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CNIC INSTRUCTION 11103.20

From: Commander, Navy Installations Command

Subj: BASIC ALLOWANCE FOR HOUSING DATA COLLECTION

Ref: (a) 37 U.S.C. § 403
(b) DoD Financial Management Regulations 7000.14R
(c) DoD Instruction 5154.31 of 16 October 2015
(d) OPNAVINST 5009.1

Encl: (1) Navy Basic Allowance for Housing Data Collection Guide

1. Purpose. Per references (a) through (c), to define roles and responsibilities for Commander, Navy Installations Command (CNIC) headquarters (HQ), Regions, and installations for the annual Basic Allowance for Housing (BAH) data collection.

2. Scope and Applicability. This instruction applies to CNIC HQ, Regions and installations responsible for continental United States (CONUS) and Hawaii housing.

3. Background. BAH is a housing allowance prescribed by geographic duty location, pay grade and dependency status, not actual number of dependents. It provides uniformed Service Members, both single and married, equitable housing compensation based on housing costs in local civilian housing markets. Reference (a) is the statutory authority for BAH and per section 403(b)(2), the Secretary of Defense (SECDEF) determines the costs of adequate housing in a military housing area in the United States for all members of the uniformed services entitled to BAH in that area. The SECDEF bases the determination on the costs of adequate housing for civilians with comparable income levels in the same area.

a. Reference (b) is the regulatory authority for BAH. It establishes policy pertaining to housing allowances, and includes BAH, Overseas Housing Allowance (OHA), and family separation housing allowance. Entitlement eligibility is subject to the conditions outlined in reference (b), chapter 26. A Service Member on Active Duty entitled to basic pay is authorized a housing allowance based on his or her grade, rank, location, and whether he or she has any dependents. A housing allowance generally is not authorized for a Service Member who is assigned to appropriate and adequate government quarters.

b. Per reference (c), Volume 6, Enclosure 3, the Directorate of Military Compensation Policy; Office of the Under Secretary of Defense Personnel and Readiness; Office of the Assistant Secretary of Defense Manpower and Reserve Affairs; and the Deputy Assistant Secretary of Defense Military Personnel Policy are responsible for conducting the BAH data collection process and publishing the rates annually. The goal is to establish compensation rates that allow military personnel to locate quality housing within close proximity of their duty station. Office of the Secretary of Defense (OSD) Military Compensation establishes annual guidance for the BAH data collection and validation process. The collected data helps set the following years' BAH rates.

4. Policy. In support of Navy fighters and families, CONUS and Hawaii Navy Regions and installations will support the annual OSD BAH data collection and validation effort. Enclosure (1) contains data collection procedures.

5. Responsibilities

a. Per reference (d), CNIC Housing (N93) is responsible for the operations, policy, overall coordination, and execution for all housing programs within the Navy, including:

- (1) Disseminating the annual BAH data collection schedule and guidance.
- (2) Oversight of the annual BAH data collection and validation process.
- (3) Reviewing annual BAH data.
- (4) Reviewing and analyzing the BAH rates for the Military Housing Areas (MHA).

b. Regions will:

(1) Review the current BAH data collection guides provided by OSD, the OSD contractor, and CNIC N93.

(2) Ensure Military Housing Offices (MHO) receive the guidance from all entities. The Navy refers to MHOs as Housing Service Centers (HSC), but for BAH, they are referred to as MHOs.

(3) Ensure the Region points of contact have access to the BAH MHO portal.

(4) Ensure MHOs, primary and secondary, have access to the BAH MHO portal.

(5) Ensure MHOs attend annual BAH trainings, either on-site or via online webinar training sessions.

(6) Ensure MHOs add or update contacts (persons or companies who manage rental properties and units in an MHA).

(7) Ensure that all Navy primary and secondary MHOs take an active role during the BAH data collection cycle per the CNIC yearly MHO guidance.

(8) Review all contractor submitted units for which the MHOs are responsible to review.

(9) Ensure MHOs complete required actions within the CNIC established schedule and guidance.

c. Installations will:

(1) Perform oversight of the annual BAH data collection and validation process.

(2) Review annual BAH data.

(3) Review BAH rates each year for any discrepancies.

d. Installation will:

(1) Review the current BAH data collection guides provided by OSD, the OSD contractor, and CNIC N93 guidance.

(2) Establish and maintain access to the BAH MHO portal.

(3) Review contact information in the BAH MHO portal directory and provide updates, if needed.

(4) Review MHA maps and ensure boundary lines are clearly identified and accurate.

(5) Attend annual BAH trainings, either on-site or via online webinar training sessions.

(6) Add or update contacts to BAH MHO Portal (persons or companies who manage rental properties and units in an MHA).

(7) Add properties and units for each housing profile or anchor point to help with data used to set the BAH rates for the upcoming year.

(8) Review all contractor submitted units for which the MHO is responsible to review.

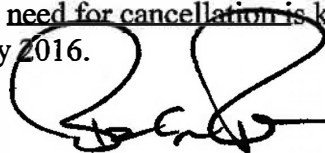
(9) Complete all MHO actions within the CNIC established schedule and guidance.

6. Records Management

a. Records created as a result of this instruction, regardless of format or media, must be maintained and dispositioned per the records disposition schedules located on the Department of the Navy Assistant for Administration, Directives and Records Management Division portal page at [https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/Records-andInformationManagementApproved%20Record%20Schedules/Forms/ AllItems.aspx](https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/Records-andInformationManagementApproved%20Record%20Schedules/Forms/AllItems.aspx).

b. For questions concerning the management of records related to this instruction or the records disposition schedules, contact the local records manager or the OPNAV Records Management Program (DNS-16)

7. Review and Effective Date. Per OPNAVINST 5215.17A, CNIC (N9) will review this instruction annually around the anniversary of its issuance date to ensure applicability, currency, and consistency with Federal, Department of Defense, Secretary of the Navy, and Navy policy and statutory authority using OPNAV Form 5215/40 Review of Instruction. This instruction will be in effect for ten years, unless revised or cancelled in the interim, and will be reissued by the 10-year anniversary date if it is still required, unless it meets one of the exceptions in OPNAVINST 5215.17A, paragraph 9. Otherwise, if this instruction is no longer required, it will be processed for cancellation as soon as the need for cancellation is known following the guidance in OPNAV Manual 5215.1 of May 2016.



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Chief of Staff

Releasability and distribution:

This instruction is cleared for public release and is available electronically only via CNIC Gateway 2.0, <https://g2.cnic.navy.mil/CC/Documents/Forms/Directives%20Only.aspx>

NAVY BASIC ALLOWANCE FOR HOUSING DATA COLLECTION GUIDE

1. Purpose. This guide provides the Navy guidance for the collection and validation for the BAH data consistent with the policies, implementing operating procedures, and controls issued by CNIC and OSD Military Compensation.
2. Overview. In computing BAH, Department of Defense (DoD) includes local price data for rental housing and utilities (including electricity, heating fuel, water and sewage). BAH data is collected annually for approximately 300 MHAs in CONUS, including Alaska and Hawaii. There are approximately 34 primary and 14 secondary Navy MHOs.
 - a. BAH Program. OSD is the custodial owner of the BAH program and manages data via a contractor to set BAH rates. The Office of the Chief of Naval Operations (OPNAV) Military Pay and Compensation Policy (N130) is the Navy service compensation representative for the BAH program. The CNIC Housing Subject Matter Expert (SME) is the liaison between the Regions and OPNAV N130.
 - b. Data Collection. Nation-wide data collection occurs in the spring and summer when housing markets are most active. Rental costs are collected for apartments, townhouses or duplexes, and single-family rental units of varying bedroom sizes. There are eight housing profiles collected, which are collapsed into six anchor points. DoD uses housing anchor points to link rental costs with particular pay grades.
3. Annual BAH Guidance. Each year, OSD, the OSD contractor, and CNIC N93 issue the following BAH guidance.
 - a. OSD BAH Primer for the Uniformed Services. The purpose the BAH primer is to explain how housing allowances are determined. The primer focuses on the most important aspects of the program based on feedback obtained from Service Members and housing office professionals during their visit to installations throughout the U.S.
 - b. OSD Contractor BAH Data Collection Process Guide. This process guide provides background information and procedures on the BAH data collection program, as well as instructions for using the MHO portal.
 - c. CNIC N93 Housing BAH Program Guidance. Guidance provided by CNIC N93 augments the guidance developed and issued by OSD and the OSD contractor. If any of the information in the CNIC N93 guidance contradicts the OSD or OSD contractor guidance, the CNIC N93 guidance should always be followed first as this guidance is specific to the Navy's expectations.

4. MHA versus MHO

a. MHA. An MHA is a geographic area in which Service Members are assumed to search for community housing. MHA boundaries are defined by a collection of zip codes and are reviewed annually. This collection establishes the rental markets surrounding a duty area of a metropolitan region.

b. MHO. An MHO is an office or persons responsible for BAH data collection and verification for their MHA.

c. Multiple MHOs can exist within an MHA. In cases where multiple MHOs share an MHA, the Services will designate a primary MHO. Primary and secondary MHOs have various levels of access and job responsibilities (i.e., can view, but not edit, each other's data). The primary MHO is ultimately responsible for the integrity of the MHO-supplied data and should coordinate with secondary MHOs to avoid duplicating efforts.

5. MHO Primary and Secondary Duties. Three milestones are used to check progress and assess the needs of each MHA. During the milestones, the MHOs should update or add information for contacts (realty, property management, owner, etc.); update or add properties; update or add units; and review contractor submitted data.

a. Actions for Milestones

(1) MHOs should add new reliable contacts. MHOs should have at least 30 contacts in their MHA by the end of milestone number one. This includes those contacts already displayed on the MHO portal. The 30 contacts are by MHA, not MHO.

(2) Add properties and units for their MHA.

(3) Review contractor added approved units.

(4) Check the contacts with a negative response under "Contact Disposition" and "Contact Attempts" to determine if the information can be corrected or updated.

(a) Contact Disposition. Unable to Verify.

(b) Contact Attempts

1. Do Not Call List

2. Contact Uncooperative

3. Wrong Contact

4. Invalid Number

(c) Review all units marked as “Denied,” “Unable to Verify,” and units flagged with a “Flag Review of Overturned.” As the MHO, do you agree with the negative validation? If not, what can you do to have the status for the unit changed to “Approved?”

(5) The third and final milestone marks the last day the MHOs may add their own rental units to the MHO portal.

(6) Complete all MHO actions within the CNIC established schedule and guidance.

(7) The OSD yearly BAH data collection process guide will give more details and dates on the actions required during the three milestones.

6. Region Duties

a. Conduct a weekly review to ensure the MHOs are updating and adding information for contacts (realty, property management, leasing office, owner, etc.). The goal is for each MHA to have at least 30 reliable contacts by the end of milestone number one. This includes contacts already in the portal.

b. Conduct a weekly review to ensure the MHOs are updating and adding rental units of various profiles for their MHA.

c. Conduct a weekly review to ensure the MHOs are reviewing (accepting or flagging) approved units throughout the data collection period.

d. Ensure MHOs complete required actions within the CNIC established schedule and guidance.

7. CNIC Headquarters SME Duties. The CNIC N93 SME should perform weekly checks on the BAH data collection process to monitor progress of the Navy MHOs with the Regions.

8. Sample BAH Program Timeline. Figure 1-1 illustrates the responsibilities for the MHO, OSD contractor, and OSD. Major tasks are outlined to provide a general roadmap for all stakeholders. This sample timeline illustrates approximately when the task will happen (dates change from year-to-year, and some tasks may not be scheduled for an entire month). MHOs are responsible for completing tasks before their due date. The Region is responsible for monitoring MHOs to ensure they complete the tasks on time.

Sample BAH Program Timeline													
Year	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
MHO RESPONSIBILITIES													
Submit Contacts, Properties, Units													
BAH Training #1													
BAH Training #2													
BAH Training #3													
BAH Training #4													
Webinar #1 (DCS)													
Webinar #2 (DCS)													
Online Q&A Before Milestone 1 (DCS)													
1st MHO Milestone													
Online Q&A Before Milestone 2 (DCS)													
2nd MHO Milestone													
Online Q&A Before Milestone 3 (DCS)													
3rd MHO Milestone													
Review Contractor Data													
CONTRACTOR REPOSIBILITIES													
BAH Training													
Utility Cost Estimates													
Rental Data Collection													
Verification of MHO Submitted Data													
Final Q&A and Data Preparation													
Site Reviews/Site Visits													
Technical and Customer Support													
OSD RESPONSIBILITIES													
Rate Calculation													
New Year BAH Rates Approved													
MHOs may submit Contacts at any time. MHOs may submit Properties and Units until the 3rd Milestone.													
The online meeting platform for Webinars and Milestone Q&As will be Defense Collaboration Services (DCS).													
Data collection for "Early Start" MHAs may begin as early as 1 February.													
The timeline could change due to unforeseen circumstances, but the above is the typical timeline used each year.													

Figure 1-1: Sample BAH Program Timeline

9. BAH Training. Four, 1-day off-site BAH trainings are scheduled each year and held in various CONUS locations. During training, the OSD contractor reviews the roles and responsibilities of the MHOs, including how to use the portal and the current updates to the data collection process.

a. Two, 2-hour Defense Collaboration Services (DCS) webinar trainings are scheduled each year. The OSD contractor will walk through each of the major components of the portal, provide tips that will help the MHO better manage their data, and include a question and answer session.

b. Navy BAH points of contact should attend one of the trainings, whether on-site or webinar, each year. The trainings are a good refresher before commencing the data collection.

c. Training schedules will be issued annually

10. Milestone Webinars. The contractor will conduct three, 1-hour question and answer sessions a few days before the end of each of the three data collection milestones. These are not training sessions. The question and answer DCS webinar is an opportunity for MHOs and Regions to review goals and responsibilities, as well as ask questions in an open forum.

11. Housing Type Descriptions. Units included in the annual BAH data collection may be apartments, townhouses or duplexes, single-family homes, or condominiums (condo).

a. An apartment is a self-contained housing unit that occupies only a portion of a building, usually termed an “apartment complex.” These are typically multi-storied, but can be single-storied. Apartments usually share common access points, (e.g., individuals will have to walk down a shared hallway or walkway for access to apartments).

b. A townhouse or duplex is a type of medium-density housing unit attached to other rental units. Generally, townhouses or duplexes will share one or more walls with an adjoining unit. They differ from apartments in that there are no shared avenues to enter each unit (e.g., no shared hallways, etc). In addition, townhouses or duplexes can be single or multi-storied and do not have other rental units above or below them, except for split-level duplexes, where each floor has a private entrance.

c. A single-family home is a type of housing unit designed to contain one household. Single-family homes do not share walls with any other units. Definitions of appropriate single-family homes may vary by installation, but for the purpose of the BAH program, a single-family home does not need to have a garage or driveway to be included in the sample.

d. A condo is an apartment, townhouse, or duplex style unit individually owned. It can be rented at the owner’s discretion. Condos are usually associated with a homeowner’s association. If a condo shares a wall, or walls, with one or more units and does not have a unit above or below it, list it on the survey as a townhouse or duplex. If a condo has housing units above or below it, list it on the survey as an apartment.

12. BAH Housing Profiles and Anchor Points

a. Properties are the physical locations (addresses) of one or more rental units. Every unit is connected to a property and every property is connected to a contact. Houses will only have one unit associated with each property address; however, apartment complexes will likely have multiple units. A ‘unit’ is a single apartment, townhouse, duplex or single-family home with a unique rent price, and housing profile at a specified ‘property’.

b. Eight housing profiles are used for the BAH data collection process, collapsed into six anchor points, that are used to benchmark the BAH rates of certain pay grades. Per the OSD process guide, for each anchor point in each MHA, the goal is to have a minimum of 30 approved units and a maximum of 75 units, with a combination of MHOs (both primary and secondary) and contractor units in an MHA.

13. Types of Homes not to use in BAH Data Collection. Homes included in BAH data collection should fall under the housing profiles and be considered adequate and appropriate. These types of homes are rental units that meet or reasonably exceed minimum standards for quality in each

MHA, and rental units whose price, size and amenities are consistent with most housing found in an area. Types of homes that should be excluded from BAH data collection are mobile homes, efficiencies, studios, lofts, furnished units, income-restricted or age-restricted units, and seasonal rentals, among others. Inappropriate units are typically characterized by their unusually large size, presence of extra amenities (e.g., swimming pools), secondary quarters on-site (e.g., maid or in-law quarters), or three-car garages.

14. Suitability Standards. Only enter suitable and appropriate rental housing units in the data table. Since housing differs in various areas throughout the country, it is difficult to explicitly define the parameters that constitute “suitable and appropriate housing.” The size, age, and amenities of a housing unit may be correlated with unsuitable characteristics, but these are not necessarily reasons to characterize a home as unsuitable. Rather, they are contributing factors that must be evaluated in the context of other rental housing in the MHA and where civilians with incomes comparable to Service Members choose to reside.

15. Availability. A critical part of the BAH process is the collection of currently available, suitable, and appropriate rental units in each MHA. “Currently available” is defined for single-family homes and non-complex townhouses, or duplexes, as units that are available for long-term (i.e., 12 months) rent between date determined timelines each year. Short-term leases are acceptable only if no long-term leases are offered and if the lease can be renewed for at least a year of continuous occupancy.

a. Apartments or townhouse complexes with ten or more units do not need to be available, but the contact associated with the unit should know what amount will be charged if the units are to become available during the data availability window. MHOs are permitted to include these complex-based apartments or townhouse units in their submissions, as long as the price reflects market rates during the data collection cycle availability window.

b. The data availability window should not be confused with the data collection period for which timelines are determined each year by OSD.

16. Early Start MHAs. Each year, OSD and the OSD contractor analyze the data collection process and assign 40 MHAs as “early start” MHAs. These MHAs traditionally have seasonal, remote, or otherwise difficult rental housing markets. The timeline for data collection and data availability window is determined each year by OSD.

a. The contractor will notify the MHAs that fall under this list prior to the start of the early start timeline data collection cycle.

b. These MHAs may have issues collecting 100-unit observations that are a combination of all housing profiles.

17. MHA Maps. The portal contains two different types of maps that the MHOs can view. The user can toggle layers of the interactive map for the MHA boundary, zip codes and census tracts, as well as pushpins for all the units by housing profile and verification status. The static map outlines the MHA boundary with some cities. Nearby and adjacent MHAs may also be shown on the static map, but will be centered on the MHO's MHA. MHOs must ensure all properties and units submitted fall under their MHA boundaries. The interactive map is a real-time visualization of a MHOs BAH data collection process. The area collected for the BAH survey lies within their MHA boundary.

18. Census Tract Exclusions. The U.S. Census Bureau defines census tracts as, "small, relatively permanent statistical subdivisions of a county, designed to be homogeneous with respect to population characteristics, economic status and living conditions." Census tract identifiers have a one to four digit number with up to a two-digit decimal (e.g., XXXX.XX). The physical size of a census tract is largely dependent on population density (e.g., a census tract in downtown Manhattan will be physically smaller than one in rural Kansas).

a. Excluded census tracts in BAH data collection prevent the contractor from collecting rental data in these areas. The only exception to this rule is if a property or unit is added by an MHO in the excluded census tract. In this case, the contractor will verify the property or unit. MHOs are still permitted to enter properties and units in excluded census tracts because they may know which of the individual properties and units in those tracts are still suitable.

b. Census tract exclusions are standardized and only used for high crime areas. A standardized weighted crime index adapted from Applied Geographic Solutions' CrimeRisk data set analyzes the census tracts in each MHA and compares their crime rates to national average crime rates. As a result, all census tract exclusions are set based on the same data source and methodology. Any census tract with local crime rates greater than or equal to double the national average crime rate will be excluded. Any census tract with local crime rates less than double the national average crime rate will be included.

19. Unit Size Guidelines. OSD and their contractor develop guidelines for unit size (square footage), range of typical rental units specific to each MHA and housing profile. MHOs are encouraged to use these size guidelines as a point of reference for data collection. It is at the discretion of the MHO whether a unit that does not conform to the sizes outlined in the guidelines is suitable. For example, a unit that is smaller than outlined in the guidelines may be suitable if there are other desirable factors, such as a convenient location.

20. Contacts

a. Contacts are the persons or companies who manage rental properties and units in an MHA. MHOs should attempt to add new, quality contacts to ensure at least 30 contacts in each MHA by the end of milestone number one. It is important to note that this includes contacts already displayed on the portal, resulting in MHOs already having 30 or more contacts. While

this may be an easy task in a metropolitan area, the OSD contractor understands that some MHAs are too remote for the MHO to identify 30 contacts. In this case, the MHO should add as many quality contacts as reasonably possible.

b. An annual update for real estate professionals and rental contacts is required by updating the data and noting in the portal that the existing information is still correct. Ensure the telephone numbers and addresses of realtors, apartment complexes, and property managers are accurate and up-to-date. MHOs should not assume the information has not changed from the prior year. The contractor depends on accurate and up-to-date contact information to verify MHO identified rental properties. If rental contacts are found to be incorrect when the contractor attempts to verify them, they will be excluded from the pool of collection data. The Region must monitor their MHOs to ensure they are taking the time to verify and update the information as needed. Ensure all contacts have a correct phone number (local number preferred) and website.

21. Units

a. The eight housing profiles are:

- (1) One-bedroom apartment.
- (2) Two-bedroom apartment.
- (3) Three-bedroom apartment (substitute).
- (4) Two-bedroom townhome or duplex.
- (5) Three-bedroom townhome or duplex.
- (6) Three-bedroom single family dwelling.
- (7) Four-bedroom single family dwelling.
- (8) Five-bedroom single family dwelling (substitute).

b. The six anchor points are:

- (1) One-bedroom apartment.
- (2) Two-bedroom apartment.
- (3) Two-bedroom townhome or duplex.
- (4) Three-bedroom townhome or duplex.

(5) Three-bedroom single family dwelling.

(6) Four-bedroom single family dwelling.

c. Notes:

(1) Most MHA anchor points will have a final sample between 30 and 75 approved units.

(2) Some MHA anchor points may have fewer than 30 or more than 75 approved units, depending on the scope of the rental market.

(3) Attempt to collect from the main housing profiles where possible.

22. Contractor Verification. Contractor verification is a process in which rental data is determined to be accurate and appropriate for use in the BAH sample. The process is specifically designed to fill any data gaps, correct data entry errors, and serve as a check against any undue manipulation. All data used in the final BAH sample must be verified by the contractor and given the verification status of ‘approved’. This process ensures that the final BAH sample is accurate and readily defensible.

a. The verification process begins when an MHO enters a unit into the portal. The contractor calls the contact who manages the listing, who then confirms, corrects or is unable, or unwilling to verify the information. If they are unable to verify, the contractor may be able to verify the property or unit with the website.

b. Once the contractor verifies the information with the contact, the unit’s verification status will change to ‘approved’ or ‘denied’ depending on the information provided by the contact. If the contractor cannot verify the unit information with the contact after three attempts, the verification status will change to “unable to verify.”

c. The contractor typically prioritizes verification of MHO-added units. However, to provide a balance of sources, OSD requires the contractor to independently collect at least some of the data for each MHA and anchor point. The contractor will generally verify a maximum of 75 units per anchor point, per MHA. If there are already 75 verified units in an anchor point and it is a statistically sound sample, then the contractor will generally direct its efforts to MHAs that require more data.

d. The verification status conveys the status of a unit throughout the contractor verification process. All units will have one of the four verification statuses:

(1) Approved. The contractor has confirmed that the unit details are correct, and it is suitable and appropriate for the BAH sample. Only approved units are used in the final BAH sample.

(2) Denied. The contractor confirmed the unit is not available, suitable, or appropriate for the BAH sample.

(3) Pending. The contractor has not verified the unit yet.

(4) Unable to Verify. The contractor was unable to confirm the unit information provided.

23. MHO Verification. MHOs need to review all approved units to ensure they are suitable and appropriate to be included in the BAH sample. MHOs must use their best judgment when considering the quality of units in their MHA relative to the local civilian housing supply. There are two MHO verification statuses. When reviewing a unit, the MHO may choose to either 'accept' or 'flag' the unit.

a. By default, units added by an MHO are automatically assigned an MHO review status of 'accepted,' under the assumption that an MHO would only add units to the portal that they want included in the BAH sample. MHO review mostly applies to the contractor approved units. In MHAs with multiple MHOs, each office is only required to review approved units for which they have direct responsibility. The responsibility to review a contractor added unit is determined by who added the contact or property. If the contractor added the contact, property or unit, then the responsibility to review defers to the primary MHO. A "needs review" button on the unit's table will filter the database to only display approved units for which the MHO is responsible for reviewing and have not yet been reviewed.

b. MHOs should review units periodically throughout the data collection period to prevent a backlog of reviews at the end of the data collection review. Reviewing early and often will also ensure the MHO has more time to appeal or elaborate on reasons that the contractor has overturned. The contractor has approximately four weeks after the third milestone to add extra units as needed. The MHOs should continue reviewing these units. After four weeks, the MHOs have one final week to complete their review, which should be completed two days prior to the deadline. When flagging a unit, MHOs must provide a valid reason to disqualify the unit from the BAH sample. MHOs should aim to be as specific and clear as possible. Vague and unclear reasons to flag units may be overturned or the flag review postponed pending clarification from the MHO. The contractor will either uphold (validate) or overturn (invalidate) flags from the MHO on units.

c. Flagged units will be reviewed by the contractor on a rolling basis throughout the BAH data collection period. Either the contractor will uphold or overturn MHO flags based on the reason provided in the "flag reason" box.

d. The contractor will uphold an MHO flag when the contractor concurs with the flag reason. The verification status will automatically change from ‘approved’ to ‘denied,’ with the status reason: “flagged by MHO.” The contractor will overturn an MHO flag when the reason provided is deemed insufficient or inappropriate. If an MHO flags a unit due to a data entry error, but the unit is still suitable, the contractor will correct the error and then overturn the flag to indicate that the error has been corrected. Just as MHOs provide a flag reason when they flag a unit, the contractor will provide a reason for a decision to overturn in the contractor flag review box.

e. If the MHO does not agree with the flag being overturned, the MHO should contact the contractor to discuss why they believe the property or unit should not be used.

24. BAH Rates Posted on the Defense Travel Management Office Website. In mid-December, OSD posts the upcoming year’s BAH rates. The rates are posted on the Defense Travel Management Office (DTMO) website. The following steps can be used to locate the current and previous year’s rates and are publicly accessible on the website:

a. Visit <http://www.defensetravel.dod.mil/>.

b. Under “Travel Regulations and Allowances,” click on “Basic Allowance for Housing,” which will direct users to items related to BAH.

c. Under “Quick Links and Resources” to the right of the screen, scroll to “BAH Rates for all Locations” and click this link.

d. Access the folder named “PDF,” which will open current year folder and the archive folder. Click on the current year folder.

e. Two PDFs will appear in the correct year folder.

(1) YYYY-With-Dependents-BAH-Rates.pdf

(2) YYYY-Without-Dependents-BAH-Rates.pdf

25. New BAH Rates for the Upcoming Year

a. New BAH rates go into effect on 1 January of each year. BAH rates are determined by calendar year, not fiscal year. Typically, changes in housing allowances are modest. Allowances reflect the costs associated with household rentals. Generally, rental prices change between two to five percent from year-to-year, with ‘hot’ markets changing five to ten percent. Housing allowances typically change accordingly.

b. Service Members can be eligible for individual rate protection. Individual rate protection prevents decreases in housing allowances (due to the incorporation of an out-of-pocket cost, the removal of renter's insurance, declining rental or utility prices in the area, or any combination) if the status of a Service Member remains unchanged. This ensures that Service Members who have made long-term commitments in the form of a lease or contract are not penalized if the area's housing cost decreases. Service Members are entitled to the BAH rates published on 1 January, or the amount of housing allowance they received on 31 December, whichever is higher.

(1) Rate protection continues unless the status of the Service Member changes due to permanent change of station, reduction in pay grade, or change in dependent status. BAH distinguishes between "with-dependents" and "without-dependents," not the number of dependents.

(2) After a Service Member arrives at a new duty station, rate protection applies. The Service Member will receive any published increase, but no decrease in BAH if their status remains the same.

26. Changes to the BAH Program. To slow the growth in compensation costs, the BAH program incorporated two changes to the computation of BAH rates.

a. First, renter's insurance, typically purchased to insure personal property, was eliminated from the BAH rate computation. Previously, renter's insurance contributed an average of one percent to BAH rates. BAH rates are now based only on the local costs of rent and household utilities in each MHA, and will fluctuate as those costs change.

b. Second, based on authority provided in the fiscal year 2015 National Defense Authorization Act, a Service Member cost-sharing element (out-of-pocket expense) of one to five percent by 2019, was introduced into the housing allowance rates.

27. Out-of-Pocket. At the same time the new BAH rates are published, OSD publishes the BAH Component Breakdown for All Locations. Use the following steps to locate the BAH Component Breakdown for All Locations PDF for the current year on the DTMO website:

- a. Visit <http://www.defensetravel.dod.mil/>.
- b. Under "Travel Regulations and Allowances," click on "Basic Allowance for Housing."
- c. Under "Quick Links and Resources" to the right of the screen, scroll to and click on "National Out-of-Pocket Amounts."
- d. A folder named "BAH OPP Amounts" contains an archive folder and the current year PDF. Click on the current year PDF: YYYY-BAH_OOP_Amounts.pdf.

28. BAH Statute, Regulations and Instructions. Applicable BAH statute, regulations, and instructions are available at the following websites:

- a. Title 37 U.S. Code §403. Basic Allowance for Housing:
<https://uscode.house.gov/view.xhtml?path=/prelim@title37/chapter7&edition=prelim>
- b. DoD Financial Management Regulations 7000.14R, Volume 7A, Chapter 26:
https://comptroller.defense.gov/Portals/45/documents/fmr/current/07a/07a_26.pdf.
- c. DoD Instruction 5154.31, Volume 6, Uniform Housing and Station Allowances, of 16 October 2015: <http://www.defensetravel.dod.mil/site/dodi5154.cfm>.
- d. OPNAVINST 5009.1, Responsibility for Navy Housing and Lodging Program:
<https://www.secnav.navy.mil/doni/Directives/05000%20General%20Management%20Security%20and%20Safety%20Services/05-00%20General%20Admin%20and%20Management%20Support/5009.1.pdf>.