

Expanded Housing Assistance Program Will Benefit Some Military Families

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Military families forced to sell homes at a loss could benefit from an initiative that the Defense Department unveiled earlier this year that can finally begin processing applications.

"I'm just happy we've finally gotten to the point where we can help homeowners," said Joseph K. Sikes, director of Housing and Competitive Sourcing in the Defense Department. "It's been a more tortuous process than expected."

For years, the Homeowner's Assistance Program has helped service members when base closings and realignments depressed property values. Earlier this year, it was temporarily expanded with \$555 million of economic stimulus money.

The expansion partially reflects the post- 9/11 challenges that service members and their families now face. It would partially reimburse military personnel, survivors and federal civilian employees for losses from the sale of a primary residence in the following order of priority:

- Homeowners wounded, injured or made ill in the line of duty while deployed since Sept. 11, 2001, and relocating to further their medical treatment.
- Surviving spouse homeowners relocating within two years after the death of their spouse.
- Homeowners affected by the 2005 BRAC round.

Permanent change-of-station for orders received from Feb. 1, 2006, through Dec. 31, 2009. The orders must specify a report-no-later-than date of Feb. 28, 2010, to an area beyond a 50-mile radius of the homeowner's former duty station.

"We're starting out to make sure we can pay all the wounded warriors and surviving spouses," Sikes said.

The program was publicized in May and some 4,100 people already have applied. The number of applications from the Hampton Roads area was not available.

The delay in being able to process the applications happened because officials had to work out various policy issues. At least one is still pending, Sikes said.

Assistance under the original HAP was not taxed, but the benefits received under the expansion are taxable, and the taxes will be withheld up front. That means a homeowner expecting \$100,000 of assistance would actually receive less when it comes time to close the sale.

Sikes said homeowners would have to come up with the money on their own, get a bridge loan or find another way.

Legislation has been introduced by Rep. Charles Rangel, D-N.Y., to fix the problem, Sikes said, but it has not yet cleared committee.

The HAP expansion is not designed to pay 100 percent of losses or cover all declines in value, but it can help prevent financial disaster for service members who face significant losses in home value.