



## MILITARY HOUSING ALLOWANCES

### ***NMHC/NAA Viewpoint***

***NMHC/NAA oppose any changes to the Basic Allowance for Housing (BAH) that would undermine the long-term stability of the Military Housing Privatization program. We encourage transparency in analysis of potential changes to the BAH and urge private-sector stakeholder involvement throughout the process.***

Since 1996, the apartment industry and Department of Defense (DoD) have successfully partnered to meet the military's housing needs through the Military Housing Privatization Initiative (MHPI). The program was created to address severe deficiencies in and shortages of military housing. Today, the program leverages private market forces to provide high-quality, affordable homes to military families. However, a series of reductions to the Basic Allowance for Housing (BAH) and proposed changes to housing benefits disbursement now jeopardize the continued success of military housing privatization.

One million service members rely on BAH to secure their housing and it is a critical component of the MHPI. It is offered to service members to pay for housing when government housing is not provided and is pegged to local market rents and other personnel factors. Yet, the 2015 defense authorization bill (National Defense Authorization Act – NDAA) set in motion a 5 percent overall reduction to BAH that increases housing costs for service members and reduces funding for privatized housing providers.

Sustained reductions to the BAH could endanger privatized military housing, negatively impact real estate investment serving military populations and replicate the conditions that led to historic deficiencies in pre-privatization military housing. The resulting revenue loss undermines the financial and business assumptions private housing providers rely on to participate in the MHPI program. Revenue reductions could force the elimination of some property services and amenities, while depleting reserve accounts used to pay for maintenance and property improvements. BAH cuts also threaten a property's ability to meet debt service obligations and jeopardize future recapitalization efforts.

NMHC/NAA support efforts to reverse and mitigate previous BAH changes and caution that any change to BAH disbursement policies should be carefully vetted to avoid negative impacts to service member housing choice and obligations, including proposals to require housing cost verification and efforts to reduce benefits for dual-military households or single service members residing together.

***As of 2012, 193,000 military family housing units were privatized, compared with 53,000 government-owned units.***