



Highlights of [GAO-06-784](#), a report to congressional committees

RENTAL HOUSING PROGRAMS

Excluding Servicemembers' Housing Allowances from Income Determinations Would Increase Eligibility, but Other Factors May Limit Program Use

Why GAO Did This Study

Although the Department of Defense (DOD) pays active-duty servicemembers who do not live in military housing a Basic Allowance for Housing (BAH) to help them afford private market residences, expected growth at some military installations has raised concerns about whether nearby communities will have enough affordable rental housing for incoming personnel. In response to a congressional mandate, GAO assessed (1) how excluding BAH would affect servicemembers' eligibility to apply for federal rental housing programs and (2) factors that could affect their use of the programs in selected communities gaining military personnel. GAO compared servicemembers' eligibility for the programs as of December 2005 by including and excluding BAH from income determinations and examined factors affecting potential program use near four growing military installations.

What GAO Recommends

This report contains a matter for congressional consideration stating that if the primary intent of excluding BAH from income determinations for federal rental housing programs is to increase the supply of affordable rental housing for servicemembers, Congress should consider first applying such a change only to programs that stimulate housing production. DOD commented that servicemembers should be eligible for federal rental housing programs on the same terms as their civilian counterparts.

www.gao.gov/cgi-bin/getrpt?GAO-06-784.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David G. Wood at (202) 512-8678 or woodd@gao.gov.

What GAO Found

Excluding BAH from income determinations for federal rental housing programs would have substantially increased the percentage of servicemembers eligible to apply for the programs as of December 2005, assuming military pay was their only income. To be eligible to apply for rental assistance programs of the Departments of Housing and Urban Development (HUD) and Agriculture (USDA), or to live in units produced by the Internal Revenue Service's (IRS) Low-Income Housing Tax Credit program, households must have incomes at or below a specific limit, generally 50 percent or 60 percent of the median household income for their area. At the 50 percent income limit, 20 percent of servicemembers who received BAH would have been eligible if BAH were excluded from income determinations, compared with 1 percent with BAH included. Most junior enlisted members would have been eligible if BAH were excluded, as would have small percentages of senior personnel. However, at all levels, many would not have been eligible if their households had even modest income from other sources.

Agency and community officials cited factors that could limit the role of federal programs in building housing or helping servicemembers afford existing units near four installations that GAO examined. DOD officials said that servicemembers would be unlikely to need the programs because BAH payments provide for the median cost of market-rate housing. Some community officials said the tax-credit program, which spurs housing production, could be useful if more servicemembers qualified. But developers would have to compete for tax credits, and market factors—such as the financial feasibility of building units that junior enlisted members could afford—could limit their interest. The HUD and USDA programs might help some servicemembers rent existing units, but—because the programs are not entitlements—servicemembers could face lengthy waits, and eligible civilians might wait longer for assistance.

Potential Eligibility for Federal Rental Housing Programs, Assuming December 2005 Military Income Was the Only Household Income

| Servicemember rank | Percentage of eligible servicemembers | |
|-------------------------------|---------------------------------------|-------------------------------------|
| | 50% of the area median income limit | 60% of the area median income limit |
| Junior enlisted (E-1 to E-4) | 2.6 46.7 | 13.4 73.7 |
| Senior enlisted (E-5 to E-9) | 0.2 11.7 | 1.9 31.6 |
| Warrant officers (W-1 to W-5) | 0.0 0.3 | 0.0 3.4 |
| Officers (O-1 to O-10) | 0.1 1.0 | 0.2 2.0 |

Eligible with BAH
 Eligible without BAH

Sources: GAO and DOD.