

DOD releases 2021 Basic Allowance for Housing rates

By Department of Defense 04 January 2021



Army War College base housing

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The Department of Defense has released the 2021 Basic Allowance for Housing rates. Basic Allowance for Housing rates will increase an average of 2.9 percent when the new rates take effect on Jan. 1, 2021. An estimated \$23 billion will be paid to approximately one million Service members.

The 2021 Basic Allowance for Housing, as part of a robust military compensation package, continues the member out-of-pocket expense element at five percent of the national average housing cost by pay grade. The out-of-pocket expense amounts incorporated in the 2021 Basic Allowance for Housing rates vary by grade and dependency status and range from \$70 to \$158 monthly. Even with the out-of-pocket expense amounts, the overall military pay and benefits package remains competitive

and housing.

Housing cost data are collected annually for approximately 300 military housing areas in the United States, including Alaska and Hawaii. An important part of the Basic Allowance for Housing process is the cooperation from the Services and local military housing offices in the data collection effort. Input from local commands is used to determine in which neighborhoods data is collected and to direct the data collection effort in those neighborhoods towards adequate apartment complexes and individual housing units.

Median current market rent and average utilities (including electricity, heat, and water/sewer) comprise the total housing cost for each military housing area and are included in the Basic Allowance for Housing computation. Total housing costs are developed for six housing profiles (based on dwelling type and number of bedrooms) in each military housing area. Basic Allowance for Housing rates are then calculated for each pay grade, both with and without dependents.

An integral part of the Basic Allowance for Housing program is the provision of individual rate protection to all members. No matter what happens to measured housing costs – including the out-of-pocket expense adjustment, an individual member who maintains uninterrupted Basic Allowance for Housing eligibility in a given location will not see his/her Basic Allowance for Housing rate decrease. This ensures that members who have made long-term commitments in the form of a lease or contract are not penalized if the area's housing costs decrease.

The Department is committed to the preservation of a compensation and benefit structure that provides members with a suitable and secure standard of living to sustain a trained, experienced, and ready force now and in the future.

For more information on the Basic Allowance for Housing, including the 2021 BA for Housing rates and 2021 BA for housing rate component breakdown, see the links post to the right of this article.