



# **Supporting Families and Soldiers In the Current Housing Market**

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**Office of the Chief of Staff for Installation  
Management**

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# Supporting Families and Soldiers In the Current Housing Market

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## TOPICS

- Housing Market Requirements
- Housing Programs
- Housing Service Office



# Supporting Families and Soldiers In the Current Housing Market

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## Strategic Context

- To sustain the Force the Army must build trust among Soldiers and Families
- Financial and Family crisis diminish Quality of Life and affects the Army's ability to sustain the Force.
- Housing crisis impedes a Soldiers ability to focus on the mission thus impacts overall unit readiness.
- The Army is committed to Quality of Life to improving readiness through:  
training, counseling and providing resources to help overcome challenges.



# Supporting Families and Soldiers In the Current Housing Market

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## Mission

Ensure that Soldiers and Families  
are suitably housed worldwide



## Supporting Families and Soldiers In the Current Housing Market

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### Current DoD Guidance for Family Housing

- Primary reliance on private sector to house military personnel
- Population determine by authorize total personnel strength
- Must follow adequacy criteria
- Market area defined as no more than 20 miles or one hour commute
- Affordability



## Supporting Families and Soldiers In the Current Housing Market

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### Housing Requirements Determination

- Purpose: Determine the ability of the local community to provide current and projected suitable housing for accompanied and unaccompanied military personnel at military installations



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### **Housing Requirements Determination Housing Market Analysis (HMA)**

- Comprehensive current and projected analysis of housing requirements based on housing demand and supply relationships in the local housing market at a military installation
- On site visits

### **Housing Market Updates (HMU)**

- Grade-specific housing requirements projections using a combination of secondary data, telephone interviews, and Internet data searches

### **Housing Market Overview (HMO)**

- Aggregate, non-grade-specific housing requirements projections using personnel data for and planning factors for that/and/or other similar installations.



# Supporting Families and Soldiers In the Current Housing Market

## Programs Available Now

OSD Sponsored	DA Sponsored	Local/Installation	Other Federal Agencies
<ul style="list-style-type: none"> <li>• Joint Federal Travel Regulation Revisions               <ul style="list-style-type: none"> <li>• Changed to allow payment of moves by Military renters due to landlord foreclosure</li> </ul> </li> <li>• Financial Readiness Challenge events               <ul style="list-style-type: none"> <li>• To help military families nationwide deal with the effects of today's economy through various financial workshops</li> </ul> </li> <li>• Defense National Relocation Program               <ul style="list-style-type: none"> <li>• Civilian PCS program</li> </ul> </li> <li>• Homeowners Assistance Program (HAP)               <ul style="list-style-type: none"> <li>• Military and Civilian Program Currently for BRAC</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Homeowners Assistance Program (HAP) proposed language               <ul style="list-style-type: none"> <li>• WTU/Surviving Spouses</li> <li>• BRAC Causation</li> <li>• PCS</li> <li>• Sunset Clause Sep 12</li> <li>• Purchased prior to Jul 06</li> </ul> </li> <li>• AER loans to assist Soldiers on rent and mortgages</li> <li>• FMWRC working with AERHQ to develop a code specifically designed to track foreclosures for this year.</li> <li>• G-1 Revising BAH waiver criteria to include Families remaining at prior location (unable to Sell/Rent home)</li> </ul>	<ul style="list-style-type: none"> <li>• Army Community Services financial counseling               <ul style="list-style-type: none"> <li>• Spouse employment counseling</li> </ul> </li> <li>• Army Emergency Relief               <ul style="list-style-type: none"> <li>• Loans for Rent/Mortgage</li> <li>• Grants for Rent/Mortgage</li> </ul> </li> <li>• Chaplain support</li> <li>• TJAG support               <ul style="list-style-type: none"> <li>• Foreclosure/Bankruptcy</li> </ul> </li> <li>• Housing Services Office               <ul style="list-style-type: none"> <li>• Automated Housing Referral Network</li> <li>• Preferred Tenant Provider Program</li> </ul> </li> <li>• Federal and State refinance programs</li> <li>• Command involvement</li> </ul>	<ul style="list-style-type: none"> <li>• Veterans' Benefits Improvement Act of 2008               <ul style="list-style-type: none"> <li>• Assist veterans with sub prime mortgages to refinance into more affordable VA guaranteed loan.</li> </ul> </li> <li>• Service members Civil Relief Act               <ul style="list-style-type: none"> <li>• Prevents foreclosure on a pre-service mortgage without a court order; allows Soldiers to reduce a pre-service obligation to 6%.</li> </ul> </li> <li>• Fannie Mae               <ul style="list-style-type: none"> <li>• Soldiers allowed to stay in foreclosed properties and rent from bank</li> <li>• MakingHomeAffordable.gov for Refinance and Modification.</li> </ul> </li> <li>• HUD               <ul style="list-style-type: none"> <li>• Hope Now</li> <li>• HOPE for Homeowners</li> </ul> </li> <li>• National Foreclosure Mitigation Counseling (NFMC) Program</li> </ul>



## Supporting Families and Soldiers In the Current Housing Market

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### Housing Assistant Program

- Created by Congress in 1966
- Program partially offsets losses on the sale of their property due to a reduction-in-scope of operations due to Base Realignment and Closure (BRAC)
- Eligible service members and Federal civilian employee homeowners
- Army is the executive agent for the HAP
- US Army Corps of Engineers (USACE) executes
- American Recovery and Reinvestment Act of 2009 provided \$555 million
- Funds will be taxed as part of applicant's gross income



## Supporting Families and Soldiers In the Current Housing Market

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### Housing Assistant Program

#### **Eligibility Criteria:**

- Wounded, injured or ill members of the Armed Forces (30% or greater disability) and wounded DoD and Coast Guard civilian homeowners
- Surviving spouses of the fallen
- BRAC 2005 impacted homeowners relocating during the mortgage crisis
- Permanent Change of Station (PCS) moves during the mortgage crisis. (subject to availability of funds)



## Supporting Families and Soldiers In the Current Housing Market

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### Housing Assistant Program

#### **HAP Process:**

- USACE evaluate applications to determine eligibility and benefit award.
- Rules published September 30, 2009.
- 4,000 applications awaiting to be processed
- BRAC 2005 and PCS applicants will need to find a buyer of their homes in order to receive Expanded HAP benefits.
- Surviving spouses and wounded, injured and ill members do not need a buyer to receive expanded HAP benefits.



# Supporting Families and Soldiers In the Current Housing Market

## Homeowners Assistance Program

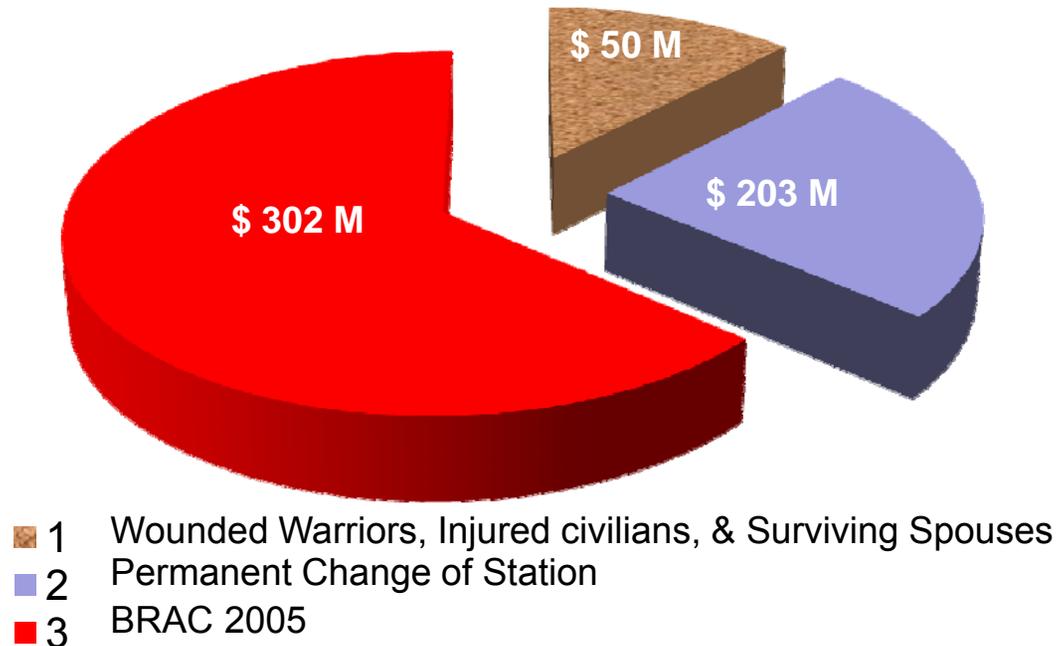
### *Mechanisms:*

- Partial compensation for private sale losses (short sale).
- Pay-off foreclosure judgment or 'upside down mortgage.'
- Purchase by government.

### Claims Process

- Service members/employees submit applications.
- Appraise applicant homes.
- Calculate benefit payments, mortgage payoffs, reimbursable expenses, tax liabilities.
- Submit Form 1099 for each applicant.
- Government checks mailed overnight.
- USACE is executive agent for all services.

HAP Funding: \$555M





# Supporting Families and Soldiers In the Current Housing Market

## Housing Services Office

The mission of HSO is to provide...

- Housing guidance & assistance to all incoming & departing personnel.
- Quality up-to-date information for customers pertaining to all aspects of military relocation.
- Housing alternatives for better Soldier choices.
- Mediation, conflict resolution, customers counseling , housing education, and
- Expert knowledge on *local* housing needs.





# Supporting Families and Soldiers In the Current Housing Market

## Housing Services Office

- Estimated 67% of our Soldiers and Families live in local communities.
- HSO is the customer point of entry to community and privatized housing.
- HSO counselors have the skills and resources available needed in today's distressed housing market.





# Supporting Families and Soldiers In the Current Housing Market

## Summary

- Today's housing market is especially challenging for today's Soldiers and Families
- HMA determines housing requirements
- Housing Service Office – First point on entry for Soldiers and Families
- Army encourages utilization of various financial programs.





BACKUP



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# Glossary of Programs

**Army Community Services (ACS)** – ACS Centers serve as an installation's primary coordinating resource agency. ACS provides a multitude of community based services that foster growth, development, and readiness of families assigned to the installation.

**Automated Housing Referral Network (AHRN)** – AHRN is sponsored by the Department of Defense and is designed to improve the process of securing available housing for relocating military members and their families. The DoD-sponsored website provides a single source of available housing to incoming military and their families. AHRN.com directly connects service members with local property managers via the internet.

**Basic Allowance for Housing (BAH) Waiver** – the Army's Secretarial BAH waiver program is the most extensive within the Department of Defense. Soldiers with dependents can apply for a Secretarial waiver to receive BAH based on their previous duty station or dependent's location. These waivers are granted under the following circumstances: deployment, spousal employment, dependent education, and medical conditions which are not limited to exceptional family member program cases.

**Defense National Relocation Program (DNRP)** – DNRP provides several different services for civilian employees transferring within the United States and its possessions for the benefit of the government. Employees returning from OCONUS to a duty location different from the departure location are also eligible to participate. Since its inception in 1987, the relocation program has helped thousands of employees sell their homes through the Guaranteed Homesale Program, rent their homes through the Property Management Program, and purchase or rent in a new town through Destination Services.

**Federal Housing Finance Board (FHFB) Agency Loan Modification Program** - FHFB is the regulator of Fannie Mae and Freddie Mac and has developed a new Streamlined Loan Modification Program designed to help struggling borrowers avoid foreclosure by having Fannie Mae and Freddie Mac work with mortgage servicers to modify loans into more affordable terms for qualified homeowners.

**Financial Readiness Challenge** – This program brings financial experts to military bases, where they present seminars and one-on-one sessions to help servicemembers and their families better manage their finances. The Financial Readiness Challenge events do not replace the free financial counseling and other services installations provide; they augment those services.



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# Glossary of Programs

**Homeowners Assistance Program (HAP)** – DoD program administered by the U.S. Army Corps of Engineers. HAP provides financial relief to Servicemembers (SM) or government employees who are relocating outside of the commuting area due to a BRAC action and would otherwise lose money on the sale of their primary residence. To be eligible for HAP, a SM or employee must be employed at or near an installation scheduled for realignment or closure and be the owner-occupant of the residence at the time of the BRAC announcement. They may also be eligible if they are serving on a tour of duty overseas and own a residence at or near a BRAC installation.

**HOPE for Homeowners** – Authorized by the Economic and Housing Recovery Act of 2008 and signed into law on 30 Jul 08. The program will refinance mortgages for borrowers having difficulty making their payments, but can afford a new loan insured by HUD's Federal Housing Administration (FHA). The program is available only to owner occupants and will offer 30-year fixed rate loan which may not exceed a maximum of \$550,440. In many cases, to avoid what would be an even costlier foreclosure, banks will have to write down the existing mortgage to 90 percent of the new appraised value of the home.

**Hope NOW** – HOPE NOW is an alliance between counselors, mortgage companies, investors, and other mortgage market participants. This alliance will maximize outreach efforts to homeowners in distress to help them stay in their homes and will create a unified, coordinated plan to reach and help as many homeowners as possible. The members of this alliance recognize that by working together, they will be more effective than by working independently. The Department of the Treasury and the U.S. Department of Housing and Urban Development encouraged leaders in the lending industry, investors and non-profits to form this alliance.

**Joint Federal Travel Regulations (JFTR)** – The Housing and Economic Recovery Act of 2008 authorizes the military to pay to move service members and their families whose landlords default on property the military members are renting. The change to the JFTR occurred on 8 Aug 08, but is retroactive to 30 Jul 08, and is designed to help military service members forced to relocate locally when landlords default on their mortgages. It does not apply to Servicemembers who own their own homes and default on their loans.

**Mortgage Forgiveness Debt Relief Act of 2007** - This Act allows taxpayers to exclude income from the discharge of debt on their principal residence. Debt reduced through mortgage restructuring, as well as mortgage debt forgiven in connection with a foreclosure, qualify for this relief. This provision applies to debt forgiven in calendar years 2007 through 2012. Up to \$2 million of forgiven debt is eligible for this exclusion (\$1 million if married filing separately). The exclusion doesn't apply if the discharge is due to services performed for the lender or any other reason not directly related to a decline in the home's value or the taxpayer's financial condition. The amount excluded reduces the taxpayer's cost basis in the home.



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# Glossary of Programs

**National Foreclosure Mitigation Counseling (NFMC)** – This \$360-million program was launched in Dec 2007 with funds appropriated by Congress to increase the availability of foreclosure counseling services across the country. Grants are being made to fund foreclosure counseling and legal assistance to homeowners at risk of foreclosure to housing counseling intermediaries approved by HUD, to qualifying state housing finance agencies (HFAs), and to NeighborWorks organizations. Funds are also being used to train foreclosure counselors NeighborWorks Training Institutes, regional trainings, place-based trainings in partnership with intermediaries and HFAs, and the development of an online Foreclosure Basics e-learning course.

**National Real Estate Owned (REO) Rental Option** – Fannie Mae and Freddie Mac announced a new policy (13 Jan 09) that will allow qualified renters in Fannie Mae and Freddie Mac owned foreclosed properties to stay in their homes. Policy applies to renters occupying foreclosed properties at the time Fannie Mae or Freddie Mac acquires the property. Renters occupying any type of single-family property will be eligible. Eligible renters will be offered a new month-to-month lease with Fannie Mae or financial assistance for their transition to new housing should they choose to vacate the property. The properties must meet state laws and local code requirements for a rental property. While the company markets the properties for sale, Fannie Mae will manage the properties through a property management company. The company will not require security deposits to be posted in connection with this program. [real estate broker](#) or Renters in the foreclosed properties will be asked to pay market rate rent under the new leases.

**Preferred Tenant Provider Program** – Housing Services Office program where Army enters into memorandum of agreement with property management company to rent a percentage of their properties to Soldiers with rents less than or equal to their BAH. Soldiers in turn pay their rent through allotment. Property management company waives security deposit, application fee, and credit check fee.

**Servicemember's Civil Relief Act (SCRA) of 2003** – The SCRA formerly known as the Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA) is a federal law that gives all military members some important rights as they enter active duty. It covers such issues as rental agreements, security deposits, prepaid rent, eviction, installment contracts, credit card interest rates, mortgage interest rates, mortgage foreclosure, civil judicial proceedings, and income tax payments. It also provides many important protections to military members while on active duty. The SCRA protects active duty military members and reservists or members of the National Guard called to active duty (starting on the date active duty orders are received) and, in limited situations, dependents of military members (e.g., certain eviction actions). To receive protection under some parts of the SCRA, the member must be prepared to show that military service has had a "material effect" on the legal or financial matter involved. Protection under the SCRA must be requested during the member's military duty or within 30 to 180 days after military service ends, depending on the protection being requested.



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# Glossary of Programs

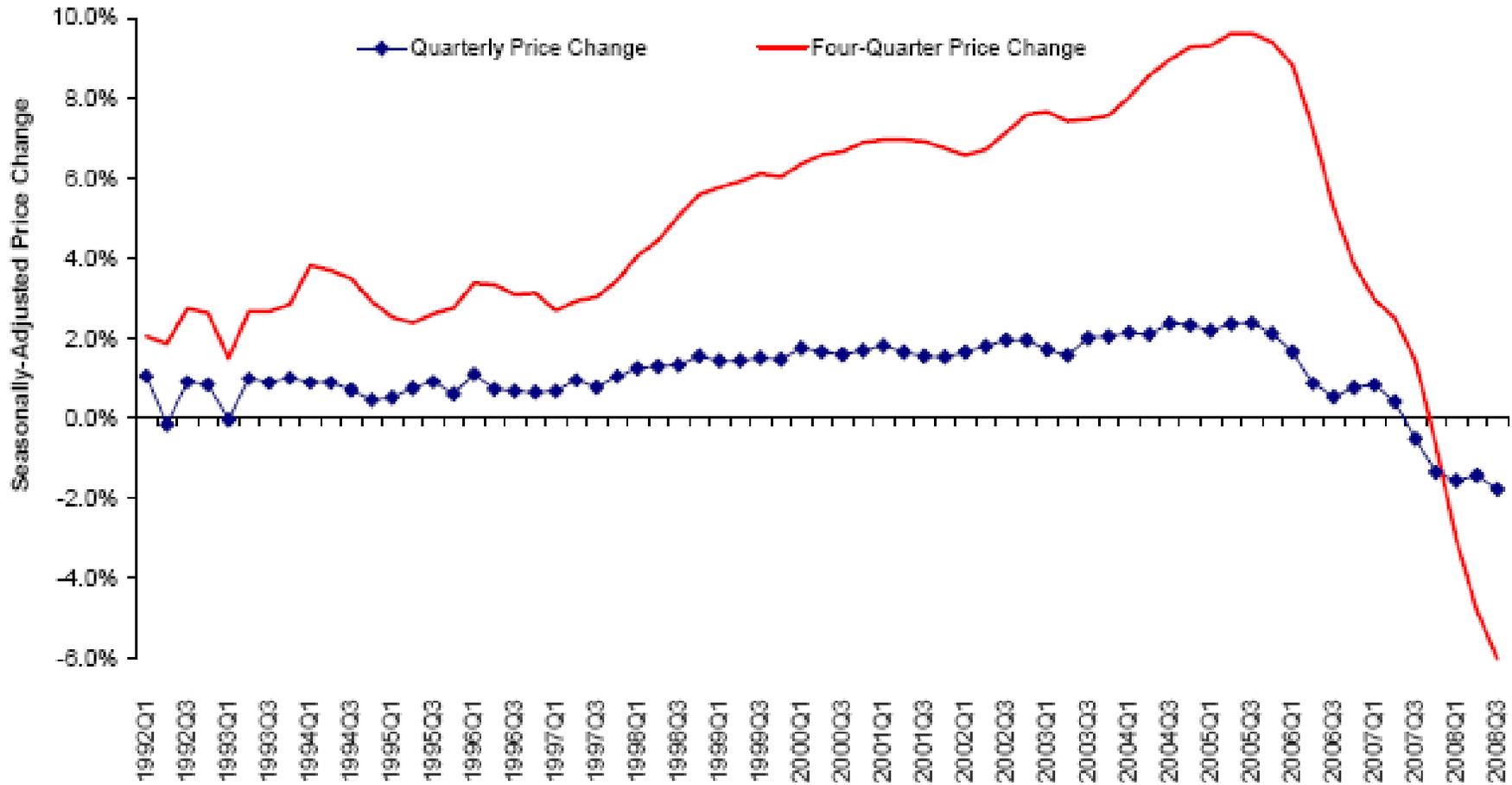
**Veteran's Benefit Improvement Act, 2008 (P.L. 110-389)** – This Act signed into law on 10 Oct 08, makes changes to VA's home loan refinancing program. Veterans can now refinance their subprime or conventional mortgage up to 100 percent of the value of the property. These types of loans were previously limited to 90 percent of the value. Congress also raised VA's maximum loan amount for these types of refinancing loans up to \$729,750 depending on where the property is located. Increasing the loan-to-value ratio and raising the maximum loan amount allows more qualified veterans to refinance through VA, allowing for savings on interest costs or even potentially avoiding foreclosure. Finally, the law extends the VA's authority to guaranty Adjustable Rate Mortgages (ARMs) and Hybrid ARMs through 30 Sep 12. Unlike conventional ARMs and hybrid ARMs, VA limits interest rate increases on these loans from year to year, as well as over the life of the loans.



U.S. ARMY

# House Price Change History USA 1992- 2008

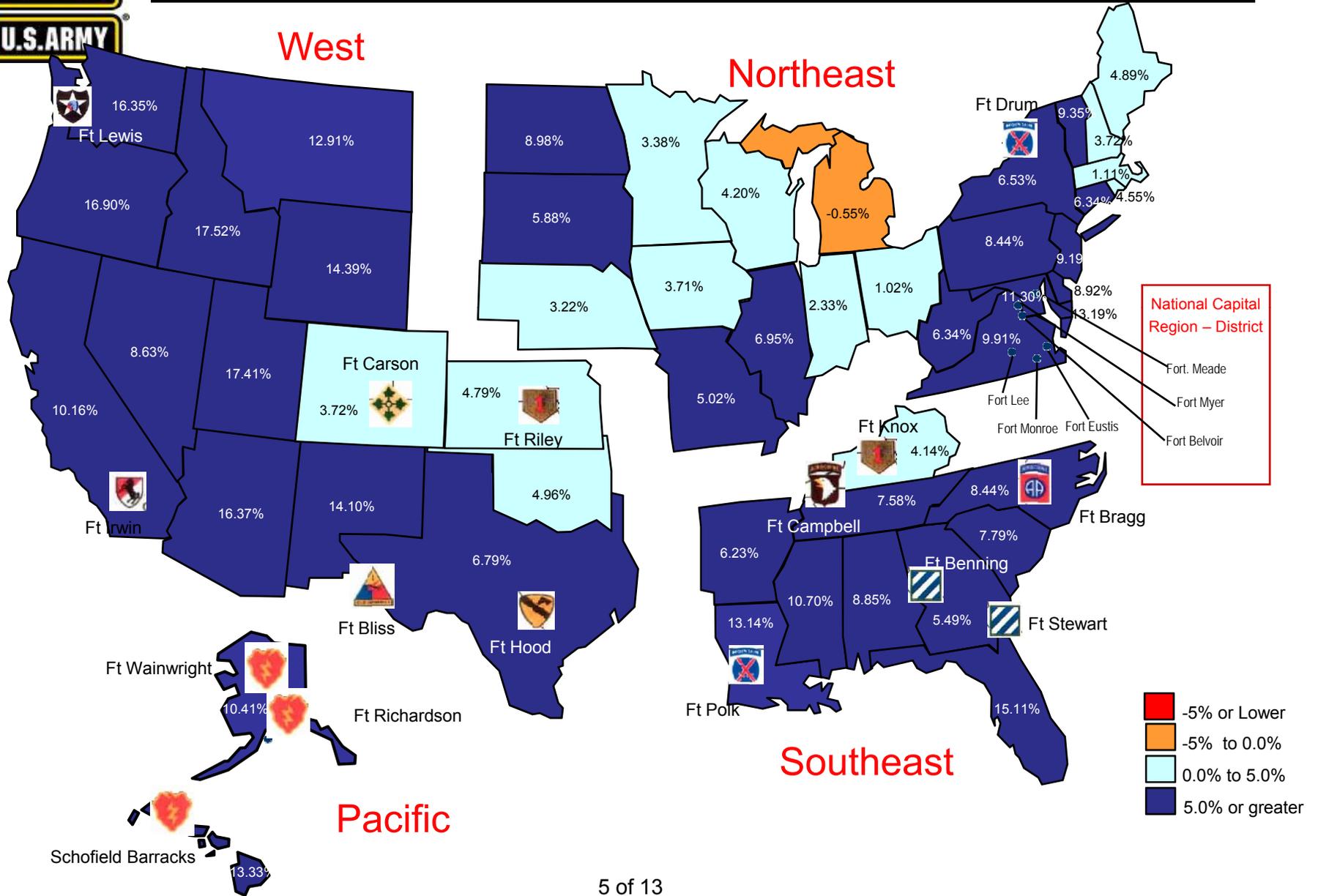
(Federal Housing Finance Agency Housing Price Index)





# Four-Quarter Price Change by State

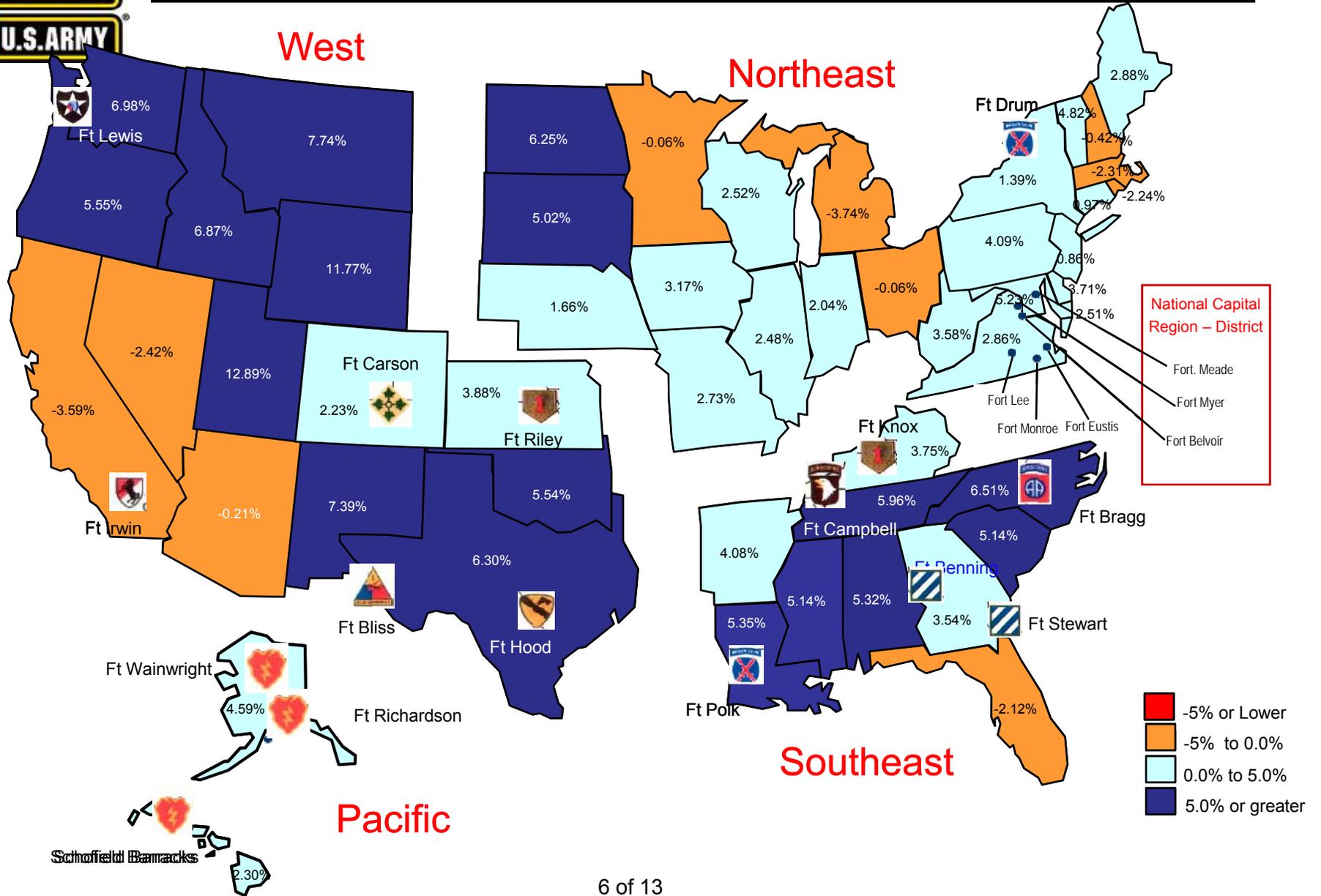
September 2005- September 2006  
 (Federal Housing Finance Agency Housing Price Index)





# Four-Quarter Price Change by State

September 2006- September 2007  
 (Federal Housing Finance Agency Housing Price Index)





# Four-Quarter Price Change by State

September 2007- September 2008  
(Federal Housing Finance Agency Housing Price Index)





# Four-Quarter Price Change by State

December 2007- December 2008

(Federal Housing Finance Agency Housing Price Index)





# Determining the Magnitude of the Housing Crisis on Army Families

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To perform an accurate assessment of the **impact of the national mortgage crisis** on service members and their Families

- Defense Manpower Data Center (DMDC) created and provided to Fannie Mae an **electronic data file** containing over 2.2M files with a service component identifier for all active duty, reserve, and guard components of the Military Services. (Fannie buys loans from lenders, thus providing them with more capacity to make additional mortgage loans, providing liquidity to the mortgage markets in the U.S.)
- Data file - used to aggregate mortgage related statistics from 65M computerized loan files at Fannie Mae with over 356K “hits” from all Services
- **Data security worked through OGC and Fannie Mae corporate lawyers**

**Results will provide information from Fannie Mae Loans to DoD personnel:**

- Number of mortgage loans made to Service members by zip code
- Number of days late (30, 60, 90, 120, and greater than 120 days)
- Mortgages in pre-foreclosure processing and foreclosed upon