

## Basic Allowance of Housing or BAH

Beginning 2012, you will begin to see a breakdown of what is included in your BAH. The Department of the Army has developed this pamphlet to explain what this means to you.

There are three components to your BAH which are the same whether you reside on post in privatized housing or live off post in neighboring towns. Your BAH is a market average or estimate of your housing costs, as determined by your rank. The Department of Defense provides this amount and it is used to pay for your rent, an average use of utilities and renter's insurance.

When you reside in privatized housing on post, your BAH includes your rent, a utility baseline average (includes electric and gas) and renters' insurance. Your BAH is set up through an allotment to your landlord or housing partner—you may need to write a check to pay for your rent, average utilities or renter's insurance for the first month.

### How does the DoD determine my BAH?

**Rent:** The major portion of the BAH is applied to the average rent you would pay in a particular market place. The determination is based upon the costs of adequate housing for civilians with comparable income levels in the same area.

**Renter's Insurance.** An average policy cost for renter's insurance is another component of your BAH. While all military residents residing in privatized housing will be automatically covered under an insurance policy, residents are *strongly* encouraged to investigate the necessity for additional private insurance. If the contents of your home, i.e., your furniture, appliances, and electronics are valued at more than the insurance policy amount, you may want additional insurance to cover any possible damages.

**Utilities.** The utility component of your BAH is an average of energy consumption in homes similar to yours in your area. In September 1998, the Office of the Secretary of Defense published guidance requiring Service members in privatized housing to be responsible for the utilities they consume. The Department of the Army along with the owners of privatized housing have developed a program that allows Service members who conserve to be financially rewarded, and those who did not conserve to be billed for their excess consumption. The owners who provide housing on installations have been instructed by the Department of the Army to implement its Live Army Green conservation program to help Service members and their families reduce energy usage in their homes.

For 2012, the BAH will be broken down into the three areas listed above: rent, utilities and renter's insurance, and you will see for the first time the percentage that the DoD has allocated for each of these components. Please keep in mind, that the utility portion of your BAH, is not resident specific but is an average of usage in the surrounding areas. Your actual energy consumption is measured by the local utility company and you will be billed accordingly to your individual usage.

BAH is not intended to cover all expenses as it is an average of these three expenses for the area in which you reside. The average is defined as market rent, average utilities and renter's insurance. Factors such as over consumption in utility usage can result in out of pocket expenses.

## BAH Frequently Asked Questions

### Q: How is BAH determined?

In regards to the rent and the utilities portion, each year, the DoD obtains data from multiple sources such as current residential vacancies and rental listings in the area. The DoD along with the Services conducts on-site evaluations at various locations to confirm and ensure reliability and accuracy of the cost data.

### Q: Why does rent equal BAH in privatized housing?

DoD policy on privatized housing allows rents to be equal to BAH. Rent includes trash collection, water and sewer, common area grounds, utilities, insurance and facility maintenance.

### Q: In determining the income of comparable civilians, do you consider military family income which includes the income of the working spouse (if any)?

No. A military member should not be put into a situation in which a spouse is required to work, so in considering the military, the Regular Military Compensation (RMC) is used. RMC equals the sum of military basic pay, BAH, BAS, and the tax advantage of the untaxed allowances

### Q: What are the civilian housing standards you use?

These are income-based, minimum housing standards used to establish the link between housing cost and pay grade. Of course, members are not limited to the standard, and are free to choose where and how they will live. Actual member choices; however, do not influence the rate calculation.

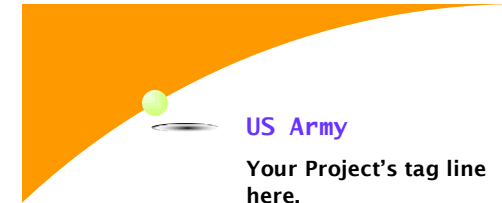
### Q: If my allotment for utilities in my BAH is more than my actual utility billing, do I receive a refund?

No. The utility portion of your BAH is an estimated **average**. Your usage habits dictate your consumption whereby you can either receive a refund if you conserve or pay over your baseline if you have excessive energy usage. With the military being the largest utilities consumer in the United States, we must cooperate with the DoD's conservation initiative and watch our utility consumption.

### Q: What does my BAH pay for in privatized housing?

Your BAH is the major source of income for projects and is used to pay for streets, sidewalks, community centers, pools, playgrounds, operations and maintenance. Privatized housing is paid for using dollars generated from BAH paid as rent.

This brochure is not intended to answer all questions about BAH. For more information, go to <http://www.defensetravel.dod.mil/site/faqbah.cfm>



## A Guide to Understanding Basic Allowance for Housing (BAH) in Privatized Housing and the RCI Energy Conservation Program



**For more information on either program discussed in this pamphlet please contact your local Residential Communities Initiative Office Tel: 804-734-3371**



## The RCI Energy Conservation Program Live Army Green



How does the Army's Resident Utility Conservation Program Work?

Each month, the third-party utility billing company gathers readings from either the gas meter, electric meter or both—depending on what energy is metered for your home. Once the information is received, a comparison is made to determine if the Service member and their family is conserving energy or overusing energy. We refer to this process as a baseline calculation.

### How is the baseline determined?

All homes are placed into profiles. A profile is a group of homes defined by the following:

**Square Footage:** As much as 50% of a home's energy consumption will go toward climate control and this is a function of square footage. For this reason, all homes within a profile will have similar square footage.

**Bedrooms:** All homes within a profile will have the same number of bedrooms.

**Type of Construction / Age of the Home:** The homes on post are of varying size and age; therefore, the quality of building materials and construction influence the efficiency of a home is taken into consideration. The age of the home and the method of construction are key considerations when grouping homes into various billing groups.

For more information on the Resident Utility Program visit [www.acsim.army.mil/isd/publicprivate.html](http://www.acsim.army.mil/isd/publicprivate.html) or call your local Residential Communities Office.

### How is the baseline calculated for non-historical homes?

The Current Consumption Method (CCM) is used to calculate the baseline per profile.

The following factors are considered in the calculation of historical homes:

- Remove homes with zero usage
- Remove unoccupied homes including pro-rated move-ins and move-outs
- Remove top 10% and bottom 10% of high/low users
- Calculate current **average** consumption

The **average** is then considered the baseline per profile. Real time data is used and the baseline is a rolling **average**, changing each month, which allows for current weather pattern conditions.

### How is the baseline calculated for historical homes?

Historic homes, defined as those built prior to 1915, are compared to other like historical homes. Utility baseline data varies according to the installation from one year up to three years.

The following factors are considered in the calculation of historical homes:

- Remove homes with zero usage
- Remove unoccupied homes including pro-rated move-ins and move-outs
- Remove top 10% and bottom 10% of high/low users
- Calculate current **average** consumption

Once the usage data is collected, this now becomes the baseline **average** for the home. Real time data is used and the baseline is a rolling **average**, changing each month, which allows for current weather pattern conditions.

### Other important information about my utility bill:

**The Buffer or Grace Zone** is used to create a baseline of similar homes which may be utilized by the utility billing provider. If a buffer zone is used, typically it is 5% or 10% above or below the baseline. This range will not be recorded and will not be accrued. Energy consumers that fall in this range will not be charged. This should be the target "buffer or grace zone" for all residents.

**Threshold or Trigger Point:** Residents will not be billed or receive refunds until their energy consumption exceeds or accrues more than the designated threshold dollar amount or trigger point. This amount may vary for each installation. Consumption that falls in the ranges between the threshold dollar or trigger point amount, whether it is above or below the baseline, will accrue each month until exceeding the threshold.

**Monthly Billing:** Bills, refunds and statements are mailed from the utility billing company to the resident each month. Payments are made to utility billing company by contacting their customer care center, logging on to the utility company's website or by mailing a check or providing credit card information. If payment is submitted pass the due date, a late fee is applied to the account.

**Final Bills** are determined by the Housing Partner upon the move-out inspection. The threshold dollar amount is not applicable for final bills upon move out and the utility account must be reconciled at that time. Payments for final pro-rated bills are made to the Housing Partner by providing the inspector with a check or stopping by the Housing Partner's office with credit card information. Final refunds, if applicable, are generated by the utility billing company and are issued on average within 4-6 weeks. Residents must provide a forwarding address and phone number for their refund.