



Highlights of [GAO-11-60](#), a report to congressional committees

MILITARY HOUSING

Installations Need to Share Information on Their Section 801 On-Base Housing Contracts

Why GAO Did This Study

In the Military Construction Authorization Act, 1984, Congress authorized the Section 801 housing program, which provided a means for improving and expanding military family housing through private developers' investment. Under this authority, the Department of Defense (DOD) awarded eight contracts for the construction of on-base housing that typically consisted of two phases: the in-lease (DOD leases all of the units from developers for up to 20 years whether housing is occupied or not) and the out-lease (under some contracts, developers may rent housing to the general public while leasing the land from DOD for up to 30 more years).

Based on a mandate in the National Defense Authorization Act for Fiscal Year 2010 conference report, GAO's objectives were to assess (1) the status of contracts for on-base Section 801 military housing, (2) the estimated costs to DOD and local communities that would result from the general public occupying this housing, and (3) the extent to which DOD and the services share information on modifications to the contracts and community interaction experiences. GAO visited five installations with on-base Section 801 housing, analyzed housing contracts, and interviewed relevant officials.

What GAO Recommends

GAO recommends that DOD develop a communications process among installations with Section 801 housing to share information regarding any contract changes. DOD concurred with GAO's recommendation.

View [GAO-11-60](#) or key components. For more information, contact Brian Lepore at (202) 512-4523 or Leporeb@gao.gov.

What GAO Found

The status of contracts for on-base Section 801 military housing varies widely, ranging from continuing the in-lease phase of the contracts to demolishing unneeded units. Of the eight on-base Section 801 housing contracts, four remain in the in-lease phase (when housing is reserved for service members and their families), two are in the out-lease phase (when, depending on the terms of the contract, the installation may allow the developer to rent housing to the general public or reserve housing for service members), and two are in contract dispute or litigation—Eielson Air Force Base and Naval Weapons Station Earle. For the two contracts in the out-lease, Fort Wainwright converted its housing units to the general public's use, while Fort Hood renegotiated its contract to retain housing for military or DOD civilians' use.

The housing contracts generally require the developer to pay certain costs (potentially including roads construction, utilities, and demolition costs) to permit the Section 801 housing units' transition to the general public's use; however, no cost estimates existed during GAO's review. Also, GAO found potential transition costs for DOD and the communities linked to three installations: Naval Base Ventura County Port Hueneme, Ellsworth Air Force Base, and Hurlburt Field. The potential costs relate to security, education, transportation, and environmental considerations. GAO did not identify any potential benefits that might accrue from converting the leases to the out-lease phase because it was outside of the scope of our work.

GAO found that the services share information regarding their Section 801 housing contracts with other installations within the service; but DOD and the services do not share this information across the services. For example, Fort Hood renegotiated its contract to specify additional reasons for potential early termination of its lease, and retained priority use of the housing units for military personnel or DOD civilians; however, Air Force and Navy officials stated they were unfamiliar with these contract modifications. Additionally, GAO reported that most Section 801 contracts provide that DOD may terminate early in the event of national emergency or other limited circumstances, but none of the contracts specifically address potential liability in instances where DOD might terminate for other reasons such as reduced demand for housing or security concerns. GAO found that the services and DOD lack a communications process to share information from contract negotiations and community interaction—both of which can affect the efficient use of military housing resources. According to best practices for internal control in the federal government, program managers should communicate information within a time frame to management and others within the entity to meet goals for effective and efficient use of resources. Without a communications process to share installations' experiences with any major housing-contract changes and community interaction, DOD and the services cannot ensure that the four installations facing potential contract changes will have the timely information to better position the installations to negotiate the most cost-effective contract terms for the federal government.