \$250,000 fine, and Cabrera faces a maximum of five years in prison and a \$250,000 fine.



falsely show that Balfour “had met Performance Maintenance Objectives” — and thus qualified for incentive payments from the Air Force — when “it had not.”<sup>65</sup>

On December 22, 2021, DOJ charged Balfour itself with major fraud against the United States.<sup>66</sup> Balfour pled guilty to that charge on the same day and was ordered to pay \$65.4 million in fines and restitutions and agreed to be subject to independent compliance monitoring for at least three years.<sup>67</sup>

As part of its guilty plea, Balfour also admitted to a lengthy set of facts regarding its misconduct, including that a number of its executives and employees manipulated and falsified military housing work order data and records so that Balfour could obtain incentive management fees to which it was not entitled.<sup>68</sup> For example, Balfour admitted that one type of work order data manipulation and falsification involved “‘closing’ work orders early[] or marking work orders ‘complete’ prior to maintenance work actually being performed.”<sup>69</sup>

Further, Balfour also admitted that its “inadequate internal controls contributed to the misconduct,” including “widespread failures at the regional and Balfour corporate and executive levels.”<sup>70</sup> Specifically, Balfour admitted that its “regional personnel were aware of data discrepancy and data falsification allegations and failed to take corrective action” and that its senior executives, including its former Chief Operating Officer, “were aware of warning signs of” misconduct, “but failed to take immediate action to investigate the allegations and correct any misconduct.”<sup>71</sup>

Finally, although Balfour’s press release about the guilty plea claimed that it had made substantial improvement to its compliance procedures and internal controls,<sup>72</sup> DOJ noted in its announcement of the Balfour plea that the plea terms were based, in part, on “the fact that Balfour’s compliance program and internal controls have not been fully implemented or tested to demonstrate that they would prevent and detect similar misconduct in the future.”<sup>73</sup>

### **III. DESPITE BALFOUR’S PUBLIC PLEDGE TO IMPROVE ITS HOUSING SERVICES, BALFOUR CONTINUED TO PROVIDE DEFICIENT SERVICES TO MILITARY FAMILIES AT FT. GORDON**

Balfour’s co-president Richard Taylor publicly “apologize[d]” on behalf of Balfour in December 2019 before a House committee for “having fallen short” of providing housing

<sup>65</sup> Cunefare Statement of Offense ¶ 27; Cabrera Statement of Offense ¶ 27.

<sup>66</sup> See DOJ Balfour Guilty Plea Press Release.

<sup>67</sup> See *id.*

<sup>68</sup> *U.S. v. Balfour* Stmt. of Facts ¶¶ 21-42.

<sup>69</sup> *Id.* ¶ 40.

<sup>70</sup> *Id.* ¶¶ 46, 48.

<sup>71</sup> *Id.* ¶¶ 47-48.

<sup>72</sup> “Resolution reached between Balfour Beatty Communities, LLC and the U.S. Department of Justice,” Press Release, Balfour Beatty, December 22, 2021, <https://www.balfourbeatty.com/news/resolution-reached-between-balfour-beatty-communities-llc-and-the-us-department-of-justice/>.

<sup>73</sup> DOJ Balfour Guilty Plea Press Release.

services at a level that “military families deserve[d].”<sup>74</sup> Mr. Taylor also pledged to make the health and safety of residents Balfour’s “top priority” and to “make improvements” to how Balfour monitored and responded to mold and other significant housing conditions and how it prepared homes for military families to move into.<sup>75</sup>

At Ft. Gordon, however, the Subcommittee’s inquiry determined that, since 2019, Balfour has continued to fail to respond to environmental hazards such as mold and major leaks in a timely and thorough manner or adequately prepare homes for move-ins in a number of circumstances. As a result, Balfour has failed to provide a number of military families with acceptable living conditions and protections from health hazards — especially those families with immunocompromised family members and children.

A. Since 2019, Balfour Has, In Numerous Instances, Failed to Respond Promptly or Appropriately to Conditions Like Mold and Major Leaks That Threatened Residents’ Health and Safety at Ft. Gordon.

In interviews with the Subcommittee, former Balfour employees at Ft. Gordon described frequent failures by the company to respond promptly or appropriately to conditions such as the presence of mold and leaks. For example, a former Balfour resident engagement specialist – Former Balfour Ft. Gordon Employee #1 – was often contacted multiple times a week by Ft. Gordon military families because other Balfour employees were not responding properly to their repair requests.<sup>76</sup> Further, a former maintenance supervisor (“Former Balfour Ft. Gordon Employee #2”) disclosed to the Subcommittee that due to pressure from Balfour’s facility manager at Ft. Gordon to close out mold work orders quickly, there likely were cases where Balfour’s facility staff only made superficial repairs without trying to tackle the root cause of the mold problem.<sup>77</sup>

The Subcommittee interviewed military families and reviewed Balfour records, and found numerous families – including the six specific examples detailed below – whose experiences corroborate the former Balfour employees’ statements.

ARMY FAMILY #1

Between October 2020 and July 2021, a military family then living at Ft. Gordon (“Army Family #1”) repeatedly alerted Balfour about mold in their home, including by raising their concerns directly with the facility manager, Tom Rodriguez.<sup>78</sup> Mold was a serious concern for Army Family #1 because the spouse in this family had an immune condition that put her at serious health risk if she was exposed to mold.<sup>79</sup> Further, as Balfour’s maintenance history shows, this family’s home not only had two documented reports of mold in 2020 — on January 3, 2020 and again on October 12, 2020 — but also had flooded four times in 2020 and 2021.<sup>80</sup>

<sup>74</sup> 2019 Taylor HASC Testimony a 1.

<sup>75</sup> *Id.* at 3-6.

<sup>76</sup> Former Balfour Ft. Gordon Employee #1 PSI Interview.

<sup>77</sup> Former Balfour Ft. Gordon Employee #2, Interview with PSI interview.

<sup>78</sup> See Army Family #1 PSI Interview; see also BBCPSI-011021.

<sup>79</sup> See BBCPSI-0007427.

<sup>80</sup> See BBCPSI-009727-9728.

Under Balfour’s mold management policy, for each suspected mold report, maintenance staff were required to perform a thorough mold inspection – including to check for sources of water and moisture that are not immediately visible – and submit a mold inspection report.<sup>81</sup>

At Army Family #1’s home, however, Balfour failed to conduct a mold inspection in response to their mold report on October 12, 2020.<sup>82</sup> Further, over the nine-month period from October 2020 to July 2021, there is no record of Balfour’s maintenance staff ever having completed a single mold inspection at this family’s home.

On July 22, 2021, Army Family #1 went to Balfour’s Community Management office at Ft. Gordon with two other service members and a family friend, and were able to convince a group of Balfour managers and staff to visit this family’s home with them. By that time, the signs of excess moisture, mold growth, and Balfour’s failure to perform repairs were unmistakable. According to a memo that a Balfour employee entered into Yardi that day:

**Figure 5: Balfour Memo in Yardi About Mold in Army Family #1’s Home**<sup>83</sup>

7/22/21 Home visit at ██████████ Family. Visit attendees included Mr. and Mrs. ██████████ residents of home) (Mrs. ██████████ family friend), (Mr. ██████████ Mr. ██████████ who are members of Mr. ██████████ command), ██████████, and ██████████ of RCI. ██████████ of BBC. Upon entry of the home entryway vent was visibly dirty and what appeared to be dust was on the ceiling near vent. Water damage to the floor on the right hand corner of the living room. Dust on the ceiling near the vent in the living room above the tv. Big sloping hill behind house which is contributing to flooding in the home. Broken baseboard on the landing of staircase. Hole in the ceiling of the master bedroom on the left hand side, damage to the nightstand below hole in ceiling. Master bedroom left closet door is broken. Hallway bathroom wall near tub is wet and squishy, caulking is coming off of the tub. ██████████

As noted above, the military spouse in Army Family #1 had an immune condition — according to a July 23, 2021 letter written by her physician at the National Institutes of Health (“NIH”), she had “Common Variable Immunodeficiency (CVID) with significant autoimmune involvement of kidney and liver.”<sup>84</sup> Army Family #1 provided this letter from the NIH physician

<sup>81</sup> See BBCPSI-000604-605. Specifically, this policy states that “Mold Inspections should be documented using the Mold Work Order Visual Inspection Checklist” and that:

1. If not visible signs of mold exists [sic], a moisture meter must be used to help determine whether a material is wet, even when it appears dry and can therefore help locate a moisture source or reservoir].

...  
2. If visible mold or atypical moisture reading exists, the root cause of any moisture must be located and addressed. (Emphasis added).

<sup>82</sup> Tom Rodriguez PSI Interview. According to Balfour’s records, its facility staff identified and removed less than 1 square foot of mold near a vent, but did not conduct an inspection to identify the root cause of the mold. See BBCPSI-007190.

<sup>83</sup> BBCPSI-011021.

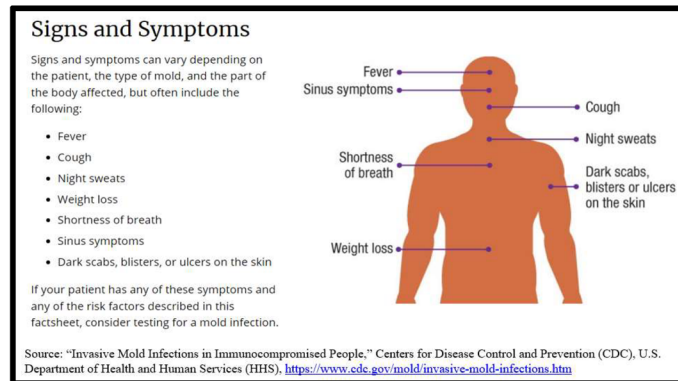
<sup>84</sup> See BBCPSI-0007427. According to the American Academy of Allergy Asthma and Immunology, CVID is “an antibody deficiency that leaves the immune system unable to defend against bacteria and viruses, resulting in recurrent and often severe infections primarily affecting the ears, sinuses, and respiratory tract (sinopulmonary infections). In the majority of cases, the diagnosis is not made until the third to fourth decade of life. Permanent damage to the respiratory tract (bronchiectasis) may occur due to severe and repeated infections.” See “Common

to Balfour on July 26, 2021. In the letter, the NIH physician noted that the military spouse's COVID had resulted in "chronic kidney disease" and, among other conditions, "hepatopulmonary syndrome (HPS)."<sup>85</sup> As a result of these medical conditions, the NIH physician went on to state that the spouse from this military family,

is on a significant amount of immunosuppressive medications that place her at risk if she comes in prolonged contact with fungal microorganisms. She cannot be exposed for prolonged periods of time to these types of organism[s]. It is my understand[ing] her present home has been determined to be infected with mold. Patient[s] with issues such as these cannot be subjected to surroundings containing mold or having known prior mold existence. Prolonged mold exposure in a patient such as [REDACTED] can result in significant health consequences.<sup>86</sup>

This physician's concerns about the potential health consequences of mold exposure align with Centers for Disease Control and Prevention ("CDC") guidance. As summarized in the chart on the next page, according to CDC, while mold infections can be difficult to diagnose, they may also present potential health risks to those with compromised immune systems.

**Figure 6: CDC Guidance on Effects of Mold on Immunocompromised People**



Variable Immunodeficiency," American Academy of Allergy Asthma and Immunology, <https://www.aaaai.org/conditions-treatments/primary-immunodeficiency-disease/common-variable-immunodeficiency> (last visited Apr. 11, 2022). Further, according to the Centers for Disease Control and Prevention ("CDC"), "[p]eople, especially those with weakened immune systems, can develop invasive mold infections days to weeks after exposure to fungi that live in the environment. Exposure to indoor mold that grows as a result of water damage may increase this risk." See "Invasive Mold Infections in Immunocompromised People," Centers for Disease Control and Prevention, <https://www.cdc.gov/mold/invasive-mold-infections.htm> (last visited Apr. 11, 2022).

<sup>85</sup> See BBCPSI-0007427. HPS is a rare lung complication of liver disease that impacts respiratory health often resulting in severe shortness of breath among other health consequences. See Hepatopulmonary Syndrome (HPS), National Organization for Rare Disorders, <https://rarediseases.org/rare-diseases/hepatopulmonary-syndrome/>

<sup>86</sup> BBCPSI -007427.

After the visit to Army Family #1's home on July 22, 2021, Balfour agreed to move this family into a hotel immediately and to start "duct cleaning" and "drywall repairs" the next day.<sup>87</sup> Soon thereafter, Balfour agreed to relocate Army Family #1 to a different house at Ft. Gordon.<sup>88</sup>

#### ARMY FAMILY #2 - THE CHOE FAMILY

Balfour records and witness interviews with the Subcommittee revealed a similar set of experiences for the family of U.S. Army Captain Samuel Choe (the "Choe family" or "Army Family #2"), who moved into a home in the Lakeview neighborhood at Ft. Gordon in the fall of 2019. Captain Choe and his wife had a 12-year old son and an eight-year old daughter when they arrived at Ft. Gordon.<sup>89</sup>

Within two months of moving into the Lakeview home, Captain Choe's eight-year-old daughter began experiencing severe skin rashes and hives.<sup>90</sup> Soon after moving in, the Choe



family also discovered mold in various places in a bathroom.<sup>91</sup> In the meantime, their daughter's skin condition progressively worsened, and Captain Choe was told by his daughter's doctor that her condition was in response to exposure to mold and mildew.<sup>92</sup>

The Choe family repeatedly asked Balfour to assess and remove the mold in their home due to their daughter's mold allergy.<sup>93</sup> According to Captain Choe, Balfour's facility staff removed visible mold growth from the bathroom in late February 2020 and returned a few days later to conduct a series of moisture tests.<sup>94</sup>

Balfour's repair records from late February 2020 also noted that Captain Choe's daughter was "diagnosed with severe mold allergy."<sup>95</sup> According to those records,

Balfour's facility staff conducted a mold inspection in the Choe family's home, but did not

<sup>87</sup> See BBCPSI-007444.

<sup>88</sup> See BBCPSI -001085.

<sup>89</sup> Capt. Samuel Choe, U.S. Army, Interview with PSI.

<sup>90</sup> *Id.*

<sup>91</sup> *Id.*

<sup>92</sup> *Id.*; see also BBCPSI-000994 (Captain Choe summarizing his understanding of his daughter's medical diagnosis in a February 2021 email to Paula Cook at Balfour). As Captain Choe further explained in this email, his daughter "is allergic only to cats, dogs, and mold," but his family "did not, and never have had, any pets," nor was his daughter "exposed to cats or dogs during her stay in the [Lakeview] home." *Id.*

<sup>93</sup> Capt. Samuel Choe PSI Interview; see also BBCPSI-000994 (February 22, 2021 email from Captain Choe to Paula Cook detailing his efforts in the summer and fall of 2020 to get Balfour to remediate mold in his home).

<sup>94</sup> Capt. Samuel Choe PSI Interview.

<sup>95</sup> BBCPSI -002355.

identify any issues of concern or any remaining mold in the home.<sup>96</sup> According to Captain Choe, Balfour's Community Manager at Ft. Gordon advised him at that time that if he noticed mold growth again, he should approach Balfour staff in-person to ask for assistance.<sup>97</sup>

As photographs that Captain Choe provided to the Subcommittee (on the previous page) show, he soon found mold in the bathroom again, and his daughter's skin rashes became even more severe.<sup>98</sup> Her rashes extended to her arms, legs, knees, neck, and face, and she made more than one dozen visits to an allergy and immunology specialist at the on-base medical center at Ft. Gordon over the ensuing months.<sup>99</sup>

In a June 25, 2020 letter that the allergy specialist provided to the Choe family, he diagnosed Captain Choe's daughter with "allergic eczema" or "severe atopic dermatitis." This specialist recommended the Choe family's home be thoroughly and professionally cleaned and that if "this strategy was not successful" in terms of alleviating the daughter's severe skin condition, then the family should move to a new home with "no moisture issues [and] no dust or molds..."<sup>100</sup>

The photographs below demonstrate Captain Choe's daughter's severe skin condition:<sup>101</sup>



<sup>96</sup> *See id.*

<sup>97</sup> Capt. Samuel Choe PSI Interview.

<sup>98</sup> *Id.*

<sup>99</sup> *Id.*

<sup>100</sup> See June 25, 2020 Letter from Allergy & Immunology Clinic at the Eisenhower Army Medical Center (on file with PSI).

<sup>101</sup> PSI received written permission from Capt. Choe to include images of his daughter's condition in this report.

As Captain Choe noted in his February 2021 email to Ms. Cook, Balfour's vice president, he made several in-person requests to both Balfour's facility staff and community management staff in 2020 about the recurring mold growth in his family's home.<sup>102</sup> According to Captain Choe, he made those requests in-person – rather than submitting them online – because he was following the advice he received from Balfour's Community Manager.<sup>103</sup> Yet, those facility staff did not make additional efforts to identify the root cause of the mold or conduct additional tests on the mold.<sup>104</sup>

In September 2020, frustrated with the lack of response from Balfour, and concerned about their daughter's health and safety, the Choe family decided to leave their Lakeview home and move to either a different on-post home at Ft. Gordon or an off-base home.<sup>105</sup> Balfour, however, was resistant to these requests.<sup>106</sup> It only agreed to allow the Choe family to terminate their lease early, in February 2021, after the garrison leadership at Ft. Gordon and the service member's chain of command intervened.<sup>107</sup>

In his February 2021 email to Ms. Cook, Captain Choe also adamantly denied a suggestion from Tom Rodriguez, Balfour's then-facility manager at Ft. Gordon, that Captain Choe was to blame for any mold issue at his home because he had denied service that Balfour's facility staff had reportedly offered to remove the mold from his home.<sup>108</sup> Specifically, Captain Choe wrote in the email that:



These mistakes and falsehoods are indicative of the incompetency and apathy in which my family has patiently endured. Even when informed in-person of our home's issues, your Fort Gordon management team did not send anyone to remove the mold in our home. .... It is this treatment which absolutely infuriates us. ....

<sup>102</sup> See BBCPSI-000994.

<sup>103</sup> Capt. Samuel Choe PSI Interview.

<sup>104</sup> See BBCPSI-000994.

<sup>105</sup> Capt. Samuel Choe PSI Interview.

<sup>106</sup> See BBCPSI-000974.

<sup>107</sup> Capt. Samuel Choe PSI Interview.

<sup>108</sup> See BBCPSI-000994.

I am /just a soldier, husband, and father attempting to reconcile why this had to take place. My family and I were not aware that we were at the mercy of executive decisions made at [Balfour] which were detrimental to my daughter's health.<sup>109</sup>

The Choe family terminated their lease early. A few weeks after the Choe family moved out, they received a letter from Balfour via certified mail. It was a "collection letter" demanding \$383.60 in payment supposedly "due to back rent and/or damages occurred upon cleaning the quarters" and threatening to send this family's account to Balfour's "Collection Agency for further action."<sup>110</sup> When the Choe family disputed the basis for the collection letter, Balfour acknowledged that it had been sent in error and retracted the letter.<sup>111</sup>

### ARMY FAMILY #3

Email records obtained by the Subcommittee show that for several months in 2020, Former Balfour Facility Manager – who was then in charge of the facility department at Ft. Gordon – ignored the health and safety risks that a major roof leak posed to a military family living at Ft. Gordon ("Army Family #3").

As this family explained to Balfour in a September 2020 email, they first noticed the roof leak and reported it to Balfour in May 2020.<sup>112</sup> After Balfour's maintenance staff decided that an outside contractor was needed to make the necessary repairs for the leak, this family waited for months without any repairs occurring or a clear response from the Former Balfour Facility Manager.<sup>113</sup>

In the meantime, the roof leak continued — eventually causing a section of the ceiling in a hallway in Army Family #3's home to collapse on August 14, 2020.<sup>114</sup> Despite the obvious risk this posed to the health and safety of Army Family #3, Former Balfour Facility Manager continued to ignore their calls and questions for more than six weeks **after** the ceiling collapsed.<sup>115</sup>

On September 29, 2020, the military spouse in Army Family #3 wrote to Balfour. She explained that she placed a work order for the leaking roof in May 2020. "Four months later and still no contractors have yet to be sent to my home," she wrote. Her email continued:

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<sup>109</sup> *Id.*

<sup>110</sup> *See* "COLLECTION LETTER – FINAL NOTICE," dated March 3, 2021 from Fort Gordon Family Homes to Captain Samuel Choe. As Paula Cook admitted at her interview, Balfour did not have basis for sending this collection letter to Army Family #2 and eventually retracted it.

<sup>111</sup> Paula Cook PSI Interview. According to Balfour's counsel, the collection notice was never reported to any credit agencies and the Choe family's credit was not affected.

<sup>112</sup> *See* Sept. 29, 2021 email from Army Family #3 to Balfour's Community Manager at Ft. Gordon (copy provided by a former Balfour employee on file with PSI).

<sup>113</sup> *See id.*

<sup>114</sup> *See id.*

<sup>115</sup> *See id.*



On August 14<sup>th</sup> after calling again that the ceiling was leaking/ bubbling, it caved in. See attached video. We are now 30+ days into having the ceiling cave in, and as you can see in the attached picture nothing has been done about it to date. I have yet to hear from the facilities manager in any capacity. I have called him multiple times and sent the video to him and the supervisor the night it happened. **A leak is a life, health, and safety issue in and of itself**, so I am pretty confident this hole falls into the same category. Any help in resolving this issue would be greatly appreciated.<sup>116</sup>

According to Paula Cook, Balfour's vice president, there were roofs on several residential buildings on Ft. Gordon that needed repairs during this time period, and Balfour obtained the Army's approval to expend funds to pay for those repairs.<sup>117</sup> Ms. Cook further noted that the COVID-19 pandemic presented challenges in getting contractors to complete those roof repairs in 2020 due to lockdown protocols at Ft. Gordon.<sup>118</sup>

#### ARMY FAMILY #4

For another family that lived at Ft. Gordon ("Army Family #4"), Balfour's delay and non-responsiveness required the military service member's wife to seek treatment in late 2020 for respiratory symptoms that she believed were made worse by the mold in their home. Specifically, according to the service member in this family, she and her wife first noticed a roof leak over their bedroom in mid-June 2020 and immediately reported it to Balfour.<sup>119</sup> While Balfour attempted initial repairs in June 2020, the leak had returned by early July 2020 and was causing mold to grow in the ceiling.<sup>120</sup>

After not getting any timely response from Balfour, this service member was advised by her Army supervisor in late August or early September 2020 to document her contacts with Balfour to ensure she had a detailed record of her requests and Balfour's response.<sup>121</sup> Based on that advice, this service member compiled a log of her interactions with Balfour. According to the log, between July 9 and September 23, 2020, this service member made more than two dozen attempts — including by enlisting the help of one of her Army supervisors — to get Balfour to fix the leak and treat the mold in her home.<sup>122</sup> But it took until September 24, 2020 for Balfour to visit this family's home to examine the mold growth on the ceiling.<sup>123</sup>

In the meantime, the family believed the untreated mold had caused this service member's wife — who already had a long-standing immune condition — to suffer severe respiratory symptoms and required her to seek medical treatment from an infectious disease

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<sup>116</sup> See *id.* (Emphasis added).

<sup>117</sup> Paula Cook PSI Interview.

<sup>118</sup> See *id.*

<sup>119</sup> See BBCPSI-001139.

<sup>120</sup> Army Family #4, Interview with PSI.

<sup>121</sup> *Id.*

<sup>122</sup> Army Family #4 "Housing Log Issue."

<sup>123</sup> Army Family #4 "Housing Log Issue."

specialist.<sup>124</sup> Further, even after Balfour received test results in early October 2020 indicating that asbestos-containing materials in the ceiling of this home was disturbed by the leak, Balfour managers repeatedly delayed notifying this military family about the water impact to these asbestos-containing materials in the ceiling for another four weeks.<sup>125</sup> According to Balfour's counsel, the company delayed notifying this family because it was waiting for a report from an industrial hygienist. As the service member told the Subcommittee in her interview, while her family was able to move into a new home in late 2020, Balfour's delay and lack of transparency regarding the asbestos tests have left her and her spouse with lingering concerns about the potential health consequences their exposure to asbestos may have on them.<sup>126</sup>

#### ARMY FAMILY #5

As part of its inquiry, the Subcommittee interviewed a fifth military family ("Army Family #5") that encountered a similar unwillingness by Balfour to take mold concerns seriously. Shortly after this family moved into their home at Ft. Gordon in July 2020, they began noticing a



"strong musty smell" and discoloration on the floor of the hall bathroom and submitted a repair request to Balfour.<sup>127</sup> In August 2020, two Balfour employees came to Army Family #5's home to investigate that mold report, but claimed that they did not find evidence of mold growth or notice any smell.<sup>128</sup>

However, Army Family #5 continued to notice the smell and their concerns about mold persisted. They continued to contact both Balfour and the garrison command at Ft. Gordon to request inspection of the area under the bathroom floor.<sup>129</sup>

<sup>124</sup> See BBCPSI-001139.

<sup>125</sup> See BBCPSI-007374-7377; BBCPSI-001565; BBCPSI-001139; *see also* Livingston PSI Interview.

<sup>126</sup> Army Family #4 PSI Interview.

<sup>127</sup> Army Family #5, Interview with PSI. Further, according to the U.S. Department of Housing and Urban Development, identifying potential mold in a home should involve "search[ing] for moisture areas that have a damp or moldy smell, especially in basements, kitchens, and bathrooms" and "inspect[ing] kitchens, bathrooms, and basements for [ ] water stains and patches of out-of-place color." *See* "About Mold and Moisture," Office of Lead Hazard Control and Healthy Homes, Healthy Homes for Healthy Families, U.S. Department of Housing and Urban Development ("HUD"), [https://www.hud.gov/program\\_offices/healthy\\_homes/healthyhomes/mold](https://www.hud.gov/program_offices/healthy_homes/healthyhomes/mold) (last visited Apr. 11, 2022).

<sup>128</sup> Army Family #5 PSI Interview. *See also* BBCPSI-000070 (Yardi entry concerning this visit).

<sup>129</sup> *See* BBCPSI-000070; Army Family #5 PSI Interview.

Eventually, in September 2020, Balfour agreed to remove the floor and repair the bathroom in Army Family #5's home.<sup>130</sup> While the repairs were under way, the service member in this family and his wife went to the home and took photos of the wood board underneath the bathroom floor which indicated the presence of black mold, as the photograph on the previous page shows.<sup>131</sup>

#### ARMY FAMILY #6

Balfour continued its pattern of providing only superficial repairs to significant leaks and mold in the homes of Ft. Gordon military families into late 2021 and even early 2022. For example, between October 2021 and late January 2022, Balfour failed to properly investigate or fix a water leak that was causing mold growth in the home of an Army Sergeant's family ("Army Family #6") at Ft. Gordon.

/Specifically, Army Family #6, which includes the service member, his wife, and their 1-year old son, moved into their home at Ft. Gordon in September 2021.<sup>132</sup> Within a few weeks, and as they informed Balfour in a repair request on October 21, 2021, they noticed the "floor board [in their bathroom] are forming bubbles behind [the] paint," that "walls of [the] shower are leaking moldy water," and that they "suspect [a] water leak behind [the] walls."<sup>133</sup> For over three months, however, Balfour ignored this family's concern about a leak behind the walls and, instead, treated the moisture and mold in this home as a case of loose drain fixtures.<sup>134</sup>

Due to Balfour's failure to promptly and properly investigate the leak, excess moisture continued to accumulate in Army Family #6's home.

By late January 2022, and as the photograph above shows, the ceiling of this family's master bathroom had rotted to such an extent that it started rupturing.<sup>135</sup> In early February 2022,

The photograph below was provided to PSI by Army Family #6.



<sup>130</sup> See BBCPSI-000070.

<sup>131</sup> Army Family #5 PSI Interview.

<sup>132</sup> Army Family #6, Interview with PSI.

<sup>133</sup> See BBCPSI-011722-723.

<sup>134</sup> Army Family #6 PSI Interview.

<sup>135</sup> Army Family #6 informed Balfour that the cracks in their bathroom ceiling were due to the water leakage behind the walls and resulting mold growth in their home. See BBCPSI-011818. Balfour's facility staff claimed that the cracks in the bathroom ceiling were only due to humidity resulting from the small size of the bathroom. See *id.*; see also Apr. 20, 2022, e-mail from Army Family #6 to PSI. Balfour, however, did not provide any documentation to show that the cracks developed solely as result of the size of the bathroom instead of water leakage and mold growth. See Apr. 20, 2022, e-mail from Army Family #6 to PSI.

Balfour finally recognized the severity of the situation and moved Army Family #6 out of their home for over three weeks so that it could cut open the walls to repair the leak.<sup>136</sup>

**B. Since 2019, Balfour Has Continued to Place Military Families into Homes That Were Not Properly Repaired or Cleaned Prior to Move-in**

As detailed in Balfour's Operations Assurance Plan for Military Housing Facility Management states, Balfour is responsible for making repairs and cleaning vacant homes before the incoming military families arrive.<sup>137</sup> At move-in, broken fixtures like floor tiles and appliances should have been repaired and in working condition, and homes should be clean and free of known environmental hazards like mold.<sup>138</sup> However, despite the 2019 pledge by Balfour's co-president, Richard Taylor, to improve the move-in process, military families



arriving at Ft. Gordon since late 2019 have continued to experience substandard conditions in their homes at move-in.

For example, in a typical week from late 2019 to early 2021, Balfour's then-resident engagement specialist for Ft. Gordon – Former Balfour Ft. Gordon Employee #1 – received multiple complaints from new residents about discovering safety,

maintenance and environmental hazards in their homes.<sup>139</sup> The complaints included the presence of black mold, clogged HVAC vents, rusting pipes, broken appliances, and leaks that had not been repaired or addressed.<sup>140</sup>

In response to the complaints, the former resident engagement specialist often went to the homes to verify those resident concerns about the poor conditions of their homes and to take photographs to document those conditions.<sup>141</sup>

<sup>136</sup> Army Family #6 PSI Interview.

<sup>137</sup> See BBCPSI-000903-05.

<sup>138</sup> Tom Rodriguez PSI Interview.

<sup>139</sup> Former Balfour Ft. Gordon Employee #1 PSI Interview.

<sup>140</sup> See *id.*

<sup>141</sup> Several military families at Ft. Gordon informed the Subcommittee that Former Balfour Ft. Gordon Employee #1 was often the only Balfour employee who was responsive to their health and safety concerns.

Further, records obtained by the Subcommittee highlight Ft. Gordon military families' concerns that the poor conditions of their homes at move in threatened their health and safety.



ARMY FAMILY #5

In August 2020, Army Family #5 had difficulty getting Balfour to address basic accommodations for their health needs at move-in when they first moved to Ft. Gordon from the Scott Air Force Base in Illinois the previous month. In advance of the move, the military spouse in this family contacted Balfour to explain that her teenage son was enrolled in the Army's Exceptional Family Member Program,<sup>142</sup> which provides support to military families "to help Soldiers and their Families with special needs" which may include medical conditions that requires "special treatment" or therapy.<sup>143</sup>

In Army Family #5's case, their son had asthma and severe allergies.<sup>144</sup> To avoid exacerbating those medical conditions, the military spouse in this family had explained to Balfour before they made the move to Ft. Gordon that their new home should not have carpets and obtained assurance from Balfour's leasing staff that they would have a home without carpeting when they arrived at Ft. Gordon.<sup>145</sup> However, when they arrived at Ft. Gordon in July 2020, Balfour informed them that a home was not available right away and placed Army Family #5 into temporary housing.<sup>146</sup>

After a two-week wait, this family went to the house Balfour assigned them and saw that there was carpet throughout the home.<sup>147</sup> When this family asked Balfour to remove the carpet

<sup>142</sup> Army Family #5 PSI Interview.

<sup>143</sup> See "Exceptional Family Medical Program," U.S. Army Medical Department. <https://efmp.amedd.army.mil/> (last visited Apr. 17, 2022).

<sup>144</sup> Army Family #5 PSI Interview.

<sup>145</sup> *Id.*

<sup>146</sup> *Id.*

<sup>147</sup> *Id.*

in consideration of their son's medical needs and as leasing staff had originally promised, the immediate response from Balfour was to refuse the request.<sup>148</sup> It was only after this family submitted multiple follow-up requests and sought assistance from senior staff at the Army's garrison command at Ft. Gordon that Balfour finally agreed in late August or early September 2020 to remove carpet from their home.<sup>149</sup>

ARMY FAMILY #7<sup>150</sup>

Just a few months earlier, Balfour was notified by e-mail by the garrison housing office at Ft. Gordon regarding a similar experience from another military household — Army Family #7.

Specifically, the spouse from this family filed a complaint in early December 2019 regarding the state of her home when she and her family arrived in mid-November 2019.<sup>151</sup> According to this military spouse, her family had notified Balfour that it needed to “have the carpet changed” before their moving into their new home because her “husband ... and our youngest child who is 4 years old both hav[e] severe allergies to dogs.”<sup>152</sup> However, when Army Family #7 arrived at the Balfour-provided home at Ft. Gordon, they found the “upstairs carpet was covered in dog hair and pet stains.”<sup>153</sup>

According to this family's complaint, they shared photos of the carpet with a Balfour employee who visited their home. They also believed that Balfour's community and facility managers at Ft. Gordon were both “aware of this [situation],” yet neither had contacted this family to explain how Balfour planned to address this situation.<sup>154</sup> In addition to the concern about the carpet in their home exacerbating allergies, Army Family #7 also reported another safety risk in their complaint. According to this family, even though Balfour had been made aware since mid-November that their furnace had malfunctioned multiple times and was possibly leaking gas, Balfour's facility staff had not “contacted us to even update us on the issue.”<sup>155</sup>

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<sup>148</sup> *Id.*

<sup>149</sup> *Id.*

<sup>150</sup> *Id.* Army Family #6, whose experiences with leaks and mold are discussed above, did not report move-in issues to Balfour.

<sup>151</sup> See December 5, 2019 e-mail from Ft. Gordon garrison housing office to Paula Cook *et al.* re. FW: Response Requested: DISSATISFIED comment card (copy provided by former Balfour employee on file with PSI).

<sup>152</sup> *Id.*

<sup>153</sup> *Id.*

<sup>154</sup> *Id.*

<sup>155</sup> *Id.* Army Family #7's complaint, which was forwarded to Paula Cook and three other Balfour employees, does not include the family's contact information. The Subcommittee inquired with Balfour about this complaint, which was not included in a tracking chart of resident complaints that Balfour compiled in response to the PSI investigation. See BBCPSI-011019. Balfour advised PSI that it could not locate this complaint in its employees' active email folders and acknowledged that it did not track this and other resident complaints prior to PSI's request. See Mar. 23, 2022 email from Counsel to Balfour, to PSI. As a result, PSI was not able to contact Army Family #7 to determine how their housing situation was resolved.

ARMY FAMILY #8

Finally, in late January 2022, yet another military family, which had moved into a house at Ft. Gordon in November 2021 (“Army Family #8”), raised concerns about the poor conditions of their home at move-in. In an e-mail to Balfour executives, the Army’s garrison command at Ft. Gordon, and PSI, the military spouse in this family described how Balfour had failed to clean out “the vent system” and left it with extensive mold growth, had used “clear packing tape [] to repair [both] the floor in several areas” and a broken door frame, and had failed to clean the carpet leaving it “full [of] dirt and [] dog hair.”<sup>156</sup> The photos below show some of the issues this family documented regarding their home.

In her e-mail, this military spouse also voiced “concern and fear [] for the health and safety of [her] family especially [her] children.”<sup>157</sup> Specifically, Army Family #8’s middle and youngest daughters were having respiratory symptoms and fevers, which required those children to take prescription antibiotics for respiratory infections.<sup>158</sup> The military spouse in this family believed these health issues were directly related to the mold growth in the ventilation ducts of their Ft. Gordon home.<sup>159</sup>

The Subcommittee’s review of Balfour’s work order history found no evidence that Balfour performed any repairs or cleaning prior to placing Army Family #8 into their home on November 15, 2021.<sup>160</sup> Instead, three months after their initial move-in, and after this family sought help from the Army’s garrison commander at Ft. Gordon, as well as the Subcommittee, Balfour finally agreed to address this family’s concerns by undertaking, among other tasks, “duct cleaning,” “carpet repair,” and “door repair.”<sup>161</sup>

Additionally, through interviews with current and former Ft. Gordon residents, the Subcommittee received information and records further corroborating Balfour’s ongoing failure to repair and clean homes prior to move-ins. For example, in the fall of 2021, several military

The photograph below was provided to PSI by Army Family #8.



<sup>156</sup> January 25, 2022 email from Army Family #7 to Paula Cook *et al.* re. Our Home in McNair (copy sent directly to PSI on file with PSI).

<sup>157</sup> *Id.*

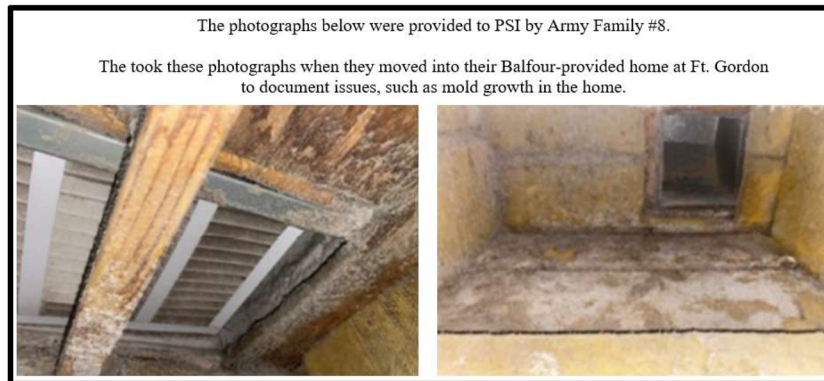
<sup>158</sup> *See id.* (attaching photograph of bottles of generic ZPAK — an antibiotic prescribed for respiratory infections).

<sup>159</sup> *See id.*

<sup>160</sup> *See* BBCPSI-009707.

<sup>161</sup> *See* February 16, 2022 email from Balfour Community Manager at Ft. Gordon to Army Family #7 re. Ducts (copy sent directly to PSI on file with PSI).

spouses established a private Facebook group to help military families at Ft. Gordon to obtain assistance with housing issues because they were frustrated that health, safety and housing maintenance issues were not being appropriately addressed by Balfour.<sup>162</sup>



Within weeks of this Facebook group being started, dozens of military families had joined to report issues and seek help. As the organizers of the Facebook group informed the Subcommittee, and as the photographs below show, the lack of repairs before move-in was a common complaint on this forum.<sup>163</sup>



<sup>162</sup> Jana Wanner Interview with PSI.

<sup>163</sup> *See id.*



C. The Pattern of Balfour Failing to Prioritize Health and Safety Concerns at Ft. Gordon Extended Beyond Residents' Homes

The failures by Balfour to respond in a timely and appropriate fashion to Ft. Gordon military families' health and safety concerns, as described above, fit a clear pattern.<sup>164</sup> The Subcommittee identified that these management and performance failures extended beyond the company's responses to resident complaints to include the upkeep of Balfour offices and storage facilities at Ft. Gordon. In June 2020, Balfour's co-president in charge of facilities operations, Richard Taylor, and several other executives at Balfour's Facilities Management division received an internal email warning that the roof of the maintenance shop at Ft. Gordon, which Balfour uses to store supplies and equipment used for making repairs is "deteriorating and [] badly in need of repair[.]"<sup>165</sup> According to this e-mail, "the roofs leak and you can see daylight from various portions of the building."<sup>166</sup>

In October 2020, Mr. Taylor and the other Balfour Facilities Management executives were further notified that after inspecting the maintenance shop, an Army Safety Officer had issued a report warning that there was "[e]xcessive water damage to the original and drop down ceilings due to the roof leaks," that there was "[o]bvious mold on ceilings[.]" and that continuing to "stor[e] materials and supplies" in the building presents "risk of water and water damage."<sup>167</sup> The Army Safety Officer's report also concluded that the roof of the building "needs to be replaced" because putting "tarp on roof is not adequate to prevent leakage."<sup>168</sup>

In an October 14, 2020 internal email, a Balfour executive estimated that it would cost "approximately \$13,000 to \$15,000" to replace the roof of the maintenance shop.<sup>169</sup> Yet, Balfour has not expended those funds to replace the maintenance shop roof over the past **16** months,<sup>170</sup> even after heavy rain in February 2021 resulted in rainwater "pouring through" into the building

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<sup>164</sup> While the eight military families whose experiences are detailed above represent a small percentage of the residents served by Balfour at Ft. Gordon, the Subcommittee uncovered ample evidence that many other military families at Ft. Gordon had their health and safety concerns ignored by Balfour. This not only included information shared by former Balfour employees like Former Balfour Ft. Gordon Employee #1 and by housing advocates like Jana Wanner, it also included Balfour's own records. To give just one example, a complaint tracking chart that Balfour produced to PSI included dozens of complaints from Ft. Gordon military families about Balfour's inadequate response to leaks and mold. See BBCPSI-011019. One veteran who had "recently retired after 21 years of combined service," for instance, described how he "had mold [] under the vin[y] floors, in the walls, behind our cabinets, and in the vents," how his "roof leaked and sheetrock fell in the closet," and how Balfour "forced [him] to move from one house to another while physically disabled" to make repairs, yet "did not work on the house" during that time. *Id.*

<sup>165</sup> See BBCPSI-009598.

<sup>166</sup> *Id.*

<sup>167</sup> See BBCPSI-009614. According to an industry group—Electrical Safety Foundation International, using water-damaged electrical parts like circuit breakers and outlets can result in hazards like electrical fire. See "Water Damaged Electrical Equipment," Electrical Safety Foundation International (ESFI), <https://www.esfi.org/water-damaged-electrical-equipment/> (last visited April 11, 2022).

<sup>168</sup> See BBCPSI-009614.

<sup>169</sup> See BBCPSI-009609.

<sup>170</sup> Richard Taylor PSI Interview.

through “at least six areas” of leaks in the roof.<sup>171</sup> Instead, Balfour has repeatedly re-tarped it,<sup>172</sup> which – as the Army Safety Officer noted – is not an adequate solution.<sup>173</sup>

In his interview with the Subcommittee, Mr. Taylor explained that the Army’s ownership of the maintenance shop building affected Balfour’s ability to replace the roof.<sup>174</sup> Mr. Taylor also noted that once it was determined that the building should not be used for day-to-day office space and was recommended for storage of supplies/equipment only, Balfour moved its staff to an alternative office location and no Balfour employees have been stationed in the maintenance shop since October 2020.<sup>175</sup> However, as of the date of that interview which took place in February 2022, Mr. Taylor admitted that Balfour had not even tried to obtain permission from the Army to repair the maintenance shop roof.<sup>176</sup>

It is unclear if this episode may have indirectly impacted homes of military service members. This episode nonetheless shows that even senior executives at Balfour failed to act with any sense of urgency to prevent potential water damage to parts stored in the Ft. Gordon maintenance shop.

**IV. Balfour Failed to Ensure the Accuracy of its Yardi Data at Ft. Gordon, Even While Under DOJ Investigation for the Same Failures at Other Bases**

As noted above, in 2020 and 2021, Balfour was under investigation by DOJ for manipulating and falsifying its Yardi work order data from 2013-2019.<sup>177</sup> Balfour ultimately pled guilty to fraud for these practices. The Subcommittee uncovered numerous cases in 2020 and 2021 while the DOJ investigation was ongoing where Balfour’s Yardi work order data for military families’ homes at Ft. Gordon and Sheppard AFB were inaccurate or incomplete. Moreover, the Subcommittee’s interviews of current and former Balfour employees revealed a troubling pattern of Balfour staff engaging in behavior in 2020 and 2021 that mirror several key aspects of the misconduct that Balfour admitted to as part of its December 2021 guilty plea.

**A. In 2020 and 2021, Balfour Continued to Have Incomplete and Inaccurate Yardi Work Order Data at Ft. Gordon and Sheppard AFB**

The Subcommittee interviews with former Balfour employees described practices at Ft. Gordon that likely resulted in incomplete and inaccurate data being entered into the Yardi work order database. For example, the former resident engagement specialist, Former Balfour Ft. Gordon Employee 1, explained that two successive facility managers at Ft. Gordon in 2020 and 2021 — Former Balfour Facility Manager and Tom Rodriguez — frequently told Balfour’s facility staff to advise military families that to get quicker responses, they should contact facility

<sup>171</sup> See BBCPSI-008418.

<sup>172</sup> Tom Rodriguez PSI Interview.

<sup>173</sup> See BBCPSI-009614.

<sup>174</sup> Richard Taylor PSI Interview.

<sup>175</sup> *Id.*

<sup>176</sup> *Id.* According to Balfour’s counsel, the company obtained approval in April 2022 to use funds to replace the maintenance shop roof. See April 22, 2022 email from Bradford Ellison, counsel to Balfour, to PSI.

<sup>177</sup> See DOJ Balfour Guilty Plea Press Release.

staff directly, instead of submitting work orders online.<sup>178</sup> But when military families followed that advice, their verbal repair requests often would never be logged into Yardi.<sup>179</sup> As a result, Yardi data at Ft. Gordon, in at least some instances examined by the Subcommittee, fails to accurately reflect the history of issues reported by military families.<sup>180</sup>

The Subcommittee's review of specific cases at Ft. Gordon uncovered a number of instances where Balfour failed to enter suspected mold cases into Yardi and also failed to accurately designate work orders in Yardi as involving mold. As discussed above, Balfour records and the Subcommittee's interviews show that Army Family #1 (who were ultimately able to move out of their mold-infested home in July 2021 after convincing a group of Balfour staff to do a home visit), the Choe family (*i.e.*, Army Family #2), and Army Family #4 (who had to wait for months before Balfour would fix their roof leak) repeatedly contacted Balfour's staff about mold in their homes at Ft. Gordon in 2020 and 2021.

However, Balfour's Yardi work order data does not reflect most of these mold reports. For example, a Balfour memo shows that on July 22, 2021, both the service member from Army Family #1 and his spouse told a group of Balfour managers and supervisors that "Tom Rodriguez [Balfour's then-facility manager for Ft. Gordon] was aware of the issues in the[ir] home," *i.e.*, mold and excess moisture, and they had made multiple such repair requests.<sup>181</sup> Mr. Rodriguez was asked at his interview with the Subcommittee if he had any basis to dispute Army Family #1's statement regarding his awareness of these issues at their home, and he did not offer any basis to dispute that statement.<sup>182</sup>

Balfour's Yardi work order data, however, does not contain any mold work orders in 2021 at Army Family #1's home on Story Drive.<sup>183</sup> Instead, with the exception of an urgent plumbing issue in January 2021, Balfour's Yardi work order data gives the appearance that Army Family #1's home only had issues in the "routine" and "preventative maintenance" categories throughout the first seven months of 2021.<sup>184</sup>

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<sup>178</sup> Former Balfour Ft. Gordon Employee #1 PSI Interview.

<sup>179</sup> *Id.*

<sup>180</sup> *Id.*

<sup>181</sup> *See* BBCPSI-011021.

<sup>182</sup> Tom Rodriguez PSI Interview.

<sup>183</sup> *See* BBCPSI-009726-28 (compilation of work orders for Army Family #1's home).

<sup>184</sup> *See id.*

**Figure 7: Yardi Work Order History of Army Family #1 Home January – July 2021**

WO#	Priority	Category	Brief Desc	Date Completed
6831982	6-Internal	Grounds and Landscaping	Leak in living room coming from out	1/12/2021
6854507	2-Urgent	Plumbing	Water leak	1/12/2021
6884833	3-Routine	Carpentry	Wall; Interior; Repair	3/15/2021
7012297	3-Routine	Plumbing	Commode; Repair	2/16/2021
7025447	3-Routine	Plumbing	Commode; Repair	2/25/2021
7050828	8-Prevent Maint	Preventative Maint	Annual PM	3/9/2021
7050831	6-Internal	Environmental	LBP Visual Survey	3/8/2021
7134968	6-Internal	Renovations	Replace Siding	11/6/2015
7222466	6-Internal	Grounds and Landscaping	Tree; Prune	6/2/2021
7282273	8-Prevent Maint	Preventative Maint	QUARTERLY PM 1	6/8/2021
7294469	3-Routine	HVAC	Filter; HVAC; Change	6/10/2021
7323713	3-Routine	Pest Control	General Pest Control	7/1/2021
7323718	3-Routine	Electrical	Electrical; Light Bulb; Replace	7/6/2021
7511742	3-Routine	HVAC	HVAC; General; Repair	7/19/2021
7529737	3-Routine	Flooring	Flooring; General; Repair	7/21/2021

The reality, however, was very different — as discussed above, a Balfour employee’s notes from a visit that she and other Balfour staff made to Army Family #1’s house on July 22, 2021, revealed a home with unmistakable signs of excess moisture and mold like “bathroom wall [that was] wet and squishy” and a “[h]ole in the ceiling of the master bedroom.”<sup>185</sup> Looking at the work order history in Yardi for this home, the reader would have no idea that there was mold present in this home throughout early 2021.

Mold work orders are similarly missing from Balfour’s Yardi data for the Choe family, whose 8-year old daughter suffered from severe skin rashes in 2020 and 2021 likely as a result of an allergic reaction to mold. As discussed above, Captain Choe emailed Paula Cook at Balfour in February 2021 to say that he “had made several in-person requests to [Balfour’s] resident specialists and repairmen to remove the mold in [his] home” after a moisture test took place in March 2020.<sup>186</sup> Yet, according to Captain Choe, Balfour’s facility staff “never addressed or acknowledged” his concerns “that [his] home had mold” after March 2020.<sup>187</sup>

Further, Balfour’s Yardi work order history for the Choe family’s home in the Lakeview neighborhood at Ft. Gordon does not show a single repair request involving mold after March 2020, only a series of routine maintenance actions and repairs.<sup>188</sup>

<sup>185</sup> See BBCPSI-011021.

<sup>186</sup> See BBCPSI-000994.

<sup>187</sup> *Id.*

<sup>188</sup> See BBCPSI-001044-45.

In addition, the Subcommittee found the same pattern of missing mold work orders in Balfour’s Yardi data in relation to the mold growth in Army Family #4’s home on Hill Drive at Ft. Gordon. As discussed above, this family first found a roof leak in the bedroom of their home on June 15, 2020.<sup>189</sup> After Balfour’s initial repair attempt failed, this family began noticing, and notifying Balfour, about signs of mold growth — such as “black spotting on paint” — in July and August 2020.<sup>190</sup>

According to a log maintained by the service member in this family to track her efforts to get Balfour to respond to the mold and leak in her home,<sup>191</sup> Balfour finally visited to “probe[] home for moisture” on September 24, 2020, when they found mold growth in the ceiling:<sup>192</sup>

**Figure 8: Army Family #4 Log of Interactions with Balfour<sup>193</sup>**

1030	24-Sep-20	Engagement Specialist	Probed home for moisture and took notes of “growth” on ceiling, expressed the need for this to be resolved due to my wife’s health conditions and upcoming surgeries that require her to be upstairs in bed (where the ceiling issues are)
		Government Contractor	
		Maintenance Manager	
		Field Manager	
		Roofing Contractor	

Further, records prepared by Balfour’s Community Management staff similarly reflect the discovery of mold at this home — according to a “memo” that the Subcommittee received from Balfour, Army Family #4 “was informed [by Balfour staff] that there was **mold growth in ceiling area**” during a meeting on September 24, 2020.<sup>194</sup>

However, Balfour’s Yardi work order history for Army Family #4’s home contains not a single mold work order from 2020.<sup>195</sup> As a result, once Army Family #4 moved out of this home in October 2020, the military family that next moved into this home could not see from Balfour’s internal maintenance history report that it had a history of mold.<sup>196</sup>

These incidents appear to point to corporate oversight weaknesses where various parts of the business may not be adequately, effectively or accurately entering critical data into the Yardi database therefore exposing military families to environmental health and safety threats.

The Subcommittee also found evidence that at Ft. Gordon, incomplete and inaccurate Yardi work order data was likely more widespread than the specific cases of missing mold work orders discussed above. For example, Tom Rodriguez admitted to the Subcommittee at his interview that he had concerns about how his predecessor at Ft. Gordon – Former Balfour

<sup>189</sup> Army Family #4 PSI Interview.

<sup>190</sup> Army Family #4 “Housing Log Issue” (copy provided by Army Family #4 on file with PSI).

<sup>191</sup> Army Family #4 PSI Interview.

<sup>192</sup> *Id.*

<sup>193</sup> Army Family #4 “Housing Log Issue.”

<sup>194</sup> See BBCPSI-009722, (Emphasis added). It is worth noting that Balfour managers informed the Subcommittee that – due to Balfour’s decision in 2019 to bifurcate its Community Management and Facility Management Divisions – most of the facility staff at Ft. Gordon would not have had access to records like this memo that were entered into Yardi by Balfour’s Community Management staff at Ft. Gordon.

<sup>195</sup> See BBCPSI-009710-11.

<sup>196</sup> See *id.*

Facility Manager – had managed Yardi work order data in late 2019 and 2020.<sup>197</sup> Indeed, Mr. Rodriguez said that the missing mold work orders for Army Family #4’s home may have been due to his predecessor’s mismanagement of the work order data in Yardi.<sup>198</sup>

Further, Former Balfour Ft. Gordon Employee 2, who had worked in the facility department under Mr. Rodriguez, informed the Subcommittee that Mr. Rodriguez routinely pressured Balfour’s facility staff at Ft. Gordon to close out mold work orders as quickly as possible.<sup>199</sup> As a result, according to this former Balfour facility employee, there likely were cases where Balfour prematurely closed out mold work orders after only making superficial repairs without making an effort to find or address the root causes of the problem.<sup>200</sup>

Finally, as recently as January 2022, Balfour continued to log mold complaints at Ft. Gordon as “painting.” For example, Army Family #6 submitted four separate repair requests to Balfour between October 2021 and February 2022 about the water leak and mold growth in their home.<sup>201</sup> This family’s first repair request, which was submitted on October 21, 2021, specifically informed Balfour that the “walls of [their] shower are **leaking moldy water.**”<sup>202</sup> Despite Army Family #6’s specific reference to mold, and contrary to its own written policy, Balfour did not log any of these requests into Yardi as mold-related. Instead, it characterized them as requests related to “plumbing” and “painting” issues.<sup>203</sup> In other words, the Subcommittee has found that Balfour’s failure to accurately record military families’ repair requests did not end when it pled guilty to fraud in December 2021.

#### AIR FORCE FAMILY #1 – THE TORRES FAMILY

In addition, Balfour’s inaccuracies in Yardi data were not isolated to Ft. Gordon alone. The Subcommittee found additional errors in Yardi work order data relating to the home of Technical Sergeant Jack Fe. Torres and his family at Sheppard AFB in Texas—as discussed below.<sup>204</sup> The Torres family – Sergeant Torres and his wife and three young children (aged two, five and nine) – moved into a 4-bedroom home on Polaris Street at the Sheppard AFB in early August 2020.<sup>205</sup>

On March 4, 2021, the Torres family submitted a repair request for a broken water heater. The next day, on March 5, 2021, a Balfour facility employee came to do the repairs, but failed to turn off the water and gas valve during the repair, resulting in a substantial leak that saturated the

<sup>197</sup> Tom Rodriguez PSI Interview.

<sup>198</sup> *Id.*

<sup>199</sup> Former Balfour Ft. Gordon Employee #2 PSI Interview.

<sup>200</sup> *Id.*

<sup>201</sup> See BBCPSI-011818.

<sup>202</sup> *Id.* (Emphasis added). Army Family #6’s subsequent requests to Balfour dated November 12, 2021, and January 18, 2022, highlighted other well-known signs of mold like “an unknown leak causing moisture and discoloration to grow on the wall” and “ceiling paint is bubbling.” See BBCPSI-011727-28, 011782.

<sup>203</sup> See BBCPSI-011818.

<sup>204</sup> As discussed above, Balfour operates approximately 700 homes at Sheppard AFB. Unlike Ft. Gordon, Sheppard AFB was not the main focus of this review, and the Subcommittee only examined records relating to less than a handful of specific homes there. Even that narrow review, however, yielded significant findings vis-à-vis the Torres family.

<sup>205</sup> Sgt. Jack Fe. Torres, U.S. Air Force, Interview with PSI.

carpet in the Torres family's home as well as strong smell of gas.<sup>206</sup> While the Balfour facility employee turned off the gas once the Torres family noticed the smell, he did not vacuum up all the water on the floor and left it for Sergeant Torres to deal with when he got at home.<sup>207</sup>

According to the Torres Family, they contacted Balfour about mold due to the water damage.<sup>208</sup> In response, Balfour's facility staff visited their home on March 23, 2021, but did not check the space underneath the mechanical room for excess moisture or mold growth.<sup>209</sup> Instead, a Balfour maintenance supervisor told the service member's spouse there was no need to worry about mold growing in that space because the only material there is concrete.<sup>210</sup>

The Balfour supervisor was wrong. By May 2021, the Torres family had serious mold and moisture issues in their home, with moisture rising to a level that it caused wooden doors to warp to the point where the doors could not be properly closed.<sup>211</sup> Mrs. Torres also had concerns that the mold and excess moisture in her home was exposing her to health risks due to the fact that she suffered from asthma. On May 27, 2021, Mrs. Torres made an urgent request for Balfour to address the mold and moisture in her home.<sup>212</sup>

On May 28, a Balfour maintenance supervisor visited the Torres family's home to conduct a mold inspection.<sup>213</sup> As this Balfour supervisor admitted to the Subcommittee, while he initially thought it was only a toilet leak, a subsequent inspection by a professional mold inspector found extensive areas of mold growth and excess moisture at several areas in this home.<sup>214</sup> The professional found "significant dust, visible [mold] growth, condensate water accumulation, and water staining" in the space under the mechanical room, "water damage and wood rot" in the master bathroom, and "elevated moisture content" in a section of the "sheetrock wall ... in the master bedroom."<sup>215</sup>

As noted above, the Torres family informed Balfour they had an urgent issue with mold and moisture on May 27, 2021.<sup>216</sup> Indeed, Balfour's facility staff knew mold was involved because they completed a mold inspection report when they visited the Torres home on May 28, 2021.<sup>217</sup>

However, Balfour did not enter the May 27, 2021 repair request into Yardi as either an "urgent" request or in the "mold" category as required by Balfour policy. Instead, as Balfour's

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<sup>206</sup> *Id.*

<sup>207</sup> *Id.*

<sup>208</sup> *Id.*

<sup>209</sup> See BBCPSI-006515.

<sup>210</sup> Sgt. Jack Fe. Torres PSI Interview.

<sup>211</sup> See June 11, 2021 e-mail from Mrs. Torres to Balfour Community Manager at Sheppard AFB et al. (copy provided by the Torres family to PSI).

<sup>212</sup> See *id.*; see also Sgt. Jack Fe. Torres PSI Interview.

<sup>213</sup> See BBCPSI-005695; see also John Lezark, Balfour Beatty Communities, Interview with PSI.

<sup>214</sup> Lezark PSI Interview.

<sup>215</sup> See BBCPSI-006470 (in total, this professional mold inspector found over 175 square feet of water- or moisture-impacted wall and floor surfaces in this home).

<sup>216</sup> Sgt. Jack Fe. Torres PSI Interview.

<sup>217</sup> See BBCPSI-005695-98 (mold inspection report for the Torre home dated May 28, 2021).

maintenance history records obtained by the Subcommittee show, that request was put into Yardi as a “routine” work order in the “plumbing” category.<sup>218</sup>

It was not until June 24, 2021 — a day after the Torres family called a Balfour corporate hotline to voice concerns about lack of clear answers from the on-site staff<sup>219</sup> — that Balfour opened up a new and different “urgent” work order in Yardi in the category of mold.<sup>220</sup> Further, when the Subcommittee asked a Balfour regional manager with responsibility for the Sheppard AFB about this data discrepancy, that regional manager could not explain why Balfour did not enter a mold work order on May 27, 2021, in accordance with its written policies.<sup>221</sup>

The Torres family was displaced for a full month from early August to early September 2021 due to mold remediation.<sup>222</sup> When they finally returned home on September 3, 2021, they checked for signs of mold and were surprised to find mold under the mechanical room, on the floor behind the hall bathroom, and in the kitchen.<sup>223</sup> Sergeant Torres promptly submitted mold repair requests online — which they shared with PSI and two of which are reproduced below:

**Figure 9: Torres Mold Repair Requests**

<b>REQUEST #</b> 7645187	<b>REQUEST #</b> 7645190
<b>REQUESTED</b> 9/3/2021	<b>REQUESTED</b> 9/3/2021
<b>CATEGORY</b> Web Entered	<b>CATEGORY</b> Web Entered
<b>DESCRIPTION</b> Mold on floor behind hall bathroom	<b>DESCRIPTION</b> Mold under mech room
<b>STATUS</b> Web	<b>STATUS</b> Web
<b>DATE COMPLETED</b>	<b>DATE COMPLETED</b>
<b>MAINTENANCE NOTES</b> Mold on floor behind hall bathroom	<b>MAINTENANCE NOTES</b> Mold under mech room
<b>TECHNICIAN NOTES</b>	<b>TECHNICIAN NOTES</b>
<b>ORIGINATOR</b> Jack Fe Torres	<b>ORIGINATOR</b> Jack Fe Torres

<sup>218</sup> Cheryl Sutton, Balfour Beatty Communities, Interview with PSI; *see also* BBCPSI-008422.

<sup>219</sup> *See* BBCPSI-004841.

<sup>220</sup> *Compare* BBCPSI-000458 (a mold work order dated June 24, 2021, with Yardi number 7325320) with BBCPSI-004841 (a carpentry work order May 27, 2021, with Yardi number 7273746).

<sup>221</sup> Cheryl Sutton PSI Interview.

<sup>222</sup> Sgt. Jack Fe. Torres PSI Interview.

<sup>223</sup> *Id.*



Balfour’s staff at Sheppard AFB, however, did not classify these requests — which were assigned Yardi numbers 7645187 and 7545190 — as either mold or having “urgent” priority as required by Balfour’s written policies. Instead, Balfour’s maintenance history records show that those mold requests were logged into Yardi as “routine” work orders in the “carpentry” category:

**Figure 10: Yardi Work Order Entries for Torres Mold Complaints<sup>224</sup>**

7645187	3-Routine	Carpentry	Carpentry; General; Repair
7645190	3-Routine	Carpentry	Carpentry; General; Repair

As a regional manager at Balfour admitted to the Subcommittee, the Yardi work order data for these repair requests is incorrect.<sup>225</sup> This and other examples raise serious questions about the ongoing integrity deficiencies of Balfour’s internal work order data across multiple military bases.

**B. Due to Balfour’s Bifurcated Structure and Its Lack of Clear Compliance Guidelines, Balfour Executives Failed to Investigate or Take Corrective Action After Being Aware of Warning Signs of Work Order Data Discrepancies at Ft. Gordon**

In 2020 and again in 2021, senior and regional executives at Balfour were aware of warning signs of work order data discrepancies and repair service failures at Ft. Gordon. However, they did not investigate, identify, or correct these troubling issues and they did not ensure that others at Balfour took appropriate steps to address these issues either.<sup>226</sup>

For example, Paula Cook, the vice president in Balfour’s Community Management division, acknowledged in her interview with the Subcommittee that, in 2019 and 2020, she became aware of issues with the performance of Former Balfour Facility Manager in his management of the facility department at Ft. Gordon. Specifically, Ms. Cook described having had a “concern” that Former Balfour Facility Manager was not actually implementing the kinds of repairs that he had promised to make.<sup>227</sup>

Failing to make promised repairs directly impacts the quality of Balfour’s housing services they were providing to military families, and it should have also raised concerns as to whether Balfour’s Ft. Gordon facility department was prematurely closing work orders in Yardi — a type of potentially fraudulent conduct that formed a basis for Balfour’s December 2021

<sup>224</sup> See BBCPSI-008422.

<sup>225</sup> Cheryl Sutton PSI Interview. Notably, Balfour also did not promptly agree to conduct a comprehensive mold remediation at the Air Force Family’s home. Instead, as this family learned on July 19, 2021, Balfour arranged to have an industrial hygienist produce a report on July 9, 2021, in which the hygienist contended that “removal of moisture impacted sheetrock and other building materials is premature” and “not ... in need of immediate attention[.]” The hygienist never visited the Torres home. Instead, he reviewed tests, photographs, and consultation with the licensed mold inspector who had inspected the home. Balfour only agreed to conduct a comprehensive remediation after the service member in this family firmly demanded that Balfour follow the remediation protocol recommended by the professional mold inspector. See BBCPSI-006411.

<sup>226</sup> Richard Taylor PSI Interview.

<sup>227</sup> Paula Cook PSI Interview.

guilty plea.<sup>228</sup> These issues should have led to a vigorous response by Balfour to investigate and correct the situation. But they did not.

In her interview with the Subcommittee, Ms. Cook admitted that while she “may” have forwarded individual complaints or email chains raising concerns about Former Balfour Facility Manager to that manager’s superiors at the Facilities Management division, she did not inquire into whether the Facilities Management Division took any action to address those concerns or the former manager’s conduct.<sup>229</sup> It appears that Ms. Cook viewed this as the extent of her compliance responsibility under Balfour’s bifurcated corporate structure of having separate Community Management and Facility Management divisions.<sup>230</sup>

Further, in late February 2021, Ms. Cook was made aware of both specific allegation of work order data discrepancies at Ft. Gordon as well as broader concerns regarding the mismanagement in Balfour’s Ft. Gordon facility department. Specifically, on February 22, 2021, Captain Choe — the service member from Army Family #2 — emailed Ms. Cook in response to Balfour’s assertion that he had failed to report mold in his home in summer and fall of 2020.<sup>231</sup>

In his email, the service member stated that he “had made several in-person requests to [Balfour’s] resident specialists and repairmen to remove the mold in [his] home.”<sup>232</sup> As Ms. Cook admitted in her interview with the Subcommittee, “it [did] not matter” under Balfour’s policy whether this Army officer made his mold repair requests in-person or online — in either case, such requests should have been entered into Yardi.<sup>233</sup> However, Balfour had no work orders in its Yardi system of Captain Choe making those requests after March 2020.<sup>234</sup>

On the same day that Captain Choe emailed Ms. Cook to alert her to the missing work orders for his home, a regional manager in Balfour’s Community Management Division shared a separate email with Ms. Cook from Tom Rodriguez, who had succeeded Former Balfour Facility Manager at Ft. Gordon.<sup>235</sup> Mr. Rodriguez wrote that when he arrived at Ft. Gordon in October 2020 “words could not describe the total Chaos [sic] that was the Facilities Department.”<sup>236</sup> As Ms. Cook admitted to the Subcommittee, she had reviewed this email at the time, and she understood it to represent Mr. Rodriguez’s view that the way Balfour’s facility department at Ft. Gordon was operating in October 2020 was “highly deficient.”<sup>237</sup>

<sup>228</sup> See *U.S. v. Balfour* Statement of Facts ¶ 40.

<sup>229</sup> Paula Cook PSI Interview.

<sup>230</sup> *Id.* Due to Balfour’s 2019 corporate reorganization of its military housing operations into two separate divisions, Ms. Cook not only did not directly supervise Former Balfour Facility Manager — even though he was in charge of facility management at an Army base in her portfolio, but reported through a wholly separate reporting chain to a different co-president. Specifically, Ms. Cook reported to Chris Williams, while Former Balfour Facility Manager reported ultimately up to Richard Taylor. See *id.*

<sup>231</sup> See BBCPSI-000994.

<sup>232</sup> *Id.*

<sup>233</sup> Paula Cook PSI Interview.

<sup>234</sup> See BBCPSI-001044-45 (compilation of work orders for the Choe family’s home at Ft. Gordon).

<sup>235</sup> See BBCPSI-008394.

<sup>236</sup> *Id.*

<sup>237</sup> Paula Cook PSI Interview.

Having been made aware of those warning signs should have prompted Ms. Cook to demand an investigation into the integrity of Yardi work order data at Ft. Gordon. According to Balfour's Chief Compliance Officer Daniel LaFrance, Balfour managers should investigate situations where residents' verbal reports are not entered into Yardi as work orders.<sup>238</sup> Likewise, Richard Taylor, one of Balfour's co-presidents, admitted in his interview with the Subcommittee both that it is critically important to maintain accurate and complete work order data in Yardi and that he "absolutely" believed all executives and managers at Balfour had a responsibility to respond if they learned of issues or discrepancies with the integrity of Yardi data.<sup>239</sup>

The Subcommittee asked Ms. Cook at her interview if she or anyone else from Balfour investigated the allegations in Captain Choe's February 2021 email regarding the in-person mold repair requests he said he had made that were not entered into Yardi. Ms. Cook claimed that she met with Captain Choe in-person and that "I did not ask anyone anything other than review his history with him."<sup>240</sup> However, as Balfour acknowledged after Ms. Cook's interview, no such "in-person" meeting between Ms. Cook and Captain Choe actually occurred.<sup>241</sup>

In other words, Ms. Cook did not make any effort to look into the missing work order allegations in Captain Choe's February 22, 2021 email herself and did not ask anyone else at Balfour to investigate those issues. Again, Ms. Cook's inaction appears to be based on the view she expressed to the Subcommittee that under Balfour's bifurcated corporate structure, it was not her role as a Community Management executive to inquire into whether the Facilities Management division investigated facility concerns or took corrective actions.<sup>242</sup> Instead, she saw her role as being limited to, at most, making the Facilities Management aware of specific facility concerns.<sup>243</sup>

That view may point to a serious structural deficiency that currently exists at Balfour and that may lead to exposing military service members and their families to unnecessary environmental hazards and safety risks. However, Balfour's 2021 guilty plea makes clear that it should have trained its executives – irrespective of which division they worked in – to know that they were each responsible for ensuring that the company took steps to investigate warning signs of data integrity problems.<sup>244</sup> Balfour's failure to ensure that Ms. Cook – one of its senior leaders – understands the full extent of her compliance responsibilities thus appears to be a direct continuation of the lack of adequate internal controls identified by the DOJ. It also underscores the DOJ's concern that Balfour's controls and compliance procedures may not yet be sufficient

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<sup>238</sup> Daniel LaFrance PSI Interview.

<sup>239</sup> Richard Taylor PSI Interview.

<sup>240</sup> Paula Cook PSI Interview.

<sup>241</sup> See Feb. 16, 2022 email from Balfour's counsel to PSI. Captain Choe also advised the Subcommittee that Ms. Cook never met with him in-person. Balfour's records show that Balfour, and Ms. Cook specifically, had discussions with Captain Choe about a potential settlement in early 2021. See, e.g., BBCPSI-001346. However, the Subcommittee found no evidence that Balfour or Ms. Cook investigated Captain Choe's allegations about the missing mold reports for his home in particular or the Yardi data integrity it raised more broadly.

<sup>242</sup> Paula Cook PSI Interview.

<sup>243</sup> *Id.*

<sup>244</sup> See *U.S. v. Balfour* Stmt. of Facts at 10-11 (Specifically, Balfour admitted as part of its plea that when its executives failed to investigate "warning signs" of misconduct and "failed to take corrective action" after becoming "aware of data discrepancy ... allegations," those reflected "inadequate controls.").

to prevent and detect data integrity concerns in the future.<sup>245</sup> The Subcommittee believes that the compliance monitor established under the settlement agreement with DOJ should further ensure accountability on this important flaw in Balfour’s business model and practices.

C. Balfour Continued to Have Significant Gaps in Compliance Procedures in Late 2021

While Balfour admitted as part of its guilty plea that its “inadequate controls contributed to the misconduct [from 2013 to 2019],”<sup>246</sup> it also has, since late 2019, touted improvements to compliance and controls for its military housing operations.<sup>247</sup> The Subcommittee, however, found significant gaps in Balfour’s compliance procedures as of late 2021.

For example, Balfour’s Human Resources (“HR”) department collects voluntary “exit interview” responses from departing employees.<sup>248</sup> In September 2021, a facility employee at Ft. Gordon submitted an exit interview expressly stating that Mr. Rodriguez’s handling of asbestos “needs to be investigated” because he downplayed the risk of asbestos exposure and berated staff for requesting asbestos testing by using Balfour’s Safety, Health, and Risk Management (SHRM) forms, which were formally required at Balfour beginning in November 2021.<sup>249</sup>

**Figure 11: Former Balfour Employee Exit Interview Response – September 2021**<sup>250</sup>

The way Tom handles Asbestos needs to be investigated. He can often be heard telling concerned employees, contractors, and residents that asbestos is not a problem. When contractors or employees are concerned about the possible exposure or that it might be present, he usually tells them to put some tape down or just glue whatever it is back down, it’ll be fine. And when anyone suggests that a SHRM form be sent up Tom insists it is never needed. There are several instances of him berating staff for sending SHRM forms up.

In February 2022, the Subcommittee interviewed a Balfour maintenance supervisor still working at Ft. Gordon, and she corroborated the September 2021 exit interview in several respects. She recalled Mr. Rodriguez saying things “to the effect that asbestos concerns were overblown or overstated,” him calling the supervisor and telling her “to glue [broken tiles that may contain exposed asbestos] down,” and him “react[ing] negatively” when he learned that she had insisted on having the broken floor tiles tested for asbestos.<sup>251</sup>

<sup>245</sup> See DOJ Balfour Guilty Plea Press Release.

<sup>246</sup> *U.S. v. Balfour* Stmt. of Facts at 10.

<sup>247</sup> See 2019 Taylor HSAC Testimony at 3-6; see also “Resolution reached between Balfour Beatty Communities, LLC and the U.S. Department of Justice,” Press Release, Balfour Beatty, <https://www.balfourbeatty.com/news/resolution-reached-between-balfour-beatty-communities-llc-and-the-us-department-of-justice/>.

<sup>248</sup> According to Balfour’s attorneys, the purpose of this process is to “try to improve” by obtaining “open” and “honest” feedback from its departing employees. See Jessica Hartmann PSI Interview (Cohn and Turner objections at 2:35 and 2:52).

<sup>249</sup> “SHRM” is the acronym for Balfour’s Safety, Health, and Risk Management Department. Facility staff at Balfour commonly refer to the requests for environment testing – including asbestos tests – as “SHRM forms.” Jessica Hartmann PSI Interview.

<sup>250</sup> See BBCPSI-008033-34.

<sup>251</sup> Jessica Hartmann PSI Interview.

Balfour's compliance staff, however, were not made aware of the allegations in these two exit interviews until January 2022 — after the Subcommittee had brought them to Balfour's attention.<sup>252</sup> Following that notification, Balfour's compliance and legal staff did begin to investigate the allegations against Mr. Rodriguez in the September 2021 exit interview.<sup>253</sup> On March 9, 2022, the Subcommittee learned from Balfour that Mr. Rodriguez was no longer employed there as of late February 2022.<sup>254</sup> While Balfour has failed to give a clear explanation for the extended delay before it began investigating the allegations regarding Mr. Rodriguez in the September 2021 exit interview, its executives admitted in interviews with the Subcommittee that Balfour does not have a policy requiring the HR department to share complaints of significant policy violations with the compliance staff — only an unwritten expectation.<sup>255</sup>

## V. CONCLUSION

The Subcommittee found numerous cases where Balfour failed to respond properly to significant conditions such as mold and leaks and failed to ensure the completeness and accuracy of its work order data after 2019 and as recently as early 2022. Moreover, beyond the individual examples the Subcommittee has uncovered management failures at Balfour where executives and managers — from on-site supervisors and managers at individual military bases to several of Balfour's senior executives — did not appear to prioritize health and safety concerns or take steps to investigate or correct inaccurate work order data despite Balfour's having been under active DOJ investigation for similar types of previous behavior.

These ongoing management failures by Balfour are deeply concerning because they are entirely contrary to the pledges that Balfour publicly made in late 2019 about providing housing services at a level that military families deserve. They also are troubling because there are striking similarities between key aspects of Balfour's misconduct from 2013 to 2019 that led to its guilty plea and fine in December 2021 and the behavior that the Subcommittee found Balfour exhibited in 2020 and 2021, when it was under active DOJ investigation. In addition, the Subcommittee identified cases of potential Balfour misconduct as recently as early 2022, and the Subcommittee continues to receive a steady stream of new complaints and allegations against Balfour from military service members and their families on a regular basis. At a minimum, the

<sup>252</sup> Daniel LaFrance PSI Interview.

<sup>253</sup> Daniel LaFrance PSI Interview. It is also worth noting that in February 2021, Former Balfour Ft. Gordon Employee #2 also submitted a written exit interview to Balfour asserting that Mr. Rodriguez "is not following policy—operational policies" and that Mr. Rodriguez brushed aside the former employee's compliance concerns by saying that he was being "the thorn in his [Mr. Rodriguez's] side." See BBCPSI-007897. Balfour's compliance staff were similarly unaware of this exit interview until after PSI brought it to Balfour's attention.

<sup>254</sup> See March 9, 2022, email from Jeffrey Turner, counsel to Balfour, to PSI.

<sup>255</sup> See, e.g., Daniel LaFrance PSI Interview. The Subcommittee uncovered other gaps in Balfour's compliance procedures. For instance, starting in 2021, Balfour implemented a series of on-site operations assurance reviews at the bases where it operates military housing. However as, Patrica Duggan, a Balfour vice president overseeing these reviews, admitted to the Subcommittee, the Balfour staff who conduct these on-site reviews never look at the complaints that military families file with Balfour to report maintenance issues and never speak with either military families or the garrison housing office staff. As a result, the on-site reviews at Ft. Gordon failed entirely to engage with actual issues like risk of water damage due to the maintenance shop roof leak or the problems experienced by Army Family #7 at move-in in November 2021. See Patrica Duggan, Balfour Beatty Communities, Interview with PSI (Mar. 2, 2022).

federal agencies with responsibility for overseeing Balfour's military housing operations will need to conduct more robust oversight to ensure that military families receive the level of on-base housing services that they deserve.

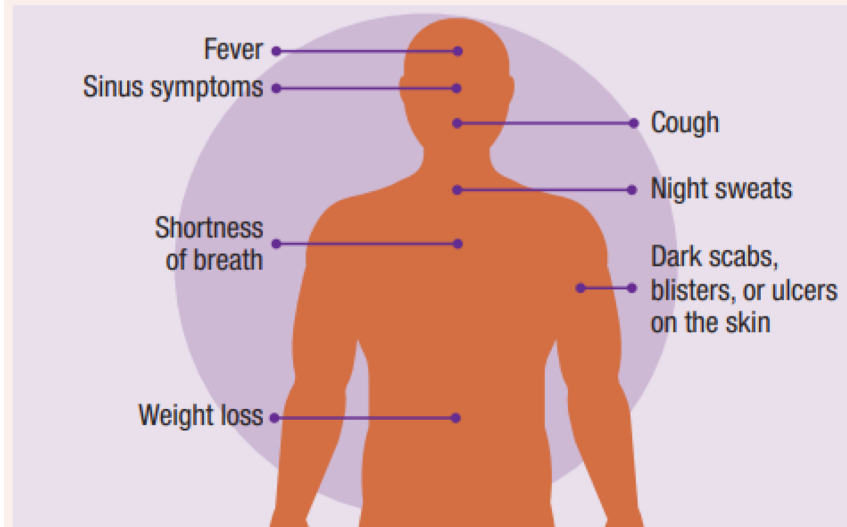


U.S. Department of  
Health and Human Services  
Centers for Disease  
Control and Prevention

## Invasive Mold Infections in Immunocompromised People

### Signs and Symptoms

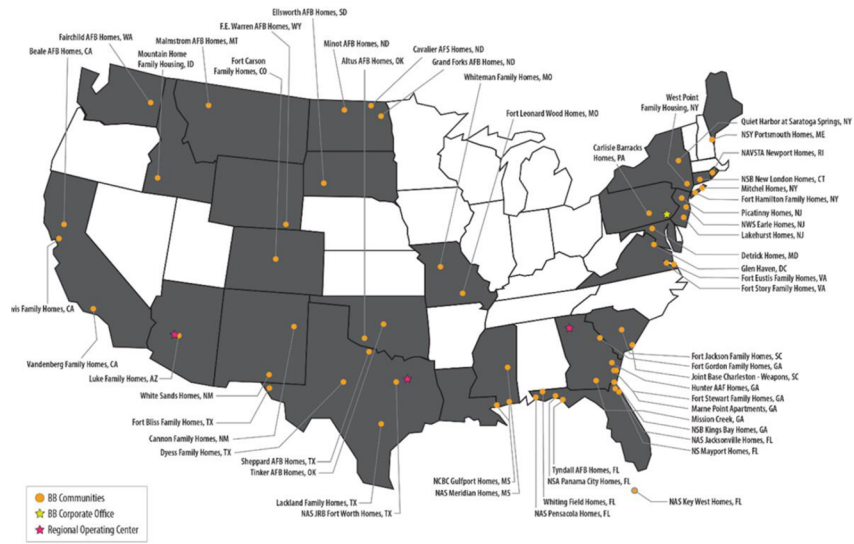
Signs and symptoms can vary depending on the patient, the type of mold, and the part of the body affected, but often include the following:



If your patient has any of these symptoms and any of the risk factors listed in this fact sheet, consider testing for a mold infection.

[https://www.cdc.gov/mold/306718-A\\_FS\\_MoldInfectionsPostHurricaneandFlood-H.pdf](https://www.cdc.gov/mold/306718-A_FS_MoldInfectionsPostHurricaneandFlood-H.pdf)

## Balfour Beatty Communities Military Housing





**Sergeant Torres's Online Mold Requests -- # 7645187 & # 7645190**

<b>REQUEST #</b> 7645187
<b>REQUESTED</b> 9/3/2021
<b>CATEGORY</b> Web Entered
<b>DESCRIPTION</b> Mold on floor behind hall bathroom
<b>STATUS</b> Web
<b>DATE COMPLETED</b>
<b>MAINTENANCE NOTES</b> Mold on floor behind hall bathroom
<b>TECHNICIAN NOTES</b>
<b>ORIGINATOR</b> Jack Fe Torres

<b>REQUEST #</b> 7645190
<b>REQUESTED</b> 9/3/2021
<b>CATEGORY</b> Web Entered
<b>DESCRIPTION</b> Mold under mech room
<b>STATUS</b> Web
<b>DATE COMPLETED</b>
<b>MAINTENANCE NOTES</b> Mold under mech room
<b>TECHNICIAN NOTES</b>
<b>ORIGINATOR</b> Jack Fe Torres

**Balfour's Internal Yardi Data for # 7645187 & # 7645190**

7645187	3-Routine	Carpentry	Carpentry; General; Repair
7645190	3-Routine	Carpentry	Carpentry; General; Repair

**CAPTAIN CHOE'S DAUGHTER**

Captain Choe's family lived in Balfour housing at Ft. Gordon from late 2019 to early 2021. Soon after moving into the Balfour home, their eight-year old daughter's allergic eczema (severe atopic dermatitis) worsened with severe rashes on her arms, legs and face due to her exposure to mold in the home.



**Slide 16 – Balfour’s Resident Survey Scores**

Balfour’s Written Testimony for Today’s PSI Hearing:

*Administered by residential survey leader SatisFacts, residents are asked to rate the service they received on a scale of 1 to 5, with 5 being a superior service score. In 2020, BBC received close to 45,000 survey responses from residents and our average service rating was 4.51. In 2021, we received just over 40,000 survey responses from residents, resulting in an average service score of 4.53.*

Balfour’s Written Testimony for February 2019 Senate Hearing:

*[T]he average resident satisfaction score across our [military housing] portfolio is approximately 84%, which is classified as “Very Good” by an independent third party survey company that is engaged directly by the [DOD.] In addition, 119 out of approximately 310 neighborhoods within our portfolio achieved awards for “Outstanding” service (based on 85% or above scores).*

Submission for the Hearing Record

Balfour Beatty Communities, LLC

In response to the

Staff Report Entitled “Mistreatment of Military Families in Privatized Housing”

Permanent Subcommittee on Investigations  
Committee on Homeland Security & Governmental Affairs

May 11, 2022

EXECUTIVE SUMMARY

In this submission, Balfour Beatty Communities, LLC (“BBC”) addresses the findings produced by the Permanent Subcommittee on Investigations in its Staff Report entitled “Mistreatment of Military Families in Privatized Housing” (the “Staff Report”). First and foremost, BBC reaffirms its ongoing efforts and commitment to supporting the safety, health and wellbeing of service members and their families through the Military Housing Privatization Initiative (MHPI). Although BBC respectfully believes that the Staff Report was premised on an incomplete or inaccurate understanding of certain facts, which are addressed later in this submission, BBC also acknowledges the areas where it is in substantial agreement with the Subcommittee, such as the following:

- Service members and their families deserve to live in safe housing and to receive prompt and satisfactory maintenance services at all times;
- The provision of accurate work order and related facilities maintenance information is integral to the Service Branches’ ability to properly evaluate the effectiveness of BBC’s property management services. BBC is committed to establishing a variety of protocols and assurance processes to review and confirm that work orders are complete and documented correctly to ensure accurate reporting. This is a cornerstone of BBC’s corporate policy and approach. As Mr. Rick Taylor (BBC’s President – Facility Operations, Renovations & Construction) emphasized in his testimony at the hearing, the company does its best to get it right but recognizes that mistakes might be made and thus is continuously evaluating areas of needed improvement to ensure effective controls are in place to address that possibility.

- BBC fully accepts that additional work is needed to thoroughly embed improvements to its compliance program across its military housing business. BBC's December 2021 resolution with the Department of Justice ("DOJ") regarding its investigation into work order practices and processes for requesting incentive fees recognized that BBC's enhanced compliance program and internal controls had not been fully implemented and agreed in that resolution to the appointment of an independent compliance monitor ("Monitor") for up to a three-year period. Whereas BBC has established a variety of assurance processes to confirm that work orders are completed and documented consistently and correctly to ensure accurate reporting, it also acknowledges that work in this area will continue once the Monitor is in place and provides further recommendations.

In recognition of the seriousness of the PSI investigation and BBC's desire to ensure full transparency regarding its operations with the Subcommittee, we fully cooperated with all document production and staff interview requests issued throughout the investigation. BBC was not afforded an opportunity to fully review the Staff Report until after the hearing, but in the two weeks since the hearing, BBC has taken steps to investigate the events described by each referenced resident family in the Staff Report and to identify any corrective actions needed to address (i) operational performance deficiencies, and (ii) any violations by staff of BBC's Code of Conduct, including work order related policies and procedures. BBC has made progress in reviewing these matters and its internal review to date has included interviews of BBC staff by external counsel and the comprehensive review of work order records, emails and other correspondence, and reports completed by BBC compliance and assurance staff. In addition, Balfour Beatty's internal audit function conducted an analysis of work order data from BBC's property management systems (Yardi) in relation to each referenced resident family in an effort to reconcile statements made within the Staff Report and to detect possible incorrect work order categorization or priority assignment (*i.e.*, emergency, urgent, or routine). While we will continue to evaluate all information available, internal audit has not identified any evidence of intentional misconduct at this time.

As Rick Taylor, a senior BBC executive, testified at the hearing, "[w]e've never testified that we are a perfect organization to get [it] right 100% the first time...what's important for us is that we understand where our shortcomings are, and we take action to correct those." In this regard, BBC has been committed since 2019, and will remain steadfast in its efforts, to enhance its ethics and compliance training for all employees, to work diligently to understand the root causes of any employee misconduct or failure to follow policy, and to take steps to detect and prevent fraud from occurring in the future. This includes the restructuring of BBC's management team, the appointment of a US-based Chief Compliance Officer and the implementation of an Incentive Management Fee Assurance Plan and Operations Assurance Plan as safeguards to ensure the accuracy of the data in Yardi before incentive management fee claims are submitted.

However, notwithstanding these areas of agreement, we respectfully believe there are a number of areas where the Staff Report is premised on an incomplete or inaccurate understanding of the underlying facts, or reached inaccurate conclusions based on that

understanding. These matters are described in more detail later in this submission, but are summarized as follows:

- The Staff Report infers that BBC is engaged in the pervasive falsification of records and other forms of intentional misconduct without evaluating alternative explanations available for potential work order discrepancies. As Mr. Taylor testified at the hearing, staff inevitably will make occasional errors across hundreds of thousands work orders performed annually. The Staff Report, however, failed to examine innocent reasons for the misclassification of a work order, such as the inherent subjectivity involved in interpreting resident descriptions of maintenance issues or unintentional mistakes. With a diverse portfolio of more than 43,000 homes—over a third of which are aging units constructed by the military—and typically more than 280,000 resident-generated work orders processed annually, neither BBC nor any other third-party operator will ever operate housing with zero defects. Naturally, things in homes will break and systems will fail, and BBC maintenance staff might not always identify the root cause of a maintenance issue and the repair needed correctly the first time brought to its attention. However, this alone does not equate to intentional misconduct or negligent performance of property management duties. BBC remains determined in its goals to respond promptly to the housing needs of service members and to continuously improve its level of customer service.
- We believe that certain allegations of BBC improper conduct in the Staff Report reflect (i) misinterpretation of BBC policies and procedures, (ii) lack of understanding of the actual contractual requirements for work order management under BBC's contracts with the Service Branches, and (iii), in many instances, failure to consider the documentary record when evaluating statements made, or information provided, by residents. One example of this is the suggestion within the Staff Report that Captain Samuel Choe's home was not properly inspected for mold or was unsafe. The Staff Report omits the facts that the home was jointly inspected with the government housing office during Captain Choe's occupancy and that the inspection did not identify any health or safety issues requiring remediation by BBC. In fact, after the Choe family moved out of the home, it was re-inspected by the Army and cleared for re-occupancy, and the current occupants have not raised any health or safety concerns, including mold issues. The Staff Report makes no reference to the Subcommittee having consulted with the Service Branches or installation leadership to identify their assessment of the resident concerns described in the Staff Report and whether BBC responded appropriately or not - even though the local command and government housing offices meet regularly with BBC staff to discuss the status of resident complaints.
- The Staff Report in certain instances makes broad conclusions regarding the presence of active mold growth in a home, or the cause of resident health issues,

based solely on resident statements or photographs, even in cases where (i) there is no supporting scientific or medical data supporting its conclusions,<sup>1</sup> (ii) there are no national standards or guidelines that determine levels of dampness or mold growth in residential or other settings that present an increased health risk to occupants, and (iii) in many cases, representatives from the Service Branches performed their own inspections of premises and determined no health or safety issues that would prevent occupancy of the home.<sup>2</sup> In short, the Staff Report faults the company for failing to conduct forms of mold and other inspections or testing that are not required or even endorsed by the U.S. Environmental Protection Agency or Centers for Disease Control. BBC disagrees with the Staff Report's scientific and medical findings, particularly those related to allegations that specific homes were unsafe or that conditions in specific homes led to physical conditions of occupants, to the extent they are not based on established scientific and medical standards. The Staff Report does not indicate that the Subcommittee consulted with independent scientific or medical experts about these issues in producing its findings.

- Finally, the Staff Report does not take into account (i) the significant improvements BBC has made since 2019 to its overall compliance and assurance framework and its work order systems, procedures, controls, and staff training, or (ii) the enhanced monitoring of BBC's work order data and maintenance activities conducted by installation level government housing offices and the regular involvement by installation command in resident disputes as a means of ensuring BBC's actions are not going unchecked.

At BBC, we work hard to maintain vibrant, diverse and active communities for our men and women in uniform and their families. Among our 1,300 employees, one quarter are either veterans or military spouses. We therefore know well that these communities are central to the quality of life for our service members, and we do not take that lightly. We value our common goal with Congress and the Department of Defense (DOD) to provide suitable family housing for service members and their families and continue to remain focused on further enhancing the housing experience for them. In addition, we endeavor to demonstrate that we have done our utmost to address concerns raised during the investigation and that we remain committed to addressing any additional shortcomings identified by our Service Branch partners and others reviewing our performance.

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<sup>1</sup> Even where a letter from a resident's healthcare provider was produced, it is clear that such consultants never conducted tests in the home, never physically inspected the home and relied solely upon statements from the resident as to the condition of their home without any further validation.

<sup>2</sup> The U.S. Centers for Disease Control advises that "[s]tandards for judging what is an acceptable, tolerable or normal quantity of mold have not been established"; and "[t]here is always a little mold everywhere – in the air and on many surfaces". (See <https://www.cdc.gov/mold/faqs.htm>)

## GENERAL DISAGREEMENTS AND CLARIFICATIONS

BBC was not afforded an opportunity to comment on the Subcommittee's draft of the Staff Report in its entirety. Instead, BBC was given the limited opportunity to make an "errata" submission to correct what it respectfully believed were factual inaccuracies or unsupported conclusions set forth in the limited portion of the draft that BBC was allowed to see. BBC asked that mistakes it identified be fixed and that the clarifications it suggested be made, as appropriate, in the interest of the Subcommittee producing a balanced Staff Report. We address below certain changes that BBC requested to have been made in the Staff Report prior to its issuance and which were not otherwise addressed above in our responses to each referenced family.

As a general matter, we advised the Subcommittee that we strongly objected to the use of the word "admitted" as the verb used to refer to certain responses to questions posed to BBC employees during interviews with PSI staff. An example of this is where the Staff Report suggests BBC had to be induced or encouraged to admit "it is critically important to maintain accurate and complete work order data in Yardi..." We have not identified any instances during interviews with BBC employees where those persons used the word "admit" in responding to a question.

*Accuracy of work order data.* Every employee interviewed by the Subcommittee staff, when asked about the significance of work order data accuracy, indicated it was important to have accurate and complete work order data entered in Yardi. For example, Mr. Taylor responded "absolutely" when asked if it was important for accurate data to be entered into Yardi for payment purposes. The unequivocal response by all of the BBC employees reflects BBC's commitment to promoting a corporate culture where the need to maintain accurate records is prioritized. Moreover, it demonstrates the company's ongoing and successful initiation of its Operations Assurance Plan and expanded compliance staffing, which the Staff Report omits, despite BBC detailing this investment to mitigate, identify, investigate and correct mistakes in the work order systems data on numerous occasions, as detailed above. As noted to the Subcommittee, the Operations Assurance Plan involves the creation of a growing Operations Assurance Team, which is up and running that ensures work order accuracy and compliance are constantly prioritized and no one individual is solely responsible for assurance, including recognizing and correcting potential "warning signs" the Staff Report alluded to. Instead, the Staff Report emphasizes individual work order errors, namely on seven-year histories reports, to suggest the presence of a widespread work order accuracy issue affecting the calculation of performance incentive fees.

BBC believes the Subcommittee fails to understand the distinction between seven-year history reports, which BBC voluntarily offers residents as a courtesy, and the work order data used to compile the incentive fee calculations BBC submits to its military partners (which BBC is obligated to audit). The Staff Report also appears to assume that any errors in work order data are indicative of fraud or should be considered a material breach of BBC's contractual obligations with the government. However, even BBC's property management agreements provide for a level of error that is inherent in this operating process.



With a diverse portfolio of more than 43,000 homes—over a third of which are aging units constructed by the military—and typically more than 280,000 resident-generated work orders processed annually, neither BBC nor any other third-party operator will ever have zero defects. Naturally, there will always be challenges to face—things in homes will break, systems will fail, natural disasters will hit, and complaints will surface. However, we remain determined in our goals to always respond to service members, to continuously improve, and to deliver on our commitments for the long-term.

*Approach to environmental remediation.* The Staff Report appears to suggest that it is inappropriate to rent homes that contain potentially hazardous materials, such as asbestos or lead-based paint. If these types of materials are maintained in place and not disturbed improperly when the home is occupied, they do not expose a resident to any health or safety hazard. For the Staff Report to suggest that a home must be free of all potentially environmental hazardous materials, including free of mold spores in the air or on surfaces within a home, defies science. As stated by the EPA, for example, “it is impossible to get rid of all mold and mold spores indoors; some mold spores will be found floating through the air and in house dust.”

A home should be delivered at move-in in a clean condition where no visible mold growth is present in occupiable spaces. In BBC’s experience, incoming and current residents frequently express concern about the potential presence of mold in the air in a home and cross contamination of their personal property based on air quality tests even though no visible mold is present on their belongings. There are no national standards or guidelines that establish levels of dampness or mold growth in residential or other settings that present an increased health risk to occupants. In fact, neither the CDC nor the EPA recommend *routine* sampling for mold, including sampling for mold in the air inside a home or anywhere else. Because neither the CDC nor the EPA has developed air quality or any other mold standards, there is no basis against which to test for mold and thus any such test results would not be an effective indicator of the health risk or structural impact of a residential building. Even the Army Public Health Center’s website affirms that it is their own policy to not perform air quality tests through a series of FAQs located on its website. As part of its errata response as well as throughout the investigation, BBC informed the Subcommittee of statements by the EPA and CDC like this and the general absence of federal regulation on mold in particular. Notwithstanding, the Staff Report sets forth the illogical notion homes should be “free of known environmental hazards like mold.”<sup>3</sup> It is an omission that the Subcommittee does not appear to have interviewed or consulted with any medical, scientific or building construction experts in regard to interpreting any of the records or data produced by BBC in connection with this investigation and production of its findings.

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<sup>3</sup> See Staff Report at page 29 (stating “At move-in broken fixtures like floor tiles and appliances should have been repaired in working condition and homes should be clean and free of known environmental hazards like mold”) (emphasis added).

No present or former BBC employees interviewed by the Subcommittee identified instances of known violations of environmental law by BBC. Nonetheless, the Staff Report appears to equate differing interpretations among BBC staff about environmental policies and procedures as evidence of intentional wrongdoing. For example, the Staff Report highlights a situation where a BBC employee disagreed with another about whether to submit a "Safety, Health, and Risk Management (SHRM) form" with BBC's in-house environmental specialists to request further guidance. The Staff Report implies that the employee who does not support submission of the SHRM form was directing the other employee to violate BBC protocol, but the Staff Report omits the following important facts:

- (1) Use of SHRM forms was not approved as part of BBC's formal policies or procedures until November 2021 (which was after the date of the above-referenced disagreement);
- (2) SHRM forms are a self-imposed procedure BBC implemented merely as a best practice in an effort to ensure consistent application of BBC policy and procedure in alignment with local, state, and federal requirements; and
- (3) No current or former member of BBC's facilities management team ever suggested they were prevented from requesting guidance from an environmental specialist regardless of use of the SHRM form.

There is no evidence that BBC's provision of expert resources to best provide an informed response to environmental concerns in residents' units has ever been interrupted.

*Fort Gordon maintenance facility repairs.* The Staff Report suggested that individuals who worked in one of the maintenance facility buildings at Fort Gordon were at risk when leaks occurred following extensive spring rains, and that maintenance equipment was damaged as well. Once it was determined that the building should not be used for day-to-day office space but could continue to be used for storage of supplies/equipment, however, BBC moved its staff to an alternative office location. Those BBC staff members have been and will continue to work in this alternative location until a new maintenance facility can be constructed (which construction agreements are awaiting Army approval before they may be signed). In addition, Fort Gordon Housing, LLC has fitted the facility with a more durable temporary roof to prevent leaking as an intermediate measure.

The Staff Report states that "Balfour [Beatty Communities LLC] has not expended . . . funds to replace the maintenance shop roof over the past 16 months." The funds to be used to make repairs to the Fort Gordon maintenance facility and other improvements that are part of the Fort Gordon project are maintained in the accounts of the project owner (Fort Gordon Housing, LLC). The project owner is a joint venture owned by BBC (approximately 10%) and the Army (approximately 90%) and its project fund accounts are required to be held under and administered through a Trust Indenture with a Trustee/Bondholder Representative. As such, these funds may only be released from the trust accounts by the Trustee if the conditions of the

Trust Indenture are met. BBC agreed with the Army that a new maintenance facility at Fort Gordon should be constructed in place of the current building that was leased by the Army to the project owner; and that the funds to be used for such construction would be from the project's Reinvestment Account, which is an account from which monies may only be released with the written consent of the Army. While BBC had hoped that the agreements necessary to commence construction of the new replacement building would have been approved much sooner, delays have occurred which unfortunately pushed out the anticipated timeline.

Once it became apparent that the new building might not be completed for another 12 months or more, BBC decided to move ahead with replacement of the roof with a more durable temporary one. We advised the PSI staff prior to the issuance of the Staff Report that the work would be completed in a matter of days, but the body of the Staff Report omits this detail. Work on the new roof in fact was completed on April 23, 2022, three days prior to the hearing.

#### ADDRESSING THE CONCERNS OF FAMILIES REFERENCED IN THE STAFF REPORT

**Army Family #1.** The Staff Report alleges that BBC (i) ignored requests over a nine-month period to conduct a mold inspection in this home from October 2020 to July 2021,<sup>4</sup> and (ii) failed to log requests to address the presence of "mold" as "mold" complaints, instead incorrectly entering them as "preventative maintenance" issues, thus impacting the integrity of critical data.<sup>5</sup> For the following reasons, we do not believe that these statements are an accurate characterization of events that are depicted in the work order data within BBC's work order tracking system, copies of which were provided to the Subcommittee during its investigation:

- BBC acknowledges there were multiple instances of plumbing issues related to toilets, as well as multiple reports of what apparently was an exterior grading issues that resulted in water pooling during excessive rains and leaking in through a wall. Work orders for these issues were entered in Yardi. Based on BBC's review to date, we do not believe there is evidence of intentional misconduct in the entry of the relevant work orders. Instead, this appears to be a good example of the inherent subjectivity involved in how to record maintenance requests where there are successive work orders for a recurring issue and where the prior work orders remain open pending work to be completed. It should be noted that in instances

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<sup>4</sup> See Staff Report at page 20 (stating "At Army Family #1's home, however, Balfour failed conduct a mold inspection in response to their mold report on October 12, 2020. Further, over the nine-month period from October 2020 to July 2021, there is no record of Balfour's maintenance staff ever having completed a single mold inspection at this family's home.")

<sup>5</sup> See Staff Report at page 36 (stating "Balfour's Yardi work order data, however, does not contain any mold work orders in 2021 at Army Family #1's home on Story Drive. Instead, with the exception of an urgent plumbing issue in January 2021, Balfour's Yardi work order data give the appearance that Army Family #1's home only had issues in the 'routine' and 'preventative maintenance' categories throughout the first seven months of 2021.")

such as this one, where the repair involved multiple tasks or the need for a third-party vendor to perform the repairs, these work orders would generally not be relevant to the determination of BBC's entitlement to incentive fees per agreement with the Army.

- The family moved into the home in October 2019. After submitting over 20 work orders, the first one called in by the family as a concern with mold in the home was dated January 3, 2020.<sup>6</sup> In this instance, the work order was entered as a mold category and responded to within three hours. A mold inspection was completed on this date and a copy of the completed Moisture or Mold Related Inspection ("MRI") Checklist was provided to the Subcommittee, which indicated no signs of visible mold or moisture issues in the home. Then, in October 2020, the resident called in after regular business hours to report possible mold around a kitchen vent register<sup>7</sup> and this work order was entered as mold and responded to the same day. No other work order call notes reflect that the resident complained of mold in the home during the timeframe cited by the Staff Report. The Staff Report alludes to the home being "flooded" four times in 2020 and 2021, and concludes that no moisture or mold inspection was performed by staff in connection with responding to these matters.<sup>8</sup> BBC contends that (i) use of the term "flooding" is inconsistent with the actual description of the issue reflected in the work orders as water puddling by or leaking into the corner of a wall (which is a distinctly different form of water intrusion versus a "flooding"), (ii) in each instance of a work order being called in for a leak, BBC staff did respond promptly, and (iii) just because no MRI Checklist was formally uploaded into the system does not mean that the maintenance staff did not check for mold/moisture during their work in the home. This could have been nothing more than an inadvertent error by the maintenance technician, a system technology glitch or failure by the technician to follow BBC's internal best practice/policy. In fact, there is no legal requirement (under either environmental law or BBC's military housing project agreements with the Service Branches) to complete an MRI Checklist. More importantly, it already was evident where the potential water source was coming from and where the repair needed to be performed. Therefore, completion of an MRI

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<sup>6</sup> The call notes from the work order indicate the resident identified a wet soft spot in upstairs full bath and a leak in the master bedroom ceiling.

<sup>7</sup> Pictures of the vent register indicate less than one square foot of potential growth, and were never confirmed to be actual mold. Even assuming the spots around the vent register were in fact mold, per EPA guidelines the area did not require special mold remediation or testing and instead would be subject to routine household cleaning – which could have been performed by the resident but was completed by BBC in connection with the work order response.

<sup>8</sup> See Staff Report at page 19 (stating "Further, as Balfour's maintenance history shows, this family's home not only had two documented reports of mold in 2020. . . but also had flooded four times in 2020 and 2021) (citing non-corroborating production records as evidence BBCPSI-009727-9728).

Checklist was likely unnecessary and irrelevant toward addressing the known repair needed to prevent the leak from recurring.

- Whereas the Staff Report chooses to rely heavily on its findings of a mold problem in the home as being the basis for an unsafe condition for the resident, it fails to cite records produced by BBC that indicate general housekeeping issues which are the responsibility of the tenant were identified in the home. More specifically, the records indicate that “[u]pon entry of the home entryway vent was visibly dirty and what appeared to be dust was on the ceiling near the vent...Dust on the ceiling near the vent in the living room above the tv” (See BBCPSI-011021). This is noteworthy because a letter provided by the family’s physician and dated July 20, 2021, explicitly cited that “[d]ue to this patient’s severe medical illnesses, this patient and her family must be provided with a new, clean living environment as soon as possible.” In addition, a letter provided to BBC on July 26, 2021 and authored by an NIH physician states that “[i]t is my understand[ing] her present home has been determined to be infected with mold. Patient[s] with issues such as these cannot be subjected to surroundings containing mold or having known prior mold existence.” BBC disagrees that the home was determined to be infected with mold<sup>9</sup>, and we are not aware of any evidence that the physician’s statements were based on any information other than the statements by the residents. BBC reiterates guidance from the U.S. Centers for Disease Control that “[s]tandards for judging what is an acceptable, tolerable or normal quantity of mold have not been established”; and “[t]here is always a little mold everywhere – in the air and on many surfaces”. (See <https://www.cdc.gov/mold/faqs.htm>)

**Army Family #2 (The Choe Family).** BBC submits that the Staff Report’s characterization of events related to the Choe Family home, and specifically the assertion that the home was not properly inspected for mold, are inaccurate. Shortly after Captain Choe reported a concern regarding mold in the home in February 2020, BBC completed a moisture-related inspection of the home and did not identify a visible mold issue. In addition, the documentation provided by BBC to the Subcommittee included correspondence with Captain Choe, which provides clear support that BBC was actively engaged with Captain Choe from February 2020 when he initially submitted a concern regarding mold in the home until BBC reached final resolution of his claim in February 2022. The documentation shows that BBC and the local military housing office on behalf of the Army inspected the home jointly in March 2020 (after BBC already had inspected it independently) and both confirmed no finding of mold issues nor any life/health/safety issues with the home. It was not until October 2020 that BBC received documentation from the Army that Captain Choe had provided from a doctor in regard to his daughter’s condition. From that point forward, BBC worked jointly with the local command and Army military housing office to engage in discussions with Captain Choe regarding his concerns. Captain Choe asserts that BBC

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<sup>9</sup> The home was jointly inspected by Army RCI/government housing representatives and BBC is unaware of any findings by the Army that the home was “infected” with mold.

prevented him from terminating his lease to move off base until 2022 and the Staff Report highlights the “collection notice” inadvertently sent to Captain Choe at the end of the initial lease term. However, the Staff Report fails to mention that Captain Choe opted to stay in the home when his lease had converted to a month-to-month term in August 2021, which allowed him every month thereafter to provide notice of non-renewal with thirty days’ notice. Captain Choe never provided such notice of non-renewal from August 2021 until early 2022, even though he testified to his belief that conditions in the home were contributing to his daughter’s poor health. The Staff Report fails to acknowledge that he continued to live in the home for more than 5 months after his initial lease expired.

The Staff Report also appears to suggest that there should be mold-related work orders in Yardi submitted by Captain Choe after March 2020.<sup>10</sup> However, there is no record of Captain Choe making mold-related work orders after March 2020, which he acknowledged he was told he could submit via a web-based resident portal or that he could call in. Captain Choe’s own detailed timeline of his engagement with BBC—submitted as part of his written testimony for the April 26, 2022 hearing—makes no mention of him submitting any work order requests, except for one in February 2020, which he confirms BBC responded to. Captain Choe’s account also noted how he remained in constant communication with BBC, as well as the Fort Gordon Military Housing Office and local command, meeting with their representatives on several occasions.

It is also noteworthy that in Captain Choe’s email to BBC dated February 27, 2020 (produced at BBCPSI001616 – 1622), Captain Choe states: “For everyone’s edification, I am not claiming that my home is the root cause that is ailing my daughter.” If the conditions in the home were severe enough to cause a physical reaction, there should have been a substantial presence of visible mold in occupiable spaces within the home. Also, once the family moved out of the home, the allergic reaction should have subsided – yet, Captain Choe has asserted that his daughter’s condition remained constant and permanent. In fact, because there are no federal or state standards for permissible mold airborne mold spore counts, there is no baseline against which to test for mold and there are no thresholds to conclusively identify when a home is considered to present a health concern. Finally, once the Choe family vacated the home, there was no further mold assessment or remediation work performed and yet the home passed a health and safety inspection conducted by the Army. More recently, the current family residing in the unit has confirmed they have no health or safety concerns with the home and that no one is experiencing any adverse health impacts from the home.

**Army Family #3.** The Staff Report focuses on roofing work that BBC needed an outside specialty contractor to perform, and the lengthy period of time it took for the roofing work to be completed between May 2020 and final close out of the work order months later. As the Staff Report states, there were unanticipated delays associated with completion of these repairs due to both (i) difficulties with BBC’s ability to get roofing contractors onto the base during the COVID-

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<sup>10</sup> See Staff Report at page 43 (stating “Balfour had no work orders in its Yardi system of Captain Choe making those requests after March 2020”).

19 pandemic, and (ii) the need for BBC to obtain special approvals from the Army to fund roofing work at Fort Gordon through an adjustment to the project's annual budget. BBC fully acknowledges that the timeframe it took to procure fulfillment of this roofing work was not aligned with anyone's expectations, as well as the fact that any missteps in BBC's local facilities management not adequately communicating the timing with the resident is entirely unacceptable. That said, it does not follow that BBC staff knowingly or intentionally placed this family in danger or that BBC was negligent in its maintenance obligations in light of the extenuating circumstances. BBC did respond to the resident's report of a roof leak and put interim measures in place (such as tarping) to prevent water leaks until the roof could be fully addressed by a specialty roofing contractor.

**Army Family #4.** Similar to Army Family #3, the Staff Report focuses on this family's experience with a roof leak that caused damage to a bedroom ceiling and what the residents believed to be mold. Initial attempts by BBC maintenance staff to address the roof leak failed and ultimately required additional work. As with Army Family #3, it does not follow that BBC staff knowingly or intentionally placed this family in danger or that BBC was negligent in its maintenance obligations. In addition, BBC concedes that, like many other service providers during this timeframe, it was experiencing significant staffing and supplier issues associated with the COVID-19 pandemic and that these matters could have adversely impacted the services provided by BBC and customer experience of its residents.

The Staff Report faults BBC for not notifying a military family in a timely manner about the water impact of some asbestos-containing materials in the ceiling. In fact, after BBC received test results in early October 2020 indicating that the ceiling in this home contained asbestos-containing material, BBC notified the military family about the procedure needed to be taken to repair the ceiling once it was able to provide the expert opinion of an industrial hygienist who could confirm to the resident that there was no health hazard produced by the leak in the ceiling alongside the asbestos survey.

BBC complied with all applicable environmental procedures by testing the ceiling before it commenced repairs to confirm whether there were asbestos containing materials in the ceiling that would require more prescriptive repair protocols to be followed than if such materials were not present. BBC took these precautions to ensure that no hazards would be created when repairs to the ceiling were to be made. Rather than sending the resident a report that merely identified the presence of asbestos in certain drywall compound (which to a layperson could not be easily interpreted), BBC sought a report from a certified industrial hygienist in order to provide an explanation to the resident that the report detecting asbestos should not be interpreted to mean a health hazard was produced by the ceiling leak. This is not only inconsistent with the allegations presented by Army Family #4 that BBC delayed providing information to the resident and lacked transparency, but entirely consistent with the FY 2020 NDAA amendments to the MHPI - requiring landlords to provide the resident along with any environmental hazard test results a simple guide explaining those results, preferably citing standards set forth by the Federal Government relating to environmental hazards. BBC provided these materials to the resident as soon as it received final reports from its external consultants. The resident was not living in the

home during the time BBC evaluated the appropriate protocols necessary to ensure repairs in the home were done in a manner to prevent life/health/safety issues from occurring; and the resident was provided with temporary housing to ensure there was no potential exposure to occupants while BBC was waiting on final test reports necessary to design the appropriate repair protocols.

**Army Family #5.** The Staff Report asserts that BBC refused to take this family's concerns about mold in their home seriously. The records produced by BBC refute this allegation. In fact, work order records submitted to the Subcommittee indicate that BBC responded same day to the residents' request to evaluate a musty smell coming from the bathroom and sent two maintenance staff members to inspect the home. Earlier in the Staff Report, it contends that BBC was not properly evaluating mold in homes because it was not provided with a formal MRI Checklist completed by BBC's staff.<sup>11</sup> Yet, in this instance, BBC did produce a completed MRI Checklist for the home, which indicated there was no visible mold present, no musty odor or smell and no elevated moisture concerns in the bathroom or other areas of the home based on multiple moisture meter readings. The Staff Report goes on to cite to a statement from the U.S. Department of Housing and Development (HUD), indicating that potential mold in a home should involve "search[ing] for *moisture areas* that have a damp or moldy smell, especially in bathrooms" (emphasis added). Here, BBC did not see any visible potential mold and identified no elevated moisture areas in the home – which is consistent with the HUD guidance.

In addition, BBC maintenance staff returned to the home approximately twenty days later to reconfirm their initial findings. And after confirming such, BBC went above and beyond to address the concerns of the resident and agreed to replace the bathroom flooring. The Staff Report includes a photograph taken by the residents of the subfloor of the home while the original bathroom flooring removal was being performed and without anything more than this picture concludes that darker areas on the floor are black mold.<sup>12</sup> Without relying on any scientific data or opinion from a qualified expert in this field, the Staff Report formulated an unqualified opinion that mold is present without considering the potential for the discoloration to be something other than active mold growth. In many instances, subflooring can have discoloration from old water staining (which is not active mold growth) or can be indicative of dirt or flooring adhesive remaining after pulling up the flooring tile/vinyl.

**Army Family #6.** In this instance, the Staff Report criticizes BBC maintenance staff for its assessment of moisture-related concerns/alleged water leaks behind bathroom walls.<sup>13</sup> Here, BBC consistently responded promptly to all resident maintenance calls, but the Staff Report

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<sup>11</sup> See Staff Report at page 20 (asserting "Under Balfour's mold management policy, for each suspected mold report, maintenance staff were required to perform a thorough mold inspection—including to check for sources of water and moisture that are not immediately visible—and submit a mold inspection report").

<sup>12</sup> See Staff Report at page 27 (assuming photograph provided by Army Family #5 is evidence of mold).

<sup>13</sup> See Staff Report at page 28 (stating "Balfour ignored this family's concern about a leak behind the walls and, instead treated the moisture and mold in this home as a case of loose drain fixtures").



appears to conclude that BBC should have ignored its own mold management policies and protocols (which it faults BBC for not following earlier in the Staff Report) and opened up the bathroom walls even though there was no evidence of visible mold and no indications of elevated moisture levels during initial inspections. While it does appear that different determinations of potential leak sources in the bathroom were made during successive inspections by BBC staff, and several of them ultimately proved to be inaccurate, this does not equate to negligence on the part of BBC or disregard of resident maintenance concerns. This is especially true where BBC maintenance technicians were following BBC's policies and procedures for assessing potential mold or moisture-related issues and where those policies and procedures are aligned with EPA and CDC guidelines for assessing mold. In this instance, BBC may be found to have inadequately identified the root cause of a water leak until several call backs were placed by the resident, but this is not indicative alone of any wrongdoing or breach of its property management responsibilities under its contracts with the Army. BBC never has and never will make a representation that it will always accurately identify the cause of maintenance issues the first time its staff inspects a home. But what BBC has committed to doing is promptly responding to maintenance concerns and using reasonable efforts to address maintenance needs in line with all applicable federal, state and local laws.

**Army Family #7.** BBC is unable to clearly identify this family as anonymized by the Staff Report. To the extent that PSI staff are willing to share the name of the family, BBC would be happy to evaluate the claims and provide a response in regard to the concerns raised in the Staff Report.

**Army Family #8.** The Staff Report indicates this family raised concerns about the poor condition of their home at move-in at Fort Gordon in November 2021. BBC notes, prior to the family's move-in, this home was inspected by the Army's government housing office on November 15, 2021 and cleared to offer for occupancy as free of all life/health/safety issues. In January 2022, the family called in a work order, indicating they were getting sick from unhealthy air in the home since they moved in and experiencing nose bleeds and migraines. BBC responded promptly to the work order and completed an MRI Checklist, which identified no finding of visible mold and no elevated moisture levels. In addition, the maintenance technician notes indicated the residents had closed several vent registers – which hinders proper maintenance of the HVAC system and could result in moisture build up within HVAC ducts. Nevertheless, BBC agreed to perform duct cleaning.

**U.S. Air Force Family #1 (The Torres Family).** As a matter of longstanding policy, BBC does its best to address disputes that inevitably arise and seeks to avoid litigation whenever possible. Unfortunately, the Torres family has chosen to sue BBC and remains in active civil litigation against BBC and several other parties involved in operation of their housing. BBC contends that it always has acted, and continues to act, in a prompt and reasonable manner in its responses to the Torres family's reported concerns and complaints. Unfortunately, on numerous occasions, BBC was impeded in responding to, inspecting, and/or taking the necessary action to repair or address the Torres family's reported concerns due to their refusal to allow BBC's employees to enter the residence, which is contrary to the terms of the lease agreement. BBC has and will

continue to vigorously assert its position in this litigation that it has acted reasonably and in compliance with all applicable laws to address the family's concerns.

With regard to the Staff Report's reference to a May 27, 2021 work order for the Torres family, BBC's records identify the request for that work occurred on or about May 28<sup>th</sup> at 11:17 a.m. The entry for the work order was "plumbing" and "routine" based on what the Torres family initially reported to BBC as the concern - namely, a possible toilet leak. Accordingly, the initial entry for the work order was appropriate and entered consistent with BBC policy. On that same day, May 28, 2021, BBC inspected the home. Because the Maintenance Supervisor and Technician found a wet door jam in the master bath closet, a moisture reading inspection ("MRI") was conducted, which under BBC's then current policy was considered routine following a report of a leak.<sup>14</sup> Based on the initial examination and thereafter, BBC, either through its own employees or third-party contractors, continued to perform necessary repair work to the home, including performing asbestos and lead-based testing, as well as repairing and replacing the bathroom's ceramic tile and flooring.

Regarding the statement in the Staff Report that Sgt. Torres called a BBC corporate hotline on June 24, 2021 to voice concerns about a lack of clear answers from on-site staff, BBC was in frequent communication with both the Torres Family and the Military Housing Office ("MHO") personnel about the status of the work performed at the Torres Family residence during this time period. Indeed, on the same day, June 24<sup>th</sup>, BBC had a Texas licensed mold assessment company, EcoSystems Environmental Inc. ("ESEI") conduct a visual mold assessment ("VMA") of the residence, which is the preferred standard for inspection. Shortly after BBC received ESEI's report and recommendations, BBC shared that report and recommendations with both the Torres Family and MHO personnel. BBC also followed the ESEI recommendations and had outside third-party contractors perform the repair and remediation work, during which time BBC provided the Torres Family with temporary housing. The difference between the category and subcategory of the May 2021 work order and the June 2021 work order is based on the information that BBC received at the time of the requested maintenance or reported concern was made. Consistent with BBC protocol, the May 2021 work order was categorized as "plumbing" and "routine" because the resident reported a toilet leak whereas the June 2021 work order was categorized as "mold" and "urgent" because there was a reported concern of mold.

In addition, the Staff Report accuses BBC of inappropriately altering two other work orders entered by the Torres family on September 3, 2021. These work orders were submitted on the first day the Torres family resumed living in the residence following the repair and remediation work and following a remediation clearance assessment by ESEI – which included a mold remediation clearance certification. Upon receipt of these work orders, BBC's counsel in the litigation communicated with the Torres family's counsel about these work orders, which

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<sup>14</sup> The Staff Report concludes that "Balfour's facility staff knew mold was involved because they completed a mold inspection report when they visited the Torres family on May 28, 2021." This premise is inaccurate, however, given that the assessment performed by BBC may be completed for any plumbing leaks and not only for mold concerns.

included several different photographs provided by the Torres family's counsel. Due to the unique circumstances of the submission of these work orders under which BBC had just received a mold remediation clearance certificate from ESEI, and based on the photographs provided which were the same areas already determined not to be mold, the work orders were entered as "routine" and "carpentry," which BBC believes was appropriate. Furthermore, when BBC attempted to inspect the home in connection with these work orders, Sgt. Torres and/or his wife refused to allow BBC's employees access to examine the specific complaints until on or about September 15, 2021, after repeated requests by BBC to do so. Once BBC was permitted by the Torres family to examine those reported concerns, BBC again acted in a prompt and reasonable manner to address those issues. Nonetheless, the Torres family commenced the litigation, which BBC will continue to defend vigorously.

#### BBC COMMITMENT TO HOUSING IMPROVEMENTS AND MHPI REFORM

Today, jointly with our military partners, BBC manages housing at 55 Army, Navy and Air Force installations in 26 states, encompassing more than 43,000 military homes and approximately 150,000 residents. Through these projects, we have partnered with the DOD to oversee the construction of more than 15,000 new military homes and the renovation of more than 14,000 legacy military homes. Since the start of the MHPI, BBC and its Service Branch partners have developed project investments totaling approximately \$5.6 billion to improve the options available for service personnel and their families living on base. This portfolio also includes nearly 1,000 homes that qualify as historic properties.

Our primary focus is providing our service members and their families with safe, quality homes supported by prompt and effective customer service and maintenance support. Our employees take this mission very seriously. We work diligently every day to achieve resident satisfaction. We have made it easy for residents to raise needs or issues in the home that need work and engage our teams for support. Enhancements to our work order process allow residents to submit and track work orders through an app, online Resident Portal or a phone call to our maintenance call center which is staffed with live work order agents available 24/7 to initiate the ticket in our system, schedule maintenance visits, provide status updates on open work orders and answer any related questions in real time.

We understand the importance of feedback and we seek it from multiple sources to help us get the clearest picture of our performance as residents see it. We have multiple check points with new residents before, during and after move-in to ensure the process has been smooth, that there are no issues or questions regarding the home, and that the family is settling into their new community as smoothly as possible. Another critical touch point is our response to work order requests. When our maintenance technicians complete a work order, our process includes contacting the resident via text message (if the resident agrees) to confirm whether the work was completed to their satisfaction before closing out a work order. We supplement this personal outreach with surveys, conducted by an independent third-party provider, sent to residents after move-in and work order completion asking them to rate and provide feedback on

the courtesy and professionalism of our employees, the quality of our work, and the overall ease of the process.

Our MHPI projects implement upgrades for aging homes and improvements to community infrastructure on an ongoing basis. Over the last three years, our housing projects have continued to invest in wide-ranging improvements to more than 40,000 homes including roof replacements, exterior renovations, HVAC system replacements, interior upgrades, community infrastructure improvements and demolition of aging home inventory. We constantly evaluate the project financial resources available to fund housing improvements.

We continue to focus our project development efforts on assets that are most in need; and we currently have housing and infrastructure improvements valued at more than \$1 billion projected through 2031. These efforts will include significant whole-home renovation work and new home construction, as well as continued demolition of outdated inventory to make way for new construction or return to green space or other community amenities. BBC is also working through the final stages with the Army to refinance one of our military housing projects to raise additional funds for the continued demolition and replacement of aging housing, as well as significant renovations to certain outdated units across a number of Army bases.

We continuously evaluate opportunities to raise additional financing for our projects--whether through project refinancing or through securitization structures. We have developed several innovative ways to financially support our projects, including by developing relationships with cell tower and solar operators to license for fees certain unused land within our project footprints to construct cell towers and ground mounted solar arrays. Moreover, we are also strongly committed to advancing the DOD's energy security goals by making homes more energy efficient, by investing in renewable energy solutions and following sustainable construction practices. We believe these endeavors help to strengthen our communities and better position them to be part of our military installations of the future.

*Supporting Tenant Bill of Rights and other NDAA regulations.* Since the significant Congressional scrutiny over MHPI projects began in early 2019, BBC has cooperated in testifying before various House and Senate committees in an effort to provide meaningful insights into the challenges faced by the military housing privatization program and to offer recommendations for legislative changes that Congress might support to improve the program. In addition, BBC has supported the implementation of the Tenant Bill of Rights and other MHPI regulatory requirements established in the FY 2020 National Defense Authorization Act.

For example, BBC has put into effect the following NDAA requirements:

- a Universal Lease negotiated with the Office of the Secretary of Defense;
- the institution of a formal dispute resolution process available to all service members in regard to claims under their lease agreement and rent segregation pending a dispute;

- resident access to an electronic work order system through which they may request maintenance or repairs of a housing unit and track the progress of the work;
- participation in government housing inspections that require a finding of no life/health/safety deficiencies before a home may be offered to a housing applicant; and
- the provision of seven-year maintenance histories to all housing applicants and existing service member tenants.

As many of these are new features within the MHPI program, we continue to work with the DOD to ensure that communication to residents and administration of these available rights and remedies is properly conducted. As with any new program, the processes and procedures around these areas are still in the process of being fully embedded, trained and adjusted as necessary. We continue to work with the Military Services to ensure we are in alignment on messaging to residents and fulfillment of all new MHPI regulatory requirements.

In regard to the formal dispute resolution process implemented through the NDAA, BBC would like to clarify for the record a matter that was raised by Ms. Rachel Christian from the Armed Forces Housing Advocates during her testimony before the Subcommittee. Ms. Christian described the formal dispute resolution process as requiring service members to complete over 40 steps. BBC believes that this is a mischaracterization of the formal dispute resolution process, which in fact it is a three-step process. Since June 2021, BBC has followed the formal dispute resolution process that was approved by the Office of the Secretary of Defense as part of the Universal Lease required by the NDAA. This process requires three stages of dispute resolution: (i) good faith efforts to resolve the dispute informally with the landlord; (ii) if the resident remains dissatisfied, then good faith efforts to resolve the dispute with the military housing office; and (iii) if the resident remains dissatisfied, then the resident may complete a formal dispute resolution form that triggers a formal dispute resolution review by a neutral arbiter identified by the Services Branches to review the matter and issue findings within 60 days from the date of commencement of formal dispute resolution. Notwithstanding BBC's commitment to participating in this dispute resolution process, which is designed to provide service members and their families with a variety of available remedies, it is noteworthy that none of the families referenced in the Staff Report ultimately sought to elect this process in instances where they were eligible to utilize this grievance procedure.

*Implementing the FY 2020 NDAA.* We think it is important for the Subcommittee to understand the changes we have begun to implement since enactment of the FY 2020 National Defense Authorization Act beyond implementing the Tenant Bill of Rights, noted above. As a result of concerns regarding the operation of privatized military housing throughout the DOD's entire MHPI portfolio, Congress enacted this legislation to enhance the program to ensure service members and their families are assigned safe housing. As part of these additional requirements, each installation is responsible for "(A) reviewing, on an annual basis, the mold mitigation plan and pest control plan of each landlord managing housing units for the installation; and (B) notifying the landlord and the major subordinate command of any deficiencies found in either

plan.” BBC affirms that it has not received any notice from the installation command at its sites identifying any deficiencies found in its mold management and pest control plans.

In addition, the NDAA required that the head of the housing management office of an installation be responsible for “conducting a physical inspection of, and approving the habitability of, a vacant housing unit for the installation before the landlord managing the housing unit is authorized to offer the housing unit available for occupancy.” We believe this is especially important to acknowledge because it provides an independent verification process separate to BBC’s operational staff to affirm there are no life, health or safety hazards in a housing unit before it is offered to a service member and their family. The Staff Report fails to acknowledge the fact that homes cannot be offered for rental by BBC unless they have undergone this thorough life/health and safety inspection by the installation’s military housing office and achieved a ‘pass’ to allow the home to be offered for rental; this belies accusations that BBC is not maintaining homes in a safe and habitable manner. Through this process, the installation’s housing management office has begun to ensure that maintenance performed by BBC and other MHPI providers meets the standards our government sets out for the provision of safe military housing and is deemed compliant with applicable law. In addition, where there are resident concerns about mold, habitability or unsafe conditions of housing, BBC invites installation representatives to inspect the home alongside its local site team and welcomes involvement from the local command’s environmental team.

*Addressing the Staff Report’s Narrow Focus.* The Staff Report purports to show that BBC maintains inaccurate work order data, criticizes the company for failing to conduct mold and other inspections that are neither required nor endorsed by the U.S. Environmental Protection Agency (EPA) or Centers for Disease Control (CDC), and suggests that the company has made no progress in addressing the problems at the heart of the settlement with the U.S. Department of Justice. We address each in turn below.

**Our commitment to the accuracy of work order data.** The commitment to provide accurate information to the Military Services is a cornerstone of BBC’s corporate policy and approach. As Mr. Taylor emphasized in his testimony, the company does its best to get it right but recognizes that mistakes will be made and thus has put in place controls to address that possibility. BBC has established a variety of protocols and assurance processes to review and confirm that work orders are complete and documented correctly to ensure accurate reporting:

- Work orders are updated to “Work Completed” status in the property management system (Yardi) only after a thorough review for accuracy and completeness;
- Work orders are not to be updated to Work Completed in Yardi without completing a process that gives residents the opportunity to confirm the work was done to their satisfaction;
- Once the status of a work order has been updated to Work Completed, no further edits may be made in Yardi by the onsite team without approval by a Vice President level manager; and

- A Service Center Coordinator (formerly known as a Work Order Administrator) or other person designated by the Facility Manager/Facility Director is responsible for Reviewing Tech Completed work orders in Yardi for accuracy and completeness and updating the status of the work order from Tech Completed to Work Completed in Yardi.

Our resident sign-off process is not required under BBC's MHPI agreements with the government. Yet, BBC voluntarily established it as an extra procedure to ensure residents' housing concerns have been addressed properly and information in Yardi is recorded accurately. If a resident is dissatisfied with the work, BBC staff contact the resident and seek to address any concerns in an attempt to ultimately achieve their complete satisfaction with our service. BBC only closes out a work order in Yardi (1) once BBC is able to obtain resident "sign-off" regarding satisfaction, or (2) where the resident does not respond to BBC after several attempts, the installation Military Housing Office is made aware of the action and does not object to the work order being closed out in Yardi.

In BBC's commitment to provide accurate information to the Military Services, we have implemented an Operations Assurance Plan as an additional control to ensure the accuracy of the data in Yardi before incentive management fee claims are submitted. The Operations Assurance Plan promotes compliance with internal policies and procedures regarding work order management, and a corporate culture where the need to maintain accurate records is always prioritized.

Beyond maintaining accurate records, we also value transparency. BBC residents can receive a summary of maintenance conducted on the housing unit they lease or are offered as a prospective tenant. These seven-year maintenance histories provide a "summary" of maintenance conducted, including renovations, for the particular housing unit for the previous seven years (or, if less than seven years, the time period the housing unit has been in the inventory). Residents may also request additional detailed information on any or all items listed in the attached seven-year maintenance history. Knowing that service personnel review the seven-year histories of work performed at a residence when considering whether to accept a lease at a residence, we understand how important they are to the individuals we serve. Yet, because the information referenced in the seven-year maintenance histories is generated from multiple sources that may encompass hundreds of electronic data points collected over many years, MHPI project owners are unable to make specific representation or warranty about the accuracy or completeness of the information listed and typically make a disclaimer to that effect when communicating these summaries to residents. Nevertheless, we do our best to ensure they are as accurate as possible, and we have implemented a process to correct any identified errors.

To further improve the resident experience, we recently established a new call center, which is staffed with work order agents available 24/7 to initiate a work order in our system, schedule maintenance visits, provide status updates on open work orders and answer related questions in real time. We believe this new system will help to ensure that the level of priority ("Emergency," "Urgent" or "Routine") assigned to each work order is classified by an independent party, which has no incentive to misapply work order classifications.

**Our approach to mold management and other environmental issues.** BBC's mold management, asbestos, and other environmental policies were developed with the help of third-party experts, including external environmental lawyers and Exponent, Inc., which employs highly experienced certified industrial hygienists and other leading consultants in this field. Accordingly, we have developed training manuals and policies that guide our efforts to protect the health and safety of residents, in the absence of regulations on most these environmental matters. We regularly update our materials to ensure they reflect the best science available. During the interviews conducted by PSI staff, none of the BBC employees interviewed identified any instances in which the company failed to meet applicable policies and standards established by the company.

Throughout many of the interviews conducted by the Subcommittee, the environmental and safety-focused questions put to BBC employees frequently focused on the potential risk of mold and asbestos to the health of residents. BBC provided PSI staff with a White Paper entitled "Existing National Standards or Guidelines—Dampness and Microbial Growth", which highlights the fact that "[t]here are no national standards or guidelines that establish levels of dampness or microbial (fungal or bacterial) growth in residential or other settings . . . presenting an increased health risk to occupants. In fact, as Exponent, Inc. (the author of the White Paper) points out, "[n]either the U.S. Centers for Disease Control and Prevention (CDC) nor the U.S. Environmental Protection Agency (EPA) recommend *routine* sampling for mold, including sampling for mold in air. Because neither the CDC nor the EPA has developed air quality or any other mold standards, there is no basis against which to test for mold and thus there is no basis to criticize BBC for not performing regular mold or air quality testing.

Certain residents present concerns that BBC does not routinely "test" for mold. BBC believes it is appropriate to follow the recommendations of the CDC and EPA, as well as the Military Services, which do not call for routine mold sampling or testing and instead dictate that mold assessment and remediation is best addressed through visual inspections.

In another White Paper provided by BBC to the Subcommittee on asbestos and other manmade fibers, Exponent, Inc. (the author of the White Paper) said the following: "There are no existing or national standards or guidelines concerning the presence of in-place building materials containing asbestos or manmade fibers (MMF) in residential settings." Given the age of many of the residential homes in BBC's portfolio, many were built when asbestos and other manmade fibers were in use as insulation or part of the adhesive for tile floors. Exponent, Inc. points out in its White Paper that "[a]sbestos may be present in different types of building materials and is not considered a potential hazard when the asbestos-containing material (ACM) is undamaged or when it is enclosed or encapsulated." As Exponent, Inc. also notes, "[t]he U.S. Environmental Protection Agency (EPA), the U.S. Occupational Safety and Health Administration (OSHA), and the U.S. Consumer Product Safety Commission (CPSC) state that the mere presence of ACM in a building does not imply that an asbestos exposure has or will occur, let alone such an exposure at a level in the air that increases human health risk. . . . Various federal agencies have issued general guidelines, none of which are enforceable regulations."



Consistent with general federal guidelines, BBC seeks to ensure that it addresses any potential risks to residents when ACM is damaged or no longer enclosed or encapsulated. Maintenance staff are empowered to seek guidance through their chain of command and/or regional environmental specialists to make sure they know how best to address potential environmental issues when they are engaged in addressing repair and maintenance matters for a home.

**The resolution of matters with the Department of Justice.** In December 2021, BBC reached a resolution with the Department of Justice (DOJ) regarding criminal and civil investigations into specific performance incentive fees improperly claimed by the business between 2013 and 2019 related to maintenance work at certain military housing installations. BBC pleaded guilty to one count of major fraud against the government.

In the plea agreement, the DOJ recognized the work that BBC has undertaken in enhancing its compliance program and strengthening its internal controls, including with the appointment of a Chief Compliance Officer. However, BBC recognized that its compliance program and internal controls had not been fully implemented and therefore agreed that an independent compliance monitor (Monitor) for up to a three-year period, as well as paying fines and restitution. BBC is committed to the highest standards of ethical conduct. The wrongdoing that took place is completely contrary to the way we expect our people to behave. It has been made clear to all employees that breaches of policies, procedures, or law are intolerable. Additionally, we have enhanced our ethics and compliance training for all employees. We look forward to a constructive engagement with the Monitor.

Since 2019, we have worked diligently to understand the root causes of employee misconduct that was uncovered, and we undertook an in-depth review of our operations. As a result of our findings, we have taken significant steps to prevent this type of misconduct from occurring in the future. These include the restructuring of our management team, including the appointment of several additional senior executives and a US-based Chief Compliance Officer. Moreover, in 2020, BBC commenced implementation of its Operations Assurance Plan, including the establishment of a dedicated and growing compliance team, as a safeguard to ensure the accuracy of the data in Yardi before incentive management fee claims are submitted. The Operations Assurance Plan promotes compliance with internal policies and procedures and a corporate culture where the need to maintain accurate records is always the priority. The Staff Report fails to acknowledge these critical control enhancements BBC has made to mitigate, identify, investigate and correct mistakes in the work order system, despite BBC detailing the Operations Assurance Plan numerous times for the Subcommittee—including in interviews conducted with BBC's Vice President, Compliance – Facilities Management, who leads the Facilities Management operational compliance team, and the Balfour Beatty U.S. Chief Compliance Officer.

BBC cooperated fully with the DOJ throughout its investigation, and we have been transparent on the matter with all our stakeholders, including the DOD, our Military Service

partners, this Subcommittee, and the others that have held hearings and made inquiries into privatized military housing over the past three years. As we made clear throughout the investigation, our objectives included full transparency and accountability for the improper payment of performance incentive fees, including the reimbursement of such amounts to affected projects, and the termination or disciplining of any employees found to have been non-compliant with our policies and procedures. The agreed upon resolution with the DOJ represents BBC taking responsibility for wrongdoing within our organization and brought the investigation to a close. We have apologized to all our stakeholders for the misconduct that occurred, and we are focused on moving forward and continuing to improve the resident experience across our military housing portfolio.

#### *CONCLUSION*

Over the last three years, BBC has demonstrated an unwavering commitment to listening to our residents at Fort Gordon, Fort Stewart, and Sheppard AFB, as well as to residents at all the other installations where we serve those who serve our country. Jointly with our military partners, BBC manages housing at 55 Army, Navy and Air Force installations in 26 states, encompassing more than 43,000 military homes and approximately 150,000 residents. Through these projects, we have partnered with the DOD to oversee the construction of more than 15,000 new military homes and the renovation of more than 14,000 legacy military homes. With such a diverse portfolio of homes—over a third of which are aging units constructed by the military—we typically process more than 280,000 resident-generated work orders annually.

We work hard to maintain vibrant, diverse and active communities for our men and women in uniform and their families. Among our 1,300 employees, one quarter are either veterans or military spouses. We thus know well that these communities are central to the quality of life for our service members, and we do not take that lightly. We value our common goal with Congress and the DOD to provide suitable family housing for service members and their families and continue to remain focused on further enhancing the housing experience for service members and their families.

We have made real improvements across all aspects of our military housing business. Our performance metrics confirm we are making significant progress in that regard. As a result, the results from customer satisfaction surveys performed by an independent survey provider engaged by our projects indicate the majority of our residents are happy with their homes and the services we provide.

As noted at the outset, we remain committed to addressing any shortcomings identified by our Military Partners and others reviewing our performance over the past few years. We also remain committed to sustaining our ongoing efforts and continuing to work with residents, military housing advocates, the Monitor, and our partners in the Congress and the DOD to address challenges and seek effective ways to support the long-term viability of the MHPI program. In short, we believe these efforts exemplify BBC's pledge to continue to do what is

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necessary to regain the trust of all MHPI stakeholders and, most importantly, the service members and their families we serve.

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---Original Message---

From: [REDACTED] CIV USARMY IMCOM (USA)  
Sent: Tuesday, September 22, 2020 10:12 AM  
To: Daher, Samantha <[REDACTED]@bbegrp.com>; Cross, David <[REDACTED]@bbegrp.com>; 'Brigham, Jason' <[REDACTED]@bbegrp.com>;  
Tripp, Teddy <[REDACTED]@bbegrp.com>; Knight, Laurin <[REDACTED]@bbegrp.com>  
Cc: [REDACTED] L CIV USARMY USAG (USA) <[REDACTED]@mail.mil>; [REDACTED] L CIV USARMY IMCOM (USA)  
<[REDACTED]@mail.mil>; [REDACTED] CIV USARMY IMCOM (USA) <[REDACTED]@mail.mil>; Cook, Paula  
<[REDACTED]@bbegrp.com>  
Subject: Dissatisfied ICE Comment (UNCLASSIFIED)

CLASSIFICATION: UNCLASSIFIED

Good Morning Team BBC,

Please see below ICE comment. Please respond with a response and action plan NLT 25SEP. The ICE comment states customer would like to be contacted. However they did not provide the contact information. Maybe you can figure out who this is off the response given.

Responses:

---DOD Required Questions---

Question      Customer's Rating  
-----

Were you satisfied with your overall experience?  
No

Question      Customer's Rating  
-----

Did the product or service meet your needs?  
No

Question      Customer's Rating  
-----

Facility Appearance      Poor  
Employee/Staff Attitude      OK  
Timeliness of Service      Poor  
Hours of Service      OK

---Additional Questions---

Question      Customer's Rating  
-----

What is your status?      Retired

Customer Comments:

I recently retired after 21 years of combined service. This is by far the worst Housing I have ever lived in. We had mold in our house, under the vinyl floors, in the walls, behind our cabinets, and in the vents. Our roof leaked and the sheetrock fell in the closet. I was in the MEB process and the sewer line collapsed and we had to move. They gave me one week to vacate a house that was not fit for occupancy so they could "work" on it. I was forced to move from one house to another while physically disabled, then in the six months that we remained there, they did no work on the house. This company is unprofessional and should be removed from the installation. They have no clue


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what it means to run a safe and organized military housing community. The installation leadership needs to do a walkthrough of housing and talk to every resident. I know of several people that have multiple issues with their homes and nothing seems to be getting accomplished. Since I am no longer in the military I do not fear retaliation from the housing office. If I had it to do all over again I would not live on base and would have found a home that was better suited for my family.

\*\*Customer has requested a response from management.\*\*

Thank you,

  
RC1 Liaison  
USAG Gordon, DPW  
307 Chamberlain Avenue, Building 33720  
Fort Gordon, GA 30905

CLASSIFICATION: UNCLASSIFIED

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**From:** Lawson, Billy  
**Sent:** Monday, February 22, 2021 1:39 PM  
**To:** Cook, Paula  
**Subject:** FW: FM buildings

FYSA...

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**From:** Rodriguez, Thomas <[REDACTED]@bbcgrp.com>  
**Sent:** Friday, February 19, 2021 3:12 PM  
**To:** Lawson, Billy <[REDACTED]@bbcgrp.com>; Paris, Dresin <[REDACTED]@bbcgrp.com>; Ewing, Jim <[REDACTED]@bbcgrp.com>  
**Cc:** Daher, Samantha <[REDACTED]@bbcgrp.com>  
**Subject:** FM buildings

Good day to all,  
The past 24 hours have been very eventful. I realize that some very critical decisions will be made over the days to come. I would however, like to take this opportunity to point some things out from the Facility Manager's prospective. I do realize that this opinion was not solicited but I would like to clear the air non the less.  
When I arrived on site October 5, 2020 words could not describe the total Chaos that was the Facilities Department. I decided to draw from our *Code of Conduct* to guide my steps as we rebuilt the Facilities department:

**We act honestly**

***Our principle We will not defraud or deceive anyone, act dishonestly or misuse company property or resources***  
***False Claims***

***Our principle We will not claim for something we are not entitled to***

***We respect everyone***

***Our principle We want to be trusted by our stakeholders and other third parties, we treat our stakeholders and their staff with integrity and professionalism at all times.***

We act honestly – My understanding of the condition of our current FM buildings is a systemic one.

- Our lease with the Army stated that we are to "maintain" the roofs. (we have not)
- Upkeep of the interior of the facilities would be our responsibility. (we have not)

In these two instances we (BBC) have failed to live up to the letter and spirit of the agreement. Casting blame on the Army for not repairing the roofs several years ago, etc..

This is not acting honestly or respecting our third parties and treating them with integrity and professionalism.

For whatever reason that we did not maintain these three buildings, now is the time. If we are a company of our core values we should. I am not asking for large sums of money to be spent here, just make the necessary repairs to the ceilings inside and replace the roofs of all three buildings.

Our current inventory of supplies, shop area and tools will not fit in the 771 building. Attempting to expedite this move in the next two weeks will end in disaster for us on site.

Today the buildings are currently being tarped to prevent further water infiltration to the units. Damaged 2x2 drop ceiling tiles are being replaced with water proof tile. Two areas where the original ceilings are exposed (12x12 acoustic tile) are being encapsulated to prevent fall hazards to the staff and exposure to ACM.

If there is a comprehensive plan moving forward I would like to be included in it from the beginning. Whatever decisions are being made, we on site will have to make the best of it, help us be apart of the solution. I am at your disposal..

Tom Rodriguez

Facilities Manager | Fort Gordon Family Homes

[REDACTED]  
41103 42nd Street, Fort Gordon, GA 30905

[fortgordonfamilyhomes.com](http://fortgordonfamilyhomes.com) | [Facebook](#)



BBCPSI008394

**Post-Hearing Questions for the Record  
Submitted to Capt. Samuel Choe, USA  
Former Resident in Balfour Beatty Housing  
Fort Gordon Army Base  
From Senator Rick Scott**

**Permanent Subcommittee on Investigations  
“Mistreatment of Military Families in Privatized Housing”  
April 26, 2022**

Thank you for your willingness to testify before the Permanent Subcommittee on Investigations.

1. From your experience, what are your recommendations to improve the process of requesting repairs in military housing?

The recommendations that I believe are best suited to improve military housing repair requests can be a blend of current practices and non-DoD affiliated, independent monitoring. Considering the streamlined mechanisms that phone/computer apps bring in terms of quicker awareness to employees, if a repair request is submitted in this manner, then I believe that the independent monitoring would help keep the military housing system active and honest. Emplace measures that trigger notifications/warnings/mandatory reporting to garrison officials so that if certain types of repairs aren't recognized and alleviated expeditiously, then it requires the garrison to become directly involved. If certain household issues or concerns, especially those that categorically are detrimental to the health and welfare of residents, is submitted, then have the response time parallel that of the Army's SHARP sexual assault response time. It requires a certain response from predetermined senior Army leaders, if a sexual assault is not addressed within strict windows. The same can be applied for specific issues that are not addressed as well, since this would signal that the resident is in a toxic and unsafe environment, and that military housing (privatized/garrison) did not respond appropriately. Have this escalate to where if housing, garrison, and post officials don't respond, then it rises to the purview of Army Materiel Command, or Installation Management Command. So on and so forth. This will bring highly undesired attention to the individuals responsible for solving this problem, but who did not.

2. What steps do you think are needed to ensure military families are better served by military housing contractors and the DOD?

Sweeping reform. Akin to what I suggested earlier, have independent, third party, non-DoD affiliated organizations, but who are influential and can enact change, hold housing contractors and garrison DoD officials responsible for their missteps. Make it publicized. There are few out there who would relish in having the public keenly aware of their mistakes. If a family is displaced due to negligence, then that is something that should be posted on the installation Facebook page. If a family member falls ill, contracts a disease, or develops a condition that impacts their health, then this should also be made known (but protect the family's identity unless they agree to publicly disclose this). There should be a weekly FB post that highlights the work orders, home status, and remaining work, of each community, so that every resident, EVERY resident, is afforded the clarity and respect that they should have as a member of their respective community. Military officials frequently tout their accomplishments, and the work conducted, via PowerPoint slides on a weekly basis, highlighting to their superiors the "good" that they've done. Have the superiors also receive a weekly report from the subordinate official, reviewed and approved by the independent organization, that also highlights their shortcomings, or inability to fix the problems that they should have. Rank should be completely sterile, all spectrums of military personnel should be able to work with the independent party to help address and resolve founded concerns. I urge sweeping reform. It is not only civilian contractors and privatized officials who are involved and negligent. Military leaders, which my situation has shown, are just as egregiously responsible for the manner and method in which problems should be addressed, but are currently not.



**Post-Hearing Questions for the Record  
Submitted to Tech. Sgt. Jack Fe Torres  
Current Resident in Balfour Beatty Housing  
Sheppard Air Force Base  
From Chair Jon Ossoff**

**“Mistreatment of Military Families in Privatized Housing”  
Permanent Subcommittee on Investigations  
Senate Homeland Security and Governmental Affairs Committee  
April 26, 2022**

1. In the joint written testimony that Richard Taylor and Paula Cook from Balfour Beatty Communities, LLC (“Balfour”) submitted to the Subcommittee, they claimed that on numerous occasions, Balfour employees were “impeded in responding to, inspecting, and/or taking the necessary action to repair or address” issues in your home do to your family’s “refusal to allow [Balfour] employees to enter the residence, which is contrary to the terms of the lease agreement.”<sup>1</sup> They further claimed that when Balfour “attempted to inspect the home in connection with these work orders, Sgt. Torres and/or his wife refused to allow [Balfour’s] employees access to examine the specific complaints until on or about September 15, 2021, after repeated requests by [Balfour] to do so. Once [Balfour] was permitted by the Torres family to examine those reported concerns, [Balfour] again acted in a prompt and reasonable manner to address those issues.”<sup>2</sup>

It is my understanding that you disagree with those claims, I want to provide you with an opportunity to provide your account of what occurred, to respond to Balfour’s statements, and to provide to the Subcommittee any additional material that you believe contradicts Balfour’s claims as set forth above.

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<sup>1</sup> Written Testimony, Balfour Beatty Communities, LLC, Before U.S. Senate Permanent Subcommittee on Investigations, Committee on Homeland Security & Governmental Affairs, Represented by Richard Taylor, President, Facility Operations, Renovations and Construction, Balfour Beatty Communities, LLC and Paula Cook, Vice President, Transformation, Balfour Beatty Communities, LLC (April 26, 2022) (available at: <https://www.hsgac.senate.gov/imo/media/doc/Taylor%20and%20Cook%20Testimony.pdf>).

<sup>2</sup> *Id.*

I do disagree with Balfour Beatty claims that we have refused to allow them to do the necessary work or actions to our home. We have never denied BBC entry into our home. It would be either my spouse or myself that will call in for work orders. It would contradict us calling it in the first place.

We placed 3 work orders on 9/3/2021 the day we returned home from the first displacement. On 9/15 my wife called the maintenance number to follow up with those work orders because we have not heard back from them since those work orders being placed. We have a voice recording of my wife calling them to follow up that day. Later, BBC's community manager called to schedule maintenance for 9/16 (We also have a voice recording for that call). On 9/16 the maintenance manager and supervisor came to look at those areas and took pictures. They had stated that they are needing to get guidance from the corporate. We have a video of this conversation as well. Then on 9/30 I sent an email to BBC requested further follow up on the work orders. We also have an email of this follow up. They never acted promptly and reasonable manner to address those issues as stated on their testimony because they always have to get "guidance" from their corporate.

My family and I are very cautious when it comes to having others inside of our home. Due to covid and having three little ones we make sure to provide shoe coverings or they can remove shoes at the door, hand sanitizer, and get a temperature reading prior to entering our home. All Balfour employees in the past has complied with these suggestions prior to entering and has never refused. I do remember on one occasion on 10/8, there were three Balfour employees that came to our home to do an inspection and when checking their temperatures two out of the three checked good but one had a fever of 100.7-101. We were not comfortable with him entering our home because our son has had 3 pneumonias in the past. He said he did not have a problem waiting outside as he needed to make a phone call while the other two employees are working inside. After a few minutes later, we rechecked his temperature and his temperature did go down to 99.4 and allowed him to enter. We did use two different thermometers just in case we were getting different reading but both indicated that he did have a fever. That same individual did tell us that he had to be seen by a doctor a day prior to our appointment day and he did not have a fever during that visit and that he got over Covid back in August.

My family and I will always allow Balfour Beatty to come in and do their job. For the work order placed on March 4, 2021 to repair our water heater, the technician attempted to repair the

water heater and caused the entire tank to leak out into our hallway and the entire house smelling like natural gas. Ever since that day my spouse has been scared to be alone with any Balfour employee or technician. Out of the ten years we have been living in military housings I have never seen my spouse be so uncomfortable when around housing maintenance or housing employees. I am having to leave work every time a technician or employee come to my home. When requesting a work order we do place a comment to call us prior to coming into our home, so that I can be present when work is being done and to ensure it is being done correctly. Even though we have gone through so much we will always allow Balfour Betty to continue working on our home and would never refuse to let them in.

My family and I retained legal counsel in August, 2021 to help with our housing situation but we did not file a lawsuit until March, 2022 during our second displacement, ten months after we first reported the issues to BBC. Although the Tenant Bill of Rights allows for tenants to have legal counsel, in our case our two disputes were never officially opened. It is our understanding the military leaders involved were told we were suing BBC long before we actually did. May 27, 2022 will be exactly one year since we reported the issues and to this day our house still has visible mold in our home. This has been going on for way too long and we are continuing to suffer with health issues because of BBC's negligence.

If you would like more information in regards to our second displacement please us know and we can provide more details on that matter.

**Post-Hearing Questions for the Record  
Submitted to Tech. Sgt. Jack Fe Torres  
Current Resident in Balfour Beatty Housing  
Sheppard Air Force Base  
From Senator Rick Scott**

**“Mistreatment of Military Families in Privatized Housing”  
Permanent Subcommittee on Investigations  
Senate Homeland Security and Governmental Affairs Committee  
April 26, 2022**

**Thank you for your willingness to testify before the Permanent Subcommittee on Investigations.**

- 1. From your experience, what are your recommendations to improve the process of requesting repairs in military housing?**

From my experience, to improve the process of requesting repairs in military housing, it is necessary to have a third party administer the requested repairs and approve the scope of the repair, ensuring that the repair will remedy the underlying issue. While it is possible a representative from the DOD may be able to handle this role, the overarching concern is that (1) interested parties (such as the housing company and, in some cases, DOD representatives, given that the DOD is a partner in these housing ventures) have a vested interest in changing the work order description, and (2) in order to meet budgetary constraints, performance metrics, or improve the bottom line, those same parties have a vested interest in under-diagnosing requested repairs and finding the cheapest alternative, in many cases, implementing a cover-up repair instead of a real repair.

Simply put, there should be one database, visible to all parties and unchangeable by the housing company, that reflects the requested repair and the work performed in response. If the issue is not what the requestor stated it was the description should not be changeable but the actual issue the technician found should be added as notes

**2. What steps do you think are needed to ensure military families are better served by military housing contractors and the DOD?**

To better serve military families, there are three things that need to happen.

First, military families should have an easier process to withhold rent from the military housing contractors. We have filed two dispute resolution process twice, first one was placed July 20, 2021 it was ignored/forgotten and the second was placed January 25, 2022 which was denied. This will allow military families economic leverage when the repairs they requested are not being completed.

Second, the housing companies need to be expressly subject to laws that exist immediately off of the base – including laws related to tenants and laws related to the performance of work. For example, if a housing company is subject to a small claim’s lawsuit or any other lawsuit for failing to comply with state law, they will have a vested interest in complying with the law, whereas now they do not fear any repercussions. Furthermore, if the work the housing companies perform is not done in accordance with state standards, the housing companies should be subject to scrutiny by the state licensing boards (plumbing, HVAC, mold assessment, etc).

Third, the private contractors who work for the housing companies should be subject to the same laws, regulations, and oversight mentioned before, and they should not be able to perform more than 35% of their total business for the housing company, to avoid the housing company having a “third party” contractor who is actually beholden to them financially. Finally, and perhaps most critically, the housing companies should be subject to competition on each base. Competition is what drives the non-military markets, and if the housing companies are having to compete in order to have housing that military families want to live in, the overall condition of the housing will improve. Given the choice, military families will stop renting from the housing companies who are substandard. In turn, that should drive the price for rent charged by substandard housing companies down.

**Post-Hearing Questions for the Record  
Submitted to Rachel Christian  
Founder and Chief Legislative Officer  
Armed Forces Housing Advocates  
From Senator Rick Scott**

**Permanent Subcommittee on Investigations  
“Mistreatment of Military Families in Privatized Housing”  
April 26, 2022**

Thank you for your willingness to testify before the Permanent Subcommittee on Investigations.

1. From your experience, what are your recommendations to improve the process of requesting repairs in military housing?

We believe that by strengthening the Tenants Bill of Rights that we can improve the process. We suggest the following problems and solutions in the Tenants Bill of Rights:

*The right to reside in a housing unit and a community that meets applicable health and environmental standards.*

Problem: Standards are not defined specifically for environmental and health issues. Also, there is no limit for exposure to mold.

Solution: Define the standards to be used in the same way that local municipalities do within their ordinances for mold, pesticides, radon, lead and other environmental standards. Allow residents to request monitoring for environmental regulated substances that do have a limit of exposure. There is a current study at the University of Tulsa via a HUD grant is being completed to set exposure limit. (<https://engineering.utulsa.edu/housing-urban-development-mold-shaughnessy/>).

*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.*

Problem: Residents, upon move in, do not have operating appliances and they are not repaired for long periods of time or are given an arbitrary metric for how they should be operating nor a functional time for repair.

Solution: Define above needs more clearly.

*The right to be provided with a summary of the maintenance conducted with respect to a prospective housing unit by the landlord for the previous seven years, before signing a lease, and upon request, all information possessed by the landlord regarding such maintenance within two business days after making the request. Upon request, a current Tenant who did not receive*

*maintenance information before signing a lease has the right to receive such information within five business days after making the request.*

Problem: The summaries are lacking real information and detail. All information is not defined and therefore tenants may not have adequate time to make an informed decision. Past tenants do not have this information available to them.

Solution: Retroactive application of TBOR and access to maintenance histories for all tenants currently residing in MHPI regardless of if they have signed a universal lease. Increase length of time for tenant to decline/accept housing after receiving further requested information. This would be easily accomplished if the summaries were public facing.

*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.*

Problem: The universal leases being utilized are extraordinarily long and not publicly accessible to all MHPI prospective residents by all companies.

Solution: Require the leases and addendums for each installation on the installation and housing webpage. Provide better plain-language and more frequent briefings that can be accessed digitally by residents.

*The right to a plain-language briefing, before signing a lease and 30 days after move-in, by the installation housing office on all rights and responsibilities associated with tenancy of the housing unit, including information regarding the existence of any additional fees authorized by the lease, any utilities payments, the procedures for submitting and tracking work orders, the identity of the Military Tenant Advocate, and the dispute resolution process.*

Problem: Plain language briefings, common leases and addendums, fees, etc. are not public facing or easily accessible to families.

Solution: Make these public facing on the installation and housing company web pages.

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.

Problem: Sufficient time is not given and tenants are being denied this right. Tenants are being asked to sign leases and begin paying rent prior to arriving at the installation.

Solution: Define sufficient time when scheduling move-in and move-out inspections. Add that video-conferencing can be used if protocols do not allow for in person inspections. Create a full stop to lease signing and BAH payments until arrival at installation. PROBLEMS & SOLUTIONS

*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.*

Problem: Reprisal and retaliation are still occurring and families are fearful of coming forward.

Solution: Include a Plain Language Briefing and public announcement via social media about remedies for reprisal and retaliation if it occurs from installation command, the housing company, and/or the service members' chain of command.

*The right of access to a Military Tenant Advocate through the housing management office of the installation of the Department at which the housing unit is located or a military legal assistance attorney to assist in the preparation of requests to initiate dispute resolution.*

Problem: The Military Tenant Advocate is not visible to the residents. The advocates are not properly trained and continually share inadequate or incorrect information on their behalf to tenants (including the right to informal and formal disputes).

Solution: A proper universal training plan of housing advocates to understand the basic rights for the TBOR, national, state, local housing and environmental laws. PROBLEMS & SOLUTIONS

*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.*

Problem: No definition of industry standards is indicated.

Solution: Define the industry standards to be used in the same way local municipalities do.

*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.*

Problem: Residents are being ignored. Decisions are being made at the corporate level and therefore response times are increasing.

Solution: Define what constitutes as responsive. Inform the resident when a decision needs to be made at the corporate level.

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.



Problem: Although tenants have an electronic work order system, they do not have control over when a work order is marked complete to their satisfaction.

Solution: When a military housing company closes a work, order allow a specified time frame for the resident to dispute whether or not the repair has been completed.

*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.*

Problem: There is no definition of what industry standard is to be used for specific repairs or specific time frame required for repairs. Therefore, the resident and commanders are unable to hold the military housing companies accountable. The reasons for displacement are not listed and suitable lodging and per diem rates are not defined. Therefore residents are often unable to be displaced and are often placed in quarters that are too small or do not allow pets and are not given adequate per diem allowances that ensure that they do not incur costs.

Solution: Define industry standards and time frames for repairs. List situations when relocation is needed and allow tenants to choose lodging facilities that meet their needs and are within locality per diem rates.

*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.*

Problem: Military legal assistance offices are not trained in this area in regard to local, state and federal laws. There are not specific military legal assistance personnel assigned to these issues.

Solution: Create training for legal assistance personnel and designate a individual(s) at each installation to provide this service. Have this information public facing on the installation websites and included in plain language briefings. Create a database for all state and local regulations that apply at individual installations.

*The right to enter into a standardized, formal dispute resolution process, should all other methods be exhausted, to ensure the prompt and fair resolution of disputes that arise between landlords and Tenants concerning maintenance and repairs, damage claims, rental payments, move-out charges, and such other issues relating to housing units. The dispute resolution process shall contain the following elements: installation or regional commander as deciding authority; a process for withholding allotment of rental payments; standard mechanisms and*

*forms for requesting dispute resolution; minimal costs to Tenants for participation; a completed investigation within seven days; and except in limited circumstances, a decision within 30 days and in no event longer than 60 days. A decision in favor of the Tenant may include a reduction in rent or an amount to be reimbursed or credited to the Tenant.*

Problem: Informal dispute processes are arbitrarily defined and are being denied due to “non-qualification” due to “eligibility” but there is not clear or visible evidence to suggest what the “qualification” is.

Solution: Provide a clear universal standard that outlines who is eligible and who is not for informal and formal dispute processes. Include this standard in plain language briefings, at lease signing, and public facing on the installation webpages.

*The right to have the Tenant’s basic allowance housing payments segregated, with approval of a designated commander, and not used by the property owner, property manager, or landlord pending completion of the dispute resolution process.*

Problem: Residents are not allowed to segregate rental payments during the informal dispute process.

Solution: Allow rental segregation from the initiation of the informal dispute process and allow initiation at resident request.

*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.*

Problem: Residents are not receiving advance notice before entrance and emergent entrance is inconsistently applied.

Solution: Define advance notice and what situations require emergent entrance.

*The right to not pay non-refundable fees or have application of rent credits arbitrarily held.*

Problem: Residents are unaware of the fees they are required to pay and credits are not being applied or tracked.

Solution: These fees and credits should be public facing and tracked transparently for each installation.

*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. Tenants seeking assistance with housing issues should continue to engage their installation housing office, installation leadership, or chain of command.*

Problem: The processes are not universal and documents are not available and residents do not know where to obtain them. This is particularly an issue when an installation is run by a branch that is different from the branch they currently serve within.

Solution: Create a Department of Defense database that houses branch and military housing company specific documents, forms and processes, as well as an up-to-date roster with contact information for all housing offices and installation leadership. This will help alleviate issues that arise due to incongruent installation for those living on a base with leadership different from their service branch.

2. What steps do you think are needed to ensure military families are better served by military housing contractors and the DOD?

We need to hold the housing companies truly accountable when they fail or violate the law. To AFHA, this means revoking the current contracts they hold, to set the example for the other companies that may be violating the law and/or providing unsafe and uninhabitable homes to our service members.

**Post-Hearing Questions for the Record  
Submitted to Jana Wanner  
Military Spouse  
From Senator Thomas R. Carper**

**Permanent Subcommittee on Investigations  
“Mistreatment of Military Families in Privatized Housing”  
April 26, 2022**

Morale Challenges (for Ms. Wanner)

1. Following nationwide reports of unacceptable housing conditions at military bases across the country, including in my home state at Dover Air Force Base, Congress enacted a number of reforms in the Fiscal Year 2020 National Defense Authorization Act.

Those reforms to privatized military housing included a Tenant Bill of Rights and the designation of a Chief Housing Officer at the Department of Defense.

Prior to enacting those reforms, I met with military families at Dover that were directly affected by issues of poor maintenance and dangerous living conditions, and I want to make sure that Congress keeps track on whether those reforms are working and what more needs to be done.

- a. In your view, were the reforms adopted by Congress through the NDAA satisfactory, and have they made a difference for our military families?

The initial reforms were a great start, but so far have not had a significant impact in holding the companies accountable. There are many families that have tried to initiate the formal dispute process, particularly at Fort Gordon, without much success. When families request the dispute process, Balfour delays allowing families the ability to utilize this right, by coming up with various reasons such as telling residents they haven't given sufficient time to resolve issues. The Tenant Bill of Rights is a great resource for residents, but only if the companies cooperate and follow the process. But that is not always the case, especially since there is very little oversight of the process by a neutral third party that is ensuring that the companies are cooperating with the process.

Additionally, there is still very little clarity on what the companies are requiring for families to submit as proof of needing ADA housing, or other reasonable requests for accommodations, such as carpet free homes. Often, there are significant delays in responses to the requests made by families. At Fort Gordon, specifically, there are also not enough ADA homes set aside for need based families. The wait list times vary, up to one year in some cases, further adding extra layers of stress and red tape for families that have an ADA home requirement. This is especially the case when the companies are leasing the ADA

homes to residents that do not have an ADA need. The policy is that when an ADA qualifying resident is put on the waitlist for an ADA home, and one is occupied by non-qualifying residents, the company is required to move the non-qualifying occupants. This further complicates the process while the qualifying resident waits for the home to become available for them, and the non-qualifying occupant also needs to move. On Fort Gordon, there is not even a dedicated waitlist for ADA homes. A family needs to get on a waitlist for a specific housing area and hope that an ADA home in that area becomes available.

**Post-Hearing Questions for the Record  
Submitted to Jana Wanner  
Military Spouse  
From Senator Rick Scott**

**Permanent Subcommittee on Investigations  
“Mistreatment of Military Families in Privatized Housing”  
April 26, 2022**

Thank you for your willingness to testify before the Permanent Subcommittee on Investigations.

1. From your experience, what are your recommendations to improve the process of requesting repairs in military housing?

In my experience, to improve the process of requesting repairs, the process needs to be monitored by a neutral third party. Frequently, work orders are closed out before they are completed, or they are not completed at all. There should be a system in place that prevents companies from closing out the work orders, without residents signing off on the completion of the work order. Certified professionals completing specific types of repairs, such as roofing, plumbing, HVAC, or electrical, would prevent the frequent recurrence of the same issue repeatedly. There are often just band aid fixes that are not properly addressed. This contributes significantly to the improper maintenance of some of the homes, as well as the overwhelming volume of work orders.

2. What steps do you think are needed to ensure military families are better served by military housing contractors and the DOD?
  1. Home inspections should be conducted by a certified third party that is not associated with the private company, or anyone on the installation. Many of the homes on Fort Gordon are considered “legacy housing.” These older structures are being leased when homes in the same condition off the installation would be deemed unlivable. These homes, at bare minimum, should meet code requirements. These are homes that are known to include issues with mold, asbestos, and lead.
  2. There needs to be more authority given to the military. The military advocate side has almost no power to enforce standards on the companies. The companies are aware of this, and they use this to their advantage. While base military leadership

often does attempt to step in and assist when they are made aware of certain circumstances, they are not always successful in ensuring that the companies do the right thing. With that, base commanders should not be constantly resolving individual issues. The companies are paid and given a contract, so they should be doing things right the first time they are made aware of an issue that could potentially affect the health, safety, and welfare of military families. Additionally, RCI (Army Housing/Advocate office) employees should not have previous ties to housing companies, as it creates conflict of interest.

3. Proper installation of adequately sized HVAC systems should be required. Many residents constantly complain of HVAC systems not properly cooling or heating their homes. Adequately sized HVAC systems would prevent overworking of the units, which in turn would reduce constant need for repairs. This is a frequent problem, especially on Fort Gordon. Often times, there are not enough parts, so families are forced to wait on repairs during the hottest part of the year. Since many of the homes have identical HVAC systems, it should be required that a minimum amount of parts are stocked to prevent long delays in repairs.
4. The companies are not consistent with the documentation they require for residents to request ADA accommodations, or reasonable request for accommodations such as carpet free homes. Sometimes, families are told a memo from their medical provider is sufficient, only to be later told that it's not a sufficient document. They are also told that a memo from their local EFMP (Exceptional Family Member Program) office is sufficient. A clear set of instructions, and requirements, would be prevent further red tape for EFMP families. This will also prevent the companies from constantly changing what their standard of proof is. A certain number of ADA homes should always be set aside for qualifying families. Often, non-qualifying residents are placed in ADA homes, only to further inconvenience a qualifying ADA family when they don't have a home readily available for them. Even if a single home was always set aside at any given time, this would assist ADA families tremendously.

**Submission by Balfour Beatty Communities, LLC**

in Response to

**Post-Hearing Questions for the Record  
From Chair Jon Ossoff**

**Permanent Subcommittee on Investigations  
Senate Homeland Security and Governmental Affairs Committee**

**June 15, 2022**

**Question 1.** On September 3, 2021, Tech. Sgt. Jack Torres submitted three separate online repair requests to Balfour Beatty Communities, LLC (“Balfour”) concerning mold he found in his home at 235 Polaris Street at the Sheppard Air Force Base. In Request # 7645187, Sgt. Torres described the problem as “Mold on floor behind hall bathroom.” In Request # 7645190, he described the problem as “Mold under mech[anical] room.” However, according to the 7-year home maintenance history for 235 Polaris Street, which the Subcommittee understands reflects Balfour’s internal Yardi work order data, those requests were classified as “Routine,” instead of “Urgent,” and also classified under the category of “Carpentry,” instead of “Mold.”

In the joint written testimony that you both submitted to the Subcommittee, you claimed that these were “appropriate” classifications of these repair requests “based on the photographs provided” and “the unique circumstances of the submissions of those work orders.”<sup>1</sup> In light of that statement, please:

- (A) state how many other repair requests or complaints submitted – whether online, by telephone, or in-person – by residents in Balfour’s military housing that raised concerns about “mold” have been reclassified by Balfour to categories other than mold (including, but not limited to, “carpentry,” “interior repairs,” “leak,” “painting,” and plumbing.) This request can be limited to the time period from January 1, 2019 to present; and
- (B) provide a breakdown of that total figure for each military base on which Balfour operates housing.

**Response.** *Jointly with our military partners, Balfour Beatty Communities, LLC (BBC) manages housing at 55 Army, Navy and Air Force installations in 26 states, encompassing more than 43,000 military homes and approximately 150,000 residents. Through these projects, we have partnered with the Department of Defense to oversee the construction of more than 15,000*

<sup>1</sup> Written Testimony, Balfour Beatty Communities, LLC, Before U.S. Senate Permanent Subcommittee on Investigations, Committee on Homeland Security & Governmental Affairs, Represented by Richard Taylor, President, Facility Operations, Renovations and Construction, Balfour Beatty Communities, LLC and Paula Cook, Vice President, Transformation, Balfour Beatty Communities, LLC (April 26, 2022) (available at: <https://www.hsgac.senate.gov/imo/media/doc/Taylor%20and%20Cook%20Testimony.pdf>).



*new military homes and the renovation of more than 14,000 legacy military homes. With such a diverse portfolio of homes—over a third of which are aging units constructed by the military—we typically process more than 280,000 resident-generated work orders annually.*

*As previously disclosed, BBC's military housing projects utilize a property management system developed by Yardi Systems, one of the leading providers of specialized property management data management software for the military housing sector. Given inherent limitations in the platform that result from Yardi's standardization of the system configuration across all of its military housing clients, the Yardi system does not allow BBC to pull the information requested through a standard query. As a result, the only way to ensure a reliable presentation of the data requested would be for BBC to review every maintenance request entered as "mold" or "moisture" in its Yardi database on an individual basis across every one of its 55 installation sites from January 1, 2019 through the present. Such an exercise would be administratively and unduly burdensome. Nonetheless, as we have documented and maintained throughout the investigation, BBC has established a variety of assurance processes to confirm that work orders are completed and documented consistently and correctly to ensure accurate reporting, and also has acknowledged that work in this area will continue once an independent compliance monitor is in place and provides further recommendations.*

*We remain committed to sustaining our ongoing efforts and continuing to work with residents, military housing advocates, the monitor when it is in place, and our partners in the Congress and the Department of Defense to address challenges and seek effective ways to support the long-term viability of the MHPI program. We believe these efforts exemplify BBC's pledge to continue to do what is necessary to regain the trust of all MHPI stakeholders and, most importantly, the service members and their families we serve.*

**Question 2.** In the course of its investigation, the Subcommittee learned that Balfour – including its outside counsel – repeatedly obtained memoranda from the firm Exponent concerning asbestos or mold concerns in military housing operated by Balfour, including at the Fort Gordon Army Base in Georgia and the Sheppard Air Force Base in Texas.

Please provide the Subcommittee with answers to the following questions:

- When did Balfour first hire Exponent and in what capacity?
- In what capacity has Exponent been utilized by Balfour since it was first hired? (*i.e.*, to provide expert testimony in judicial cases, to conduct health and safety evaluations at Balfour-managed homes, etc., to provide responses to Congressional committees, etc.)
- How many times has Balfour engaged Exponent for their services from 2013 to present? (This should include a break down by year, by the specific service that Exponent provided to Balfour, in addition to where Exponent was hired to conduct

a home evaluation or any other base-specific analysis, *i.e.*, on the Sheppard Air Force Base in Texas, as an example).

- How has Balfour compensated Exponent for its services—by retainer, on a hourly basis, flat-fee, or some combination thereof?
- Since 2013, how much has Balfour paid Exponent? (This should include a break down by year and by the specific service that Exponent provided to Balfour).

**Response.** *BBC's mold management, asbestos, and other environmental policies were developed with the help of third-party experts, including external environmental lawyers and Exponent, Inc., which employs highly experienced certified industrial hygienists and other leading consultants in this field. Exponent, Inc., which was engaged by the Federal Emergency Management Agency to address environmental issues in the wake of the 9/11 attack on the twin towers (among many other government investigations into high-profile environmental disasters the company has been retained to handle), is one of the leading authorities in a multitude of scientific disciplines, including environmental matters. With the help of Exponent, Inc. and other third-party experts, we have developed training manuals and policies that guide our efforts to protect the health and safety of residents, in the absence of regulations for certain environmental matters.*

*During the course of the investigation, BBC submitted a White Paper entitled "Existing National Standards or Guidelines—Dampness and Microbial Growth," which highlights the fact that "[t]here are no national standards or guidelines that establish levels of dampness or microbial (fungal or bacterial) growth in residential or other settings . . . presenting an increased health risk to occupants. In fact, as Exponent, Inc. (the author of the White Paper) points out, "[n]either the U.S. Centers for Disease Control and Prevention (CDC) nor the U.S. Environmental Protection Agency (EPA) recommend routine sampling for mold, including sampling for mold in air.*

*With respect to services provided by Exponent, Inc. at Fort Gordon and Sheppard AFB, the services were procured and paid for by the relevant project owner (Fort Gordon Housing, LLC or AETC Housing, LP, as applicable) and not BBC.*