



BAH, Utilities and Utility Allowances



Why is understanding BAH and Utility Allowances so important for residents of Buckley Family Housing?

Because your housing rent is determined by your BAH minus your Utility Allowance! Understanding how these amounts are determined, what data is used, who calculates them, and who approves them is important.




Basic Allowance for Housing (BAH)

- Purpose and Goal
 - Rate Protection
- Data Collection
- Local Input

Utility Allowances (UA) and Utility Costs

- Purpose and Goal of UAs
- Utility Data
- How does it work

Rent and Privatized Housing

- Rent changes during the Lease Term
 - Frequently Asked Questions
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Basic Allowance for Housing – Purpose and Goal

- The Basic Allowance for Housing program's purpose is to provide fair housing allowances to service members. The goal is to help members cover the cost of rental housing in the private sector. BAH is an allowance, it not taxable and is not included as part of your salary.
- The Department of Defense and the Uniformed Services designed the Basic Allowance for Housing program to provide more accurate housing allowance based on the market price of rental housing instead of member-reported rents. This method ensures a better correlation between housing allowance payments and rental prices than some of the other housing allowance methods used in the past.
- Individual Rate Protection is a component of the BAH. Rate Protection prevents decreases in housing allowances as long as the status of the service member remains unchanged.

Individual Rate Protection

- Prevents decreases in housing allowances, as long as the status of the service member remains unchanged.
- Service members are entitled to the BAH rates published 1 January or the amount that they received on 31 December---whichever is larger.
 - For example; an E1 Member's BAH is \$1329 but the new E1 rate effective 1 January is \$1286—The member will continue to receive \$1329 because it is the larger rate.
 - Residents may pay a different rent amount than their neighbor
- Rate protection continues unless the status of the service member changes due to:
 - Permanent Change of Station
 - Reduction in Paygrade
 - Change in Dependent Status

Data Collection

- BAH Components- In computing BAH, the Department of Defense and the Uniformed Services include local price data for:
 - Rental housing
 - Utilities (Electricity, gas, oil, water, and sewer)
 - Renter's Insurance
- Housing Data
 - DoD employs a contractor to collect data annually for the approximately 400 Military Housing Areas (MHAs) in the US.
 - Data collection occurs in the spring and summer
 - Rental costs are collected on apartments, townhouses, and single-family rental units based on six standard housing profiles.

Rental Data Sources and Validation

- The DoD contractor uses data from multiple sources to provide “checks and balances”. Vacancy information is obtained from local newspapers and real estate listings. Contact is also made with apartment and real estate management companies.
- Properties are subject to screening and validation processes.
- Inadequate housing units are not included in this determination. Inadequate housing units are:
 - Mobile homes
 - Efficiency apartments
 - Furnished units
 - Income-subsidized complexes
 - Age-restricted facilities
 - Seasonal units

BAH- Utility and Renter's Insurance Components

- **Utilities** - The Bureau of the Census conducts an annual American Community Survey (ACS). DoD uses the data from the ACS to determine average expenditures for utilities specific to each dwelling type in each MHA. All data is sensitive to local housing conditions, geography and climate.
- **Renter's Insurance** – The renter's insurance portion of BAH insures the value of household contents. These values are correlated with selected incomes and dwelling types.

BAH- Data Collection and Validation

- The local military housing referral office and command leadership have the opportunity to contribute to the BAH data collection effort by providing local rental housing referrals and identify specific geographic areas that contain unacceptable housing.

Individual Service Member Input

- Input from individual service members is not required with this BAH process.
- Service Members with questions or issues regarding BAH rates should submit questions through their chain of command.

Utility Allowances- Purpose and Goal

- The utility allowance was created by Presidential Executive order 12902 (Mar '94)
 - The utility allowance was created to encourage energy conservation and reduce energy consumption by 30%.
- OSD Guidance (Sep '98) states that service members will be responsible for utilities they consume. This is to encourage energy conservation.
- The Air Force policy in Sep '00
 - Allowance = 110% of monthly average utility consumption
 - Rent = BAH – Utility Allowance
 - Utility Allowance does not guarantee zero out-of-pocket utility expense.
- Cost for calculation and review of utility allowance is incurred by each project.

Utility Allowances- Data and Calculation Method

- The data used to calculate the utility allowance was the average usage from August 2007 to July 2011.
- This data is obtained from the bills of our residents.

Methodology- Buckley Family Housing uses the “Hybrid” Methodology to calculate the Utility Allowances.

1. Remove Vacants from the unit data.
2. Remove zero usage homes from data.
3. Exclude 20% of outlying data points.
4. Calculate the average.
5. The average is multiplied by the current year’s average utility rate.
6. The utility allowance is increased by 10%.

Utility Allowances- Data and Approval

- The Utility Allowance is reviewed and re-determined each year.
- Utility Data is obtained on an on-going basis through review of resident's bills.
- Each home is individually metered, Xcel Energy reads the meters and residents are billed individually.
- Once determined, the Utility Allowances are forwarded to Buckley AFB for review and approval. The Wing Commander is the final approving authority.

Utility Allowances vs Actual Utilities

- The utility allowance is based on the average cost spread out over 12 months.
 - For example, a resident receives \$147 a month for their utility allowance. The total utility allowance per year is \$1,764.
 - Utility bill cost will fluctuate throughout the year.
 - Some months will be under the utility allowance and some months will be over the utility allowance.
 - Utility allowances do not eliminate out of pocket expenses for all residents

Utility Allowances vs Actual Utilities

Good ways to manage your utility costs:

- Contact Xcel Energy and ask to be placed on an Averaged Billing Plan.
- Put any difference between your utility allowance and actual bill amount aside to use for months when your bill will be higher.
- Send the full utility allowance to Xcel Energy, even if your bill is less, to build a credit balance on your account.

Energy Conservation

- Anything that you turn on or plug in increases your electric or gas usage which increases your bill.
- Check windows and doors to make sure they are closing properly.
- Set your thermostat to 68 degrees and wear a sweatshirt.
- Replace regular light bulbs with CFL bulbs.
- Unplug electronics, or use a power strip and turn it off, when not in use.

Questions

