

# The Case for BAH Restoration

JANUARY 2023

*Military families need access to housing they can afford. Fully and permanently restoring BAH to 100 percent and a comprehensive analysis of all rates, with necessary changes, would be a meaningful step in the fight against economic insecurity.*

**Background:** The Basic Allowance for Housing (BAH) is a monthly allowance designed to offset the cost of housing for service members. BAH is intended to be commensurate with market demands and is adjusted based on location, rank, and dependent status. For those living on base, the allowance is passed directly to the housing provider for repairs, new developments, operating expenses, and to cover property debts (e.g., mortgages).

**2015:** With authority from Congress, the Department of Defense (DoD) implemented a cost-sharing measure in 2015. BAH was gradually [adjusted to cover 95%](#) with the intent that service members living on the economy will cover 5%. By law, Military Housing Privatization Initiative (MHPI) private partners are not permitted to charge more than BAH and had to absorb the cut.

**2018:** In the [Fiscal Year 2019 National Defense Authorization Act](#), Congress mandated that DoD pay lessees of privatized housing projects to lessen the financial effects of BAH reductions. It was reported by the [U.S. Government Accountability Office](#) (GAO) that the equation used was flawed—some companies were over/under paid.

**2019:** Military housing conditions are brought to the forefront, leading to the [MHPI Tenant Bill of Rights](#), as well as increased transparency, oversight, and accountability.

**2021:** The process for setting allowances and calculating payments came into question, most notably by [GAO](#). It remains unclear if housing allowances take the required dwellings into account when determining rates.

**2022:** DoD released the Taking Care of Our People memo and implemented [temporary BAH rate increases](#) in 28 Military Housing Areas (MHAs) across the country from October 1-December 31, 2022. These areas consisted of those who had experienced an average of more than 20 percent spike in rental housing costs above 2022 BAH rates.

**2023:** [2023 BAH rates](#) took effect January 1, 2023 — representing an average increase of 12.1 percent — with an expectation that the cost-share for families would be between \$82 and \$184 each month.

**Now — when [24 percent of service members are experiencing food insecurity](#) — is the time to restore BAH to the full 100 percent and conduct a comprehensive review, per [GAO's recommendations](#), of how the allowance is set. This change will create ripple effects, including the:**

— “ —

The only time my husband and I **argue** is **about finances**. We have had times where we have to **decide between feeding the kids or paying bills**.

— ” —

—ACTIVE DUTY ARMY SPOUSE  
San Antonio, Texas

- ▶ **Reduction in housing cost burden and added buying power for service members and families.** The U.S. Department of Housing and Urban Development (HUD) defines “housing burden” as spending more than 30 percent of income, including BAH, on housing. In 2021, 69.2% of active duty families were experiencing housing burden.
- ▶ **Ability to offset the choice many face between paying for food or paying for housing.** Active duty families who pay more than their BAH for housing every month are significantly more likely to experience food insecurity, as identified by the USDA Food Security Scale, and less likely to be food secure.
- ▶ **Potential to pay off debt and get ahead.** A quarter (25.6%) of active duty family respondents had less than \$500 in emergency savings. Meanwhile, 78.0% of active duty families are currently carrying debt.
- ▶ **Necessary funding to improve and promote sustainability of military housing.** Increasing BAH to 100% will help ensure the long-term sustainability of MHPI.

## OUT-OF-POCKET EXPENSES



of those living on the economy were paying more than **\$251 out of pocket monthly** for rent/mortgage or utilities

Source: MFAN's 2021 Military Family Support Programming Survey