



Virginia Housing Commission  
Policy Brief  
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## State & Local Responses to Housing Needs in Military Communities

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### Summary

Communities near military installations may experience large fluctuations in population numbers as active-duty personnel are assigned or relocated. Sudden population increases impact the local housing markets, which are often already competitive, and some communities may have insufficient housing availability to meet the needs of the military. This brief will explore the strategies stakeholders at the state and local level have implemented to accommodate military housing needs in local markets.

Virginia has the second largest military population in the country, making the Commonwealth more affected by the presence of military personnel than other states. Consequently, most states are not pursuing solutions to specifically increase housing stock in areas near military installations as these states are not as impacted by changes in military population. Efforts to promote housing availability and affordability for military objectives are more commonly seen at the local level in the communities surrounding installations.

Alaska's Military Facility Zone Program is a state-level response designed to address an expected influx of servicemembers in communities near the Eielson Air Force base. The program, and the legislation that enabled its creation, promotes housing development to meet the needs of increased military personnel, families, and support staff in Alaska. On the local level, many communities are committing to rezoning efforts to promote housing development in areas adjacent to bases.

### Background

#### Virginia's Active-Duty Numbers

In September 2022 the Department of Defense reported a total of 1,172,058 active-duty military members living in the United States, roughly two and a half times the population size of Virginia Beach. More than half of those personnel are located within six states. California has the largest active-duty military population, followed by Virginia, then Texas, North Carolina, Georgia and Florida. Over 11% of all active-duty military living in the country are in Virginia, a total of 129,492, close to the population size of Hampton. The largest proportion of Navy personnel live in Virginia, 26.5%, and Norfolk Naval Base is the largest naval facility in the world.

Between 2012 and 2022, the number of active-duty military personnel living in Virginia increased by 13.5% rising from 112,049 in 2012 to 129,492 in 2022. The Navy experienced a 24.7% increase in personnel during this decade. The Air Force and Coast Guard populations increased by less than 5% and the Army and Marine Corp populations decreased. ([DoD Personnel, Workforce Reports & Publications](#))

### Basics of Military Housing

Military services typically rely on the surrounding community for housing and where communities do not have adequate housing, on-base housing has been built. Approximately one-third of military families live in on-base housing, with the remaining majority living in surrounding communities. The realignment of troops to different bases has added stress to privatized housing markets in some areas, creating challenges for the nearby communities.

The ongoing housing crisis has significantly impacted the availability and affordability of housing in the country, which may create significant challenges for military families and individuals who want to live near bases. Limited on-base housing leads to more households looking to the surrounding housing markets. When the market is competitive and inflation is high, families often live further away from base or face high housing expenses. A 2020 Urban Institute [study](#) found that active-duty military households lived an average of 32 miles away from the nearest base. Competition for housing can reach a point where it compromises quality of life for service members and decreases military readiness.

#### Basic Allowance for Housing (BAH)

Military households receive compensation for housing in the form of a Basic Allowance for Housing (BAH). BAH is designed to cover 95% of off-base housing costs. In 2015, the military decreased the BAH from 100% to 95%, putting the remaining 5% on military families. Setting the BAH at 95% is considered inadequate by many military staff and advocates as BAH is often not enough to rent or buy without significant out of pocket housing expenses.

On average, active service members move every [2.5 years](#) and the frequency of moving often creates instability for the communities in which they live. Cities and counties experiencing large fluctuations in population numbers due to military presence can struggle with providing enough affordable housing, as well as what to do with the supply when military populations decrease.

Like the rest of the country, communities near military bases experienced changes to the local housing market because of the pandemic. The Department of Defense limited moves to new bases during the height of the pandemic, generating a backlog of military moves. After the restrictions were lifted, the higher than usual number of families moving posts increased the demand for off-base housing. In addition to the increased demand, the existing housing shortage generated competition for homes in off-base communities.

The Department of Defense has the infrastructure in place to assess the “suitability and availability” of an area’s private sector rental market to respond to a specific base’s long term housing demand. Housing Requirements and Market Analysis (HRMA) assesses the markets and compares them to the needs of the military. **However, this process was not designed to address short-term housing requirements, such as those brought on by significant market changes caused by the pandemic.** This may make responding to housing needs brought on by rapid shifts in demand challenging, especially considering factors like the federal budget cycles and levels of authorization required in military construction projects.

## Examples From Other States

### Alaska

Alaska passed [legislation](#) in 2011 creating a process to designate Military Facility Zones (MFZs) and grant the MFZs certain benefits. To promote the expansion of infrastructure that supports military objectives, the bill allows a municipality or authority in a MFZ to receive financing for housing developments. The City of North Pole was the first and is currently the only designated Military Facility Zone in the State of Alaska.

The legislation enabled Alaska's public [Housing and Finance Agency](#) to create a [Military Facility Zone Program](#) in 2021. The program addresses the need for housing as thousands of Airmen and their families accompanied the arrival of additional aircraft at Eielson Air Force Base. The program provides loans to investors to finance two-to-four-unit residences in designated MFZs. Borrowers are permitted to obtain a maximum of ten loans under this program, which ends in 2024.

### Florida

The Florida Defense Support Task Force 1) assists school districts in providing a smooth transition for large numbers of additional military-related students; and 2) facilitates job training and placement for military spouses in communities with high proportions of active-duty military personnel. In 2023, Florida appropriated over \$1.2 million for affordable housing for active-duty military in the northwest part of the state.

## Examples from Localities in Other States

### Warner Robins, Georgia

In Warner Robins, the Robins Air Force Base increases demand for housing within the locality, adding to the existing affordability problems in their rental market. The lack of housing stock, expensive market, and large demand generated by the Air Force Base presents a challenge. To address this challenge, Georgia Senator Raphael Warnock is endorsing the Basic Allowance for Housing Restoration Act to restore the Act to 100% of estimated housing costs.

### Altus, Oklahoma

In Altus, the city worked with Altus Air Force Base to meet their future housing needs by identifying city-owned land adjacent to the base and rezoning it for housing. The city established a regional housing task force in 2019 and initiated a Request for Proposal to develop multi-family condo/townhome rental units. The units were priced to fit the needs of the personnel identified by the base. The Oklahoma Department of Commerce provided a \$4 million loan to pay for the housing project, expected to be completed in 2024. ([United States Air Force Website](#))

### Eielson, Alaska

Expanded military operations in Alaska have placed more strain on local housing markets. To address the growing need for housing at a local level, Eielson Air Force Base hopes to partner with local and state entities to focus on increasing on-base housing.

## Mountain Home, Idaho

The historically affordable area around Mountain Home Air Force Base experienced soaring housing prices in 2022 as supply remained low and demand increased. On-base housing at Mountain Home is occupied, leaving almost 100 households left with limited close-by off-base options. Wanting to keep the military housed close to base, the town revamped their zoning to make building easier. This rezoning effort led to the approval of seven new development projects.

## Tacoma, Washington

The South Sound Military Communities Partnership (SSMCP) utilizes federal grants to address housing shortages and economic issues faced by military families near the Joint Base Lewis McChord.

## Conclusion

Policymakers at all levels have explored strategies for stabilizing the housing market in communities with a large military presence. Often these communities have an inadequate supply of housing to meet the needs of the military population.

- Communities near military installations may experience large fluctuations in population numbers which puts strain on the local housing supply.
- Like the rest of the country, servicemembers in need of housing are entering highly competitive markets with limited supply and high prices.
- Alaska's Military Facility Zone Program was designed to provide loans for investors and developers to build multi-unit residences in the community near Eielson Air Force Base. The program was tailored to meet the surge in demand for quality housing caused by incoming squadrons to Eielson.
- Targeted efforts are being made more often at the local level. Some localities have made changes to their zoning ordinances near military installations to spur housing development. (Altus, Oklahoma & Mountain Home, Idaho)

Communities in areas surrounding military installations often have competitive housing markets like the rest of the country. The housing supply and affordability of these communities is additionally impacted when active-duty military personnel are moved into the area. Several policies have been implemented to target housing supply in these specific military adjacent areas, but overall, methods to promote affordable and available housing for state military populations appear similar to those designed to mitigate problems in the housing market as a whole.