

Why GAO Did This Study

The Department of Defense (DOD) paid active duty military personnel over \$18 billion in housing allowances in fiscal year 2010. DOD sets housing allowance rates annually based on market costs of rent, utilities, and renter's insurance. Also, DOD has identified 26 installations significantly impacted by expected growth in personnel due to various rebasing actions. The Senate report accompanying a bill for the National Defense Authorization Act for Fiscal Year 2011 (S. 3454) directed GAO to review DOD's rate-setting process, among other issues. GAO determined (1) whether there are enhancements to strengthen DOD's rate-setting process and (2) whether service members have encountered challenges in obtaining off-base housing. GAO reviewed program documents, including a 2010 DOD report to Congress, analyzed data, and interviewed DOD officials and subject matter experts.

What GAO Recommends

GAO is recommending that DOD (1) provide information on the costs that comprise the housing allowance to installation officials and service members, (2) assess the benefits and drawbacks of revising the definition of "available" properties for data collection, (3) improve its processes to estimate allowance costs for the budget, and (4) develop a formal process for installations to share information on housing tools.

DOD generally concurred with all four of GAO's recommendations.

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MILITARY HOUSING

Enhancements Needed to Housing Allowance Process and Information Sharing among Services

What GAO Found

DOD uses a data-intensive process to set housing allowance rates that officials said generally meets program goals. Key quality assurance steps in DOD's process include involving installations in the rental data collection process and verifying data prior to calculating allowance rates. However, some enhancements related to (1) providing additional information to installation officials and service members, (2) defining a key term for data collection, and (3) developing more accurate cost estimates for budget requests could further strengthen the process. First, installation officials and service members do not have access to information on the three costs that comprise the allowance—rent, utilities, and renter's insurance—because DOD issues a single rate for each pay grade. As a result, installation officials cannot help ensure the accuracy of the rates and service members are not fully informed of potential housing costs. Second, in areas with low vacancy rates, officials said it can be difficult to find enough rental properties that meet the definition of available because the definition is limited to rentals on the market within 4 to 6 weeks prior to data collection. As a result, properties that some installations submit may not be fully representative of rental costs in the area or representative properties may be excluded, increasing the possibility of inaccurate rates in an area. Third, the military services have consistently underestimated the amount needed to pay the allowance by \$820 million to \$1.3 billion each year since 2006 when preparing budget requests, in part because the services' processes do not allow them to accurately estimate the number of service members who will receive the housing allowance. GAO recognizes the difficulties in developing accurate housing allowance cost estimates. However, as a result of consistently underestimating the amount needed to pay the allowance—which is an entitlement for service members and must be paid—DOD has had to shift funds that were budgeted for other programs, which could disrupt the funding of the other programs. Also, DOD's budget does not provide the full picture of housing allowance costs, limiting the ability of Congress and DOD to make fully informed funding decisions.

Some service members have encountered challenges in obtaining off-base housing at some growth installations. Military service data show current housing deficits, ranging from about 1 percent of total demand to more than 20 percent, at 19 of 26 installations DOD identified as significantly impacted by growth. Installation officials GAO interviewed expect such housing challenges to continue or worsen. DOD uses a number of tools to address these housing challenges that could be used at other installations, such as expanding housing privatization projects and encouraging collaboration between installations and communities. GAO found that installations share information on these tools on an ad hoc basis, such as through e-mail messages or at conferences, because DOD does not have a formal communications process that would allow them to store and share such information. As a result, DOD cannot ensure that installations that are currently experiencing housing challenges or may experience such challenges in the future will have the needed information on various tools that can be used to address these challenges.