



US Army Corps  
of Engineers

# *Homeowners Assistance Program (HAP)*

May 2008

*One Corps Serving The Army and the Nation*





US Army Corps  
of Engineers

# *Homeowners Assistance Program*

---

- Provides some financial relief for service member and civilian homeowners whose homes lose value as a result of a DOD announced closure or realignment.
- Currently:
  - Active program at NAS Brunswick, ME, (21 applicants)
  - Studying impacts at NS Ingleside, TX, and Army Communities in FRG.





US Army Corps  
of Engineers

## ***Basis for HAP***

---

- Section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966, as amended, provides for monetary relief for military and federal civilian employees faced with losses on the sale of their residences.
- The loss must be "...as the result of the actual or pending closing of a base...there is no present market for the sale of such property upon reasonable terms and conditions..."





US Army Corps  
of Engineers

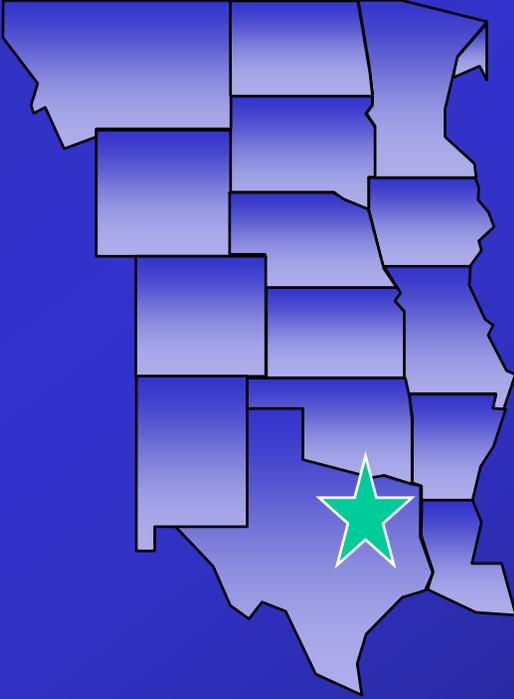
# *HAP Centers of Expertise*

Sacramento District



Pacific

Ft. Worth District



Savannah District



Europe





US Army Corps  
of Engineers

## *Eligibility*

---

- Active duty service members and federal civilian employees assigned at or near the affected installation
- Owner-occupant and assigned on the announcement date – military personnel who normally rotate back to the installation also eligible
- Must relocate outside area





US Army Corps  
of Engineers

# *Benefits*

---

- Foreclosure
- Government Acquisition
- Private Sale
- Private Sale Augmentation





US Army Corps  
of Engineers

# *Foreclosure*

---

- Assist after the foreclosure
- Costs may include direct cost of judicial foreclosure, expenses and enforceable liabilities according to the terms of the promissory note
- Can be treated as a Private Sale





US Army Corps  
of Engineers

# *Government Acquisition*

Acquire home for 75% of the PFMV or the balance of existing mortgages, whichever is greater...

• PFMV of \$100,000 X 75%	\$75,000	\$75,000
• Balance of existing mortgages	\$70,000	\$95,000
• FMV on date of acquisition	\$85,000	\$85,000
• Payment to applicant	\$ 5,000	\$ 0
• Applicant has no tax liability	\$ 0	\$ 0





US Army Corps  
of Engineers

## *Private Sale*

---

Benefit pays up to 95% of prior fair market value (PFMV).

- Prior market value of \$100,000 X 95% = \$95,000
- Applicant sells house for \$85,000
- Appraised value on date of sale \$85,000
- Benefits to applicant \$10,000





US Army Corps  
of Engineers

# Private Sale Augmentation

• PFMV: \$100,000	X 95% =	\$95,000	
• Less Sales Price		\$85,000	
• Benefit Payment		\$10,000	
• Mortgage Pay Off			\$90,000
• Sale of Home			<u>(\$85,000)</u>
• Balance of Mortgage			(\$ 5,000)
• Benefit Payment			\$10,000
• Payment to Payoff Mortgage (by applicant)			\$ 5,000
• Balance Paid to Applicant			\$ 5,000





US Army Corps  
of Engineers

# *Revised* *Private Sale Augmentation*

• PFMV: \$100,000	X 95% =	\$95,000	
• Less Sales Price		\$85,000	
• Benefit Payment		\$10,000	
• Mortgage Pay Off			\$98,000
• Sale of Home			<u>(\$85,000)</u>
• Balance of Mortgage			(\$13,000)
• Benefit Payment			\$10,000
• Payment to Payoff Mortgage (by HAP)			\$ 3,000
• Balance Paid to Applicant			\$ 0





US Army Corps  
of Engineers

## *Home Mortgage Crisis Impacts on BRAC 05*

---

The HMC's nation-wide depression of real estate markets makes it almost impossible to identify a market decline caused by the BRAC 05 announcement.





US Army Corps  
of Engineers

## *Home Mortgage Crisis Impacts*

---

- Homes are expected to be on the market for protracted periods.
- Most homeowners' mortgages are tens of thousands of dollars higher than they could regain from selling, and cannot rent their homes for enough to cover mortgage payments.
- Foreclosures are up 57% from Jan 07. \*
- Nation-wide median home values are expected to decline 25% over the next two years (15% in '08 and another 10% in '09).  
[Even more depreciation likely in 2010]\*\*
- With a 2007 median home value of \$217,800; many homeowners can expect \$43,500 value losses.\*\*\*

\* RealtyTrac 26/02/2008

\*\* CNNMoney.com 23/01/2008 National Association of REALTORS

\*\*\* RealEstateabc.com 04/02/2008





US Army Corps  
of Engineers

## *Three Groups Significantly Impacted by the HMC*

---

- Wounded, ill, or injured service member homeowners who need to sell their homes to relocate for medical treatment or retirement (Warriors in Transition).
- BRAC 05 service member and Federal civilian employee homeowners who must relocate with their jobs or to new assignments.
- Service member homeowners directed to relocate to new duty stations.





US Army Corps  
of Engineers

## *Why Are They Impacted?*

---

- They cannot stay in their homes and wait for the HMC to recover.
- They have few options:
  - Separate their families,
  - Leave the service to find employment near their homes, or
  - Default on their mortgages.





US Army Corps  
of Engineers

## *Legislative Proposals*

---

- HQ US Army Corps of Engineers is staffing two legislative proposals to provide HAP benefits to these three groups.
  - Strong support at ODASA(I&H) and ASA(I&E)
  - Will require appropriations of:





US Army Corps  
of Engineers

# *Appropriations Required*

	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY13</u>	<u>FY 14</u>
Warriors in Transition	\$8.5	\$4.3	\$0.5	\$0.5	\$0.5
BRAC 05	\$94.8	\$63.2	\$31.6		
Svc Mem Relocations	\$226.0	\$151.5	\$75.5		
<b>Total</b>	<b>\$329.3</b>	<b>\$219.0</b>	<b>\$107.6</b>	<b>\$.05</b>	<b>\$.05</b>





US Army Corps  
of Engineers

Questions?

