The Next Crisis in Military Housing

Military readiness isn't just about weapons, technology, training, and tactics — it's about ensuring our service members are cared for both on and off the battlefield. **One of the most overlooked aspects of military readiness is housing, and right now, military housing, particularly unaccompanied housing, is facing a crisis.** Deferred maintenance, fragmented authorities, climate change and inadequate maintenance projections have led to deteriorating infrastructure and unacceptable living conditions, putting service members at risk. If we don't address these issues now, we risk not only the well-being of those who serve but the effectiveness of our armed forces.

The Challenges of Unaccompanied Housing

In 1996, Congress passed the Military Housing Privatization Initiative (MHPI) as part of the National Defense Authorization Act¹ to revitalize military housing communities and meet the estimated \$20 billion in repairs or replacement costs for units housing service members with dependents. Since then, the DoD has privatized 99 percent of this type of military housing in the U.S. However, for service members without dependents, the reverse is true and 98 percent of unaccompanied housing is owned and operated by the government.² And unfortunately, the challenges facing unaccompanied housing is even worse than when Congress created the MPHI.

The military is sitting on a staggering \$137 billion in deferred facility maintenance, coupled with \$91 billion in future environmental liability costs for unaccompanied housing,³ from poorly maintained barracks with gas leaks, mold infestations, faulty alarms and residual waste.⁴ The situation has gotten

The military has **accrued \$137 billion** in deferred facility maintenance, and \$91 billion in future environmental liability costs for unaccompanied housing.

so bad that the organization Hots&Cots was created by active-duty military personnel and veterans to be able to share anonymous reviews of housing conditions to try to prompt the government into action.⁵ But uncertainty over what part of DoD is actually in charge has only made the problem worse.

Confusion in the Management Structure

The management structure overseeing all housing in the miliary is highly fragmented with policy, funding, budgetary oversight and management spread across the Office of the Secretary of Defense, the individual military branches and local base commanders. This has created a perfect storm of conflicting authority and accountability that leads to slow response times and maintenance left undone.

Adding to the challenge, overlapping 50-year military leases⁶ and 18-month budgetary cycles have created a nightmare to forecast future maintenance. What's more, each military branch uses its own assessment systems and criteria,



creating inconsistent metrics and unreliable data across military housing.⁷ As a result, many service members endure long waitlists⁸ — up to two years in some places. Local communities are also feeling the strain, as more military personnel move off base and drive up local housing costs.

Maintenance costs are not the only challenge facing unaccompanied military housing. A 64 percent decline in activeduty levels over 70 years,⁹ changes in The highly **fragmented management** structure of military housing has created conflicting authority and accountability, slow response times and maintenance left undone.

military demographics, the need for increased climate resilience, and the shift to modern, digital-based work demand more than Band-Aids on antiquated housing. And that will cost even more.

In the last two decades alone, married service members have declined by 13.2 percent, those with spouses or dependents have dropped by 15.9 percent, and those with higher education have increased by 9 percent.¹⁰ This is driving up demand for more modern, tech-enabled unaccompanied military housing units that need to also be more resilient. In the past decade, 101 natural hazards wreaked havoc on 37 installations, racking up billions in damage.¹¹ Communities across the country are realizing the need for more resilient housing and the military is no exception. The days of building housing like in 1950 are over.

More modern, tech-enabled military housing that is also more resilient to natural hazards is **urgently needed** as active-duty levels decline \downarrow 64%, service members are becoming more educated \uparrow 9% and delaying on marriage \downarrow 13.2% or having dependents \downarrow 15.9%.

Swift Change is Needed

Both the DoD and Congress need to act swiftly. Congress can start by consolidating authority over military housing within the Defense Department, streamlining decision-making and ensuring accountability. At the same time, the DoD can standardize the housing condition index, which will allow for consistent assessments and a clearer path to addressing the massive maintenance backlog.

In addition, the DoD must think far beyond immediate repairs. It needs to plan for the next 50 years, incorporating future force structures and making housing resilient to both operational needs and natural disasters. Sustainability, flexibility and adaptability should be built into the infrastructure from the ground up. This future-focused strategy needs to account for demographic shifts, technological advancements and changing mission requirements across the military.



Although the DoD has already taken steps to improve military housing, it would also be remiss not to learn from the experiences of allied nations such as Australia,¹² Canada,¹³ the U.K.¹⁴ and New Zealand. These countries have explored a variety of solutions, ranging from public-private partnerships to full privatization. Benchmarking against

these models and applying lessons from the MHPI for accompanied housing could provide valuable insights into crafting a flexible and cost-effective strategy for the future of unaccompanied housing.

The housing crisis for service members demands immediate attention. Short-term actions and longterm planning must go hand in hand to ensure our military has the housing it needs for today and is ready for the future. It's time to implement strategic solutions that protect our service members and the future of our nation's defense.



A plan for the next 50 years must provide for demographic shifts, technological advancements and changing mission requirements across the military.

Contact Our Team



Jeremy Blain Managing Director

Washington, DC jblain@alvarezandmarsal.com



Ben Wilson Director Chicago ben.wilson@alvarezandmarsal.com



Rob Reid Managing Director Atlanta, GA rreid@alvarezandmarsal.com



Paul Firth Senior Director Washington, DC pfirth@alvarezandmarsal.com



James Pittman Manager Washington, DC

jpittman@alvarezandmarsal.com

ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

Follow us on:



© Copyright 2024 Alvarez & Marsal Holdings, LLC. All Rights Reserved. 453434 With over 10,000 people providing services across six continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M's restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what's really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

To learn more, visit: AlvarezandMarsal.com

Sources

- ¹ National Defense Authorization Act for Fiscal Year 1996, Pub. L. No. 104-106, § 2801(a)(1), 110 Stat. 186, February 1996, amended chapter 169 of title 10, United States Code, to add a new subchapter entitled Alternative Authority To Construct and Improve Military Housing (codified as amended at 10 U.S.C.A. §§ 2871–2885.
- ² Congressional Research Service, "Privatized Military Housing: Costs and Budgetary Issues for Congress," July 25, 2024, https://crsreports.congress.gov/product/pdf/R/R48137.
- ³ U.S. Government Accountability Office, "Installation Management: DOD Needs Better Data, Stronger Oversight, and Increased Transparency to Address Significant Infrastructure and Environmental Challenges," April 19, 2023, https://www.gao.gov/products/gao-23-106725.
- ⁴ U.S. Government Accountability Office, "MILITARY BARRACKS Poor Living Conditions Undermine Quality of Life and Readiness," Report to Congressional Committees, September 2023, https://www.gao.gov/assets/gao-23-105797.pdf.
- ⁵ Courtney Kube, "Photos from U.S. military bases show mold, mice, roaches and brown water in living quarters and dining areas," NBC News, https://www.nbcnews.com/news/investigations/photos-us-military-bases-show-mold-mice-roaches-brown-water-rcna168368.
- ⁶ Congressional Research Service, "Military Housing," September 25, 2023, https://crsreports.congress.gov/product/pdf/R/R47728#:~:text=Collectively%20known%20as%20the%20Military,for%20certain%20existing%20military%20 housing.
- ⁷ "MILITARY BARRACKS Poor Living Conditions Undermine Quality of Life and Readiness," https://www.gao.gov/assets/ gao-23-105797.pdf.
- ⁸ Reddit, "Base Housing Waitlist," 2022 and dates after, https://www.reddit.com/r/AirForce/comments/10xvery/base_ housing_waitlist/.
- ⁹ USA Facts, "How many people are in the US military? A demographic overview," February 21, 2024, https://usafacts. org/articles/how-many-people-are-in-the-us-military-a-demographic-overview/.
- ¹⁰ Military One Source, "Military Community Demographics, 2022 Demographics Profile," https://www.militaryonesource. mil/data-research-and-statistics/military-community-demographics/.
- ¹¹ Beth E. Lachman et al, "Valuing Army Installation Resilience Investments for Natural Hazards," Rand Research & Commentary, November 6, 2023, https://www.rand.org/pubs/research_reports/RRA2382-1.html.
- ¹² Australian Parliament House, "Defence Housing," Parliamentary Library Research Publications, 2016-17, https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1617/ DefenceHousing.
- ¹³ Canadian Forces Housing Agency, Annual Report 2021-2022, November 1, 2022, https://www.canada.ca/content/ dam/dnd-mdn/documents/housing/annual-report-cfha-2021-2022.pdf.
- ¹⁴ UK Parliament, House of Commons Library, "Armed forces family housing and Annington Homes," Research Briefing, June 8, 2023, https://commonslibrary.parliament.uk/research-briefings/cbp-9441/.