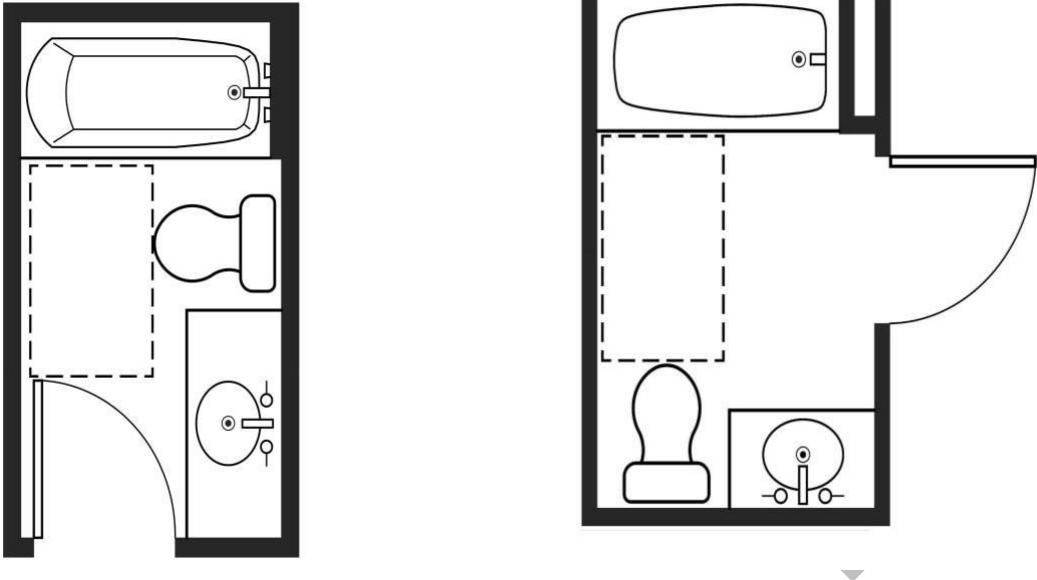


Funding and Financing for Home Accessibility Modifications



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Introduction

In recent years, there has been increased understanding of the need for, and benefits of, home accessibility modifications (or, home mods). Home accessibility modifications are the functional improvements to a traditionally designed home that are intended to provide safe and independent ingress and egress from a home, to allow use of a kitchen, laundry, or bathroom, and to provide access to a bedroom, among other alterations. Home mods are almost always created in response to an individual's health issue, impairment, or functional decline. While the need has steadily increased for many years, there is a lack of awareness of resources and the many existing funding and financing sources. For example, one of the most frequently asked questions by people who contact the Universal Design Institute is how to pay for home modifications.

While there are many resources for home modifications, they are hard to locate, limited, and increasingly overtaxed. Waiting lists seem common while many are turned away. A family's search over the next few years is likely to become even more difficult. There is especially limited funding to help low-income households, which have a disproportionately high level of need for modifications. The situation has become more complex with changes in the federal government's role. Over the past 50 years, the federal government has aided home modifications with programs in seven cabinet-level federal departments. With the best of intentions, but against a background of shrinking allocations, consolidated programs will result in tougher competition for scarce funds. Federal funding for home modifications is likely to diminish further and block grants will make state level decision-making more crucial. Unless those interested in this issue take an aggressive position, home modifications stand to be the loser in battles against medical costs and affordable housing initiatives.

Part of the problem is that manufacturers and the housing industry do not sense enough demand in the private sector. Too few households see home modifications as viable remodeling options, even among middle-aged or older households, which one might expect to be alert to the advantages of functional home improvements. As a result, too few remodelers have developed skills and experience, and manufacturers and retailers are only beginning to emphasize product development, design or marketing in ways that might take advantage of the potential market, the enormous growth in the population of those over 50 in the US.

New strategies need to break this cycle so that the potential of home modifications to improve lives is realized. This paper reviews funding, financing, related policies and other resources for home accessibility modifications; outlines the current constraints and potential future limitations to these resources; and suggests actions to improve funding resources and policies, increase awareness of the need for and benefits of home modifications and increase their availability in homes of all types, for people of all incomes.

Background

Modification Types and Costs

Home accessibility modifications span a wide range of adaptations aimed at increasing independence, safety, ease of use, and saving time. Successful projects require both sound construction based on proper design and equipment that solves the basic accessibility problem.

The cost of modifications can range from \$100 to over \$150,000 and can include the simple installation of a grab bar or may involve the construction of an entire addition to a house. The least costly modifications cost between \$100 and \$500, and are usually installed equipment: grab bars in bathrooms; handrails on stairs, hallways or ramps; hand held showers; door hardware; or small scale cabinetry. Also included in this group are simple home automation technologies such as voice controlled devices or video monitors.

More expensive modifications, costing between \$500 and \$2500, include new exterior stairs or wider doorways. Long ramps, lift installations, and kitchen and bathroom renovations cost between \$2,500 and \$20,000. At the high end of the expense scale are additions or wholesale rehabilitations of dwellings. A major (over \$50,000) rehabilitation project may require the combination of several smaller modification projects. For example, one project may require creating entrance access, adding a full downstairs bath, renovating the kitchen and making a first floor bedroom accessible.

An essential component of any effective home modification project is the assessment and design work that must take place at the front end. Most remodelers include this in their fee. Not all funding sources will pay for these services, which can be provided by occupational, and physical therapists, design/build firms, architects, or interior designers.

Funding Sources and Types

Resources for home modifications resist easy categorization. Access or eligibility can be determined by income, age, employment status, location, and health status. Resources can originate at federal, state, city, or county levels. No fewer than six federal departments have programs where funds can be used for home modifications: Agriculture, Education, Health and Human Services (HHS), Housing and Urban Development (HUD), Treasury, and Veterans' Affairs. The U.S. Department of Housing and Urban Development's HOME program and the U.S. Department of Agriculture's Rural Development (RD) programs have both loan and grant features. The Federal Housing Administration (part of HUD) and Rural Development (RD) offer loan guarantees while RD also has subsidized loans. Non-federal sources exist at the state and community levels, in both the public and private sectors. State agencies may have their own programs using tax or bond revenues, often through a housing finance agency. Foundations, private medical insurers, and charitable organizations, as well as lending institutions can be resources for assistance. Some private medical insurers, Medicaid, and Medicare pay for limited home assessments, durable medical equipment, or certain modifications. Private sector loan programs are available from commercial banks or through remodeling professionals.

Home modifications can be paid for in a variety of ways depending on a number of factors, including the type of modification, the income and tenure status of the household, and the individual's age. The following examples illustrate the contrasts:

- Medicare will pay for some durable medical equipment but not structural changes. See discussion below for new allowances.
- Many sources of public funding (however limited) are targeted at low income homeowners, while renters have only a few resource options.
- Special resources exist for disabled veterans and persons with specific disabilities (e.g., cerebral palsy).
- Some programs provide modification services instead of providing funds directly to a household.
- Tax credits and tax deductions help reduce income tax liabilities. Local property tax abatements can help free-up funds for modifications.

The opportunities, even for federally funded programs, vary by state and town. States decide how to spend funds for programs such as Medicaid from the Health Care Finance Agency and Block Grants from HHS and HUD.

Targeted

Many home modification programs using federal, state, local or private funds are targeted at households with low incomes. Many programs offer funds to eligible households on a first-come, first-served basis. Unfortunately, few loan or grant programs provide targeted funds for those with disabilities who are looking for help with access modifications or other home repair projects. Veterans Affairs and Medicaid are among few others specifically target access modifications. Although the pool of resources is generally smaller for targeted programs, so too, is the number of applicants.

Programs such as those run by Medicare or Vocational Rehabilitation are open to households of all incomes. The FHA programs have loan limits or limits on the types of projects that effectively make them more available for low- or moderate-income households. IRS deductions are also available to households of all incomes although are more useful to higher income households for whom the deductions count more.

Targeted to Seniors

The aging network has access to two programs that are targeted at low-income seniors and who use a combination of federal, state and local funds. The Social Services Block Grant from the Department of Health and Human Services (Title XX) allows expenditures for home modifications but, as with all other block grants, home modification priorities must compete with many other essential services. The Home and Community Care Block Grant from the Administration Aging (Title IIIb) is targeted to seniors but is stretched by many competing demands. Still, some home repair services are provided with these funds through area agencies on aging, local aging councils or other non-profit organizations.

Although generally offered by mortgage lenders, special reverse mortgage programs for lower income senior citizens are also offered by some State Housing Finance Agencies (see equity financing discussion).

Direct vs. Indirect

Consumers typically pay for home modifications out-of-pocket or through loans. Some insurance payments are made directly to consumers who then pay for products or services themselves. In these circumstances, consumers have control over the money and the work. Many more sources, such as Medicare and Medicaid, pay the vendor or agency that supplies the product or service. Other sources such as Community Development Block Grants or Title XX may direct funds to local agencies that provide remodeling services. Staff of these local programs perform services or put out bids and subcontract the work.

Renters, Landlords and Homeowners

Within the limits imposed by town or city zoning ordinances and building codes, homeowners are generally free to modify their property as they wish. Additional problems are faced by the approximately one-third of American households who live in dwellings that they don't own; they lack the same level of control over their dwellings as homeowners. Renters need the approval of their landlords for changes they wish to make to their units. But renters are frequently unaware that the 1988 Fair Housing Amendments Act (FHAA) gives them the right to negotiate with the landlord to make modifications.

A person with a disability can generally request to make reasonable modifications to a rental home, regardless of when the unit was built. This would apply to almost all apartments, and many duplexes and single-family homes available for rental. The only caveat would be if the home is otherwise exempt from the Fair Housing Act (FHA). The most common exemptions under the federal FHA are:

- If there is a single dwelling with four or fewer units, and the owner of the dwelling lives in one unit and rents the others, then the entire dwelling may be exempt from certain parts of the FHA, including the Reasonable Modification portion); and
- The limited single-family home exemption – when there is a single-family home (SFH) rented out without the use of advertising, a real estate agent, or a management company, and the owner of the SFH doesn't own more than three homes, then the owner may be exempt from certain parts of the FHA). This may be modified by a limited SFH exemption in state FHA legislation.

However, the Fair Housing Act makes no provision for funding; unless tenants can convince landlords to pay for changes, renters have to pay for modifications themselves or seek other funding. Consequently, renters may choose to pay only for modest projects out of pocket rather than invest in extensive modifications to rental units. State legislation may help to fill gaps. The Housing Bill of Rights adopted in Massachusetts (M.G.L.c. 151B §4), for example, requires that landlords of projects with 10 or more units pay for some ("reasonable") modifications. In some cases, landlords may be willing to finance modifications, particularly in conjunction with federal/state tax deductions and credits, HOME funds, CDBG or Rural Development (RD). The renter can repay a loan as a surcharge to rent. The terms (amount of payment, number of payments, interest rate charged) are negotiable. In markets with high apartment vacancy rates, management may be willing to make modifications at no cost to the renter in return for the renter signing a one year (or longer) lease.

Renters also lack access to the collateral of a home that can be used to secure a loan. However, there are both direct and indirect sources that can be tapped. Vocational Rehabilitation services funds can be accessed directly.

Public housing authorities may use “modernization funds” (typically from HUD) to update and modify groups of housing units, which in turn benefit public housing tenants. However, these modernization funds are generally not available on an individual unit basis.

Another caveat to the fair housing reasonable modifications allowance is the possibility that an escrow account might need to be created so funds will be available to return the unit to its prior condition after the use of the modifications has ended, such as when a tenant moves out. This creates another potential financial hurdle for many tenants. The issue is whether or not the modification can be seen as detracting from the value of the unit. This is another item to be negotiated with the landlord. It is possible for funds to be set aside on the local or state level for use in the circumstances where escrowed funds might be needed, such as funds from a Housing Trust.

Many states have state-level programs that allow funds from housing finance agencies to be used by renters to make home modifications.

Resources

What follows is a review of many of the currently available sources for funding, financing and other home modification assistance.

Illinois Housing Development Authority

The Home Repair and Accessibility Program (HRAP) assists income-eligible households with funds for vital health and safety repairs and accessibility improvements. Assistance is provided in the form of a 3- or 5-year forgivable loan, with no monthly payments, meaning that the household pays nothing if they stay in their home for the full loan term. Up to \$45,000 is available per household. For accessibility improvements, both homeowners and renters are eligible. Accessibility improvements may include ramps accessible bathrooms, chairlifts and more. To be eligible, a resident of the home must be either a senior with a physical limitation or a person with a physical disability.

While the Illinois Housing Development Authority (IHDA) provides funding, a network of grantees, which includes both nonprofits and municipalities, throughout the state administers the program. In other words, residents should contact these nonprofits and municipalities rather than contacting IHDA. A list of nonprofits and municipalities that administer the Home Repair and Accessibility Program (HRAP) can be seen at the following link (ihda.org/my-community/revitalization-programs/).

Area Agencies on Aging

Created by the Older Americans Act in 1965, a national network of Area Agencies on Aging provides a variety of programs that serve older adults. There are 13 Area Agencies on Aging in Illinois. Within the Chicago metropolitan region:

- Senior Services Area Agency on Aging serves the City of Chicago.
- AgeOptions serves Suburban Cook County.
- AgeGuide serves DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry, and Will Counties.

While Area Agencies on Aging serve a wide geographic area, they fund local organizations that provide programs and services – including some focused on housing accessibility modifications - directly to residents. These organizations are referred to as the Aging and Disability Resource Network (ADRN).

Households within AgeOptions' suburban Cook County area can find their nearest Aging and Disability Resource Network (ADRN) organization through AgeOptions' referral portal at the following link (<https://services.ageoptions.org/>). In recent years, these organizations have provided the Emergency Senior Services program that is designed to meet the unanticipated basic or one-time emergency

needs of persons over 60 years of age or persons with a disability between 18 years and 59 years of age.

A list of Aging and Disability Network (ADRN) organizations in AgeGuide's area that includes DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry, and Will Counties can be seen at the following link (<https://ageguide.org/information-assistance/>). In recent years, these organizations have provided several programs that have assisted with home improvements for accessibility and safety.

- The Flexible Community Services program offers financial assistance for items such as food, rent, mortgage, home modifications and repairs, and more for persons over 60 years of age or persons with a disability between 18 and 59 years of age.
- The Caregiver Supportive Gap program provides financial assistance for items including specialized meals, transportation, home modifications/repairs, assistive devices, and more for specific circumstances that include: a family or other informal caregiver aged 18 or older providing unpaid care to people 60 and older or a person of any age with Alzheimer's Disease or other dementia; older relatives aged 55 and older who, while not being parents, provide unpaid care for children under 18; older relatives, including parents, who are age 55 and older providing unpaid care to adult dependent children aged 18-59 with severe disabilities.
- The Alzheimer's Disease and Related Dementia Supportive Gap program offers financial assistance for such items as specialized meals, transportation, home modifications/repairs, assistive devices, and more for persons with dementia of any age and their caregivers.

While funding programs provided by Aging and Disability Network (ADRN) organizations may not cover the entire costs of an accessibility home modification, a household typically combines these programs with other funding resources.

A first step for households is to connect with the Aging and Disability Resource Network (ADRN) organization nearest to them. These organizations will help the household apply for funding provided by their organization and access other programs as well.

Medical Programs

Medicare

Medicare is available to persons over the age of 65 and others who are permanently and totally disabled or who have end-stage renal disease. Although it does not pay for constructed home modifications, Medicare, under its Medical Insurance (Part B), reimburses the costs of purchasing allowed durable medical equipment. The equipment generally allowed under this plan includes hospital beds, crutches, ventilators, and wheelchairs. It may be a useful additional resource used to gain fuller access in the home. Items such as grab bars have just recently become allowable expenses with some Medicare Advantage programs. Stair lifts and accessible hardware are generally not allowed.

Although Medicare is a federally supported program, the eligibility rules, benefits and requirements may not be uniformly applied. Medicare requires a doctor's prescription for the purchase of any durable medical equipment. For certain types of equipment, pre-approval from the regional or state Medicare carrier may also be required.

Medicaid

Medicaid programs, although jointly funded by federal and state governments, are administered and designed by each state primarily to fund certain types of medical expenses for low-income individuals. As a result, eligibility requirements and the services that are offered vary widely from state to state.

Nearly all states and DC offer services through [Medicaid Home and Community-Based Services \(HCBS\) Waivers](#), which provide alternative home and community-based services that allow people with disabilities to live more independently. Each state determines which groups are targeted for these funds and what types of equipment and services are to be covered. States can operate as many HCBS Waivers as they want — currently, more than 300 HCBS Waiver programs are active nationwide. According to homemods.org, at least twenty states allow payments for home modifications and nineteen states (including many which cover housing modifications) allow waiver funds to be used for assistive equipment. More states are expected to participate in the future.

Program of All-Inclusive Care for the Elderly (PACE) Programs

The Program of All-Inclusive Care for the Elderly (PACE) provides comprehensive medical and social services to certain frail, elderly individuals living in the community. Most of the participants in PACE are dually eligible for both Medicare and Medicaid benefits. An interdisciplinary team of health professionals provides PACE participants with coordinated care. PACE is a program under Medicare and benefits include, but are not limited to, all Medicaid and Medicare covered services. PACE also includes all other services determined necessary by the interdisciplinary team to improve and maintain an individual's health. For most participants, the comprehensive service package enables them to remain in the community rather than receive care in a nursing home. According to the [National PACE Association](#), 150 PACE programs are operating in 32 states and the District of Columbia (March 2023).

A PACE organization is a non-profit private or public entity that is primarily engaged in providing PACE health care services. PACE providers receive monthly Medicare and Medicaid capitation payments for each enrollee. This method of financing allows providers to deliver all services participants need rather than only those reimbursable under Medicare and Medicaid fee-for-service plans.

Private Medical Insurance/Health Maintenance Organizations

The track record for private medical insurance is uneven. Anecdotal reports indicate that some insurers in a few areas may be paying for home modifications as a way to reduce institutional care costs or pay per diem rates for care, allowing the policy holder to determine how the funds will be used.

State and Federal Loans and Grants

Community Development Block Grants (CDBG) and HOME

The Department of Housing and Urban Development (HUD) provides funds through its CDBG and HOME programs to assist community and economic development and to help low-income households (USDHUD, Programs of HUD). Community Development Block Grants have existed for over twenty years and can be used for housing, economic development and infrastructure projects. The HOME program, introduced with the National Affordable Housing Act of 1990, focuses exclusively on housing, often allowing communities to focus CDBG funds on non-housing needs. However, each recipient local or county government determines the specific uses for the funds that are available. Larger cities and certain metropolitan areas, called entitlement areas, receive CDBG and HOME funds directly from HUD according to population-based formulas. All other local governments access the funds by applying to a county-level agency that receives and distributes the federal funds on a competitive basis.

Some local and county governments make these funds available directly to low-income households for home modifications; others fund programs through non-profit organizations. A wide array of local housing and repair programs receive funds from the CDBG and HOME program. Income level determines whether a household qualifies for the program. Thus, low-income persons with disabilities, and elders may qualify but must often compete with other program needs. A few local and county governments have gone beyond broad and inclusive eligibility requirements and have targeted these funds specifically to help persons with disabilities make home modifications. In this case, assistance comes in the form of grants or loans or service programs, and is available through Community Development Corporations (CDCs), Community Action Programs (CAPs) or other local organizations. Block grant recipient organizations operate by specifying the work, getting bids from remodelers, and paying the remodelers when the work is done. The beneficiary household never sees the money.

Among the programs that can be offered with HOME and CDBG funds are deferred payment loans or “soft second” mortgages. These effectively straddle the line between loans and grants because deferred payment loans or “soft seconds” can turn into grants because the repayment provisions may terminate after a stipulated number of years.

Another type of deferred payment loan, a home equity conversion, may be available through a city or town’s community development office or through a private non-profit community development corporation (CDC). This low or zero-interest loan has no points or fees. No payment is required as long as the homeowner continues to live in his or her home.

USDA Rural Development (RD)

USDA RD administers a Section 502 Direct Loan Program and Section 504 Home Repair Program to improve substandard housing in smaller cities and rural areas (USDA). Homeowners with disabilities needing modifications to make their dwelling safer and more accessible may be able to secure loans under the 504 program if they have very low incomes. The program offers loans up to \$40,000 at 1% interest rates with 20-year loan terms. USDA RD also funds a 504 grant for people over the age of 62. This is also targeted at households with very low incomes and has a grant limit of \$10,000. The 502 loan program offers variable interest rates for home rehabilitation or acquisition. It is available for households whose incomes are low and the interest rates usually vary with the borrower's income level, age, and family size.

Department Of Veterans Affairs (VA)

The VA provides loan and mortgage guarantees or grants to veterans (USDVA). The loan and mortgage guarantees are available to most veterans without regard to disability status; neither the loan nor mortgage guarantees are targeted specifically to disabled veterans.

The VA has three grant programs, however, which are targeted to veterans with “qualifying service-connected” disabilities. See <https://www.va.gov/housing-assistance/disability-housing-grants/> for details. None requires a demonstrated financial need and can be used in combination with any loans for which the veteran may be eligible.

Federal Housing Administration (FHA)

Under the US Department of Housing and Urban Development (HUD), the Federal Housing Administration operates two loan guarantee programs, Title 1 Property Improvement Loan Program and 203 (k) program . Each is available through local lenders and have loan size limits that effectively limits availability to households with average to low incomes. The Title 1 loan can be used for rehabilitating existing homes. The 203(k) program can be used for a home purchase or a combination purchase/rehabilitation mortgage. The 203(k) program is one of the very few mortgage programs that will allow rehabilitation expenses to be rolled into a first mortgage, making it useful for a household that chooses to move and make accessibility improvements in their new home.

Targeted Programs

State Vocational Rehabilitation Grant Funds

The Rehabilitation Services Administration (RSA), part of the U.S. Department of Education, provides "Part A" funds to state rehabilitation agencies for assistive devices or home modifications for individuals with a vocational objective. These funds are then made available through the state’s own rehabilitation services agency, or through a vocational rehabilitation agency, or local independent living centers. The funds have covered modifications for working- aged persons between the ages of 16-65. As we work longer, the upper age range might be changing.

Independent Living Program Funds

Also administered through a state agency, these funds are made available to adults of any age, who do not have a vocational objective.

The two above programs provide actual home modification services rather than financial reimbursements to the client. The administering agency will, in many cases, provide design services, put the job out for bid, and select and pay the contractor. The changes need to provide physical access or meet vocational objectives that can include homemaking or independent living goals. As a result, kitchens may be modified through these programs. Other covered modifications include the installation of ramps and accessible hardware and the widening of doorways.

Social Security Administration

The Social Security Administration (SSA) offers [two programs](#) for those receiving (or eligible for) SSA benefits under the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs, that may be used for home remodeling (See [The Red Book](#), SSA publication and [website](#)).

Plan For Achieving Self Support (PASS)

The Supplemental Security Income program (SSI), under the Plan for Achieving Self Support (PASS), allows recipients to set aside income and resources toward an approved plan for achieving self-support without jeopardizing benefits. PASS will allow for the purchase of a vehicle or equipment that will assist an individual with a school or work objective through an SSI savings plan. This plan will also cover modifications to a home to achieve greater independence.

Impairment Related Work Expenses (IRWE),

This program can be used by all who receive Social Security Disability (SSDI) benefits and some who receive SSI benefits but who work or go to school. Under this program, costs for home modifications, equipment and assistive technology can be deducted from earnings. These costs may also be deductible from personal income taxes.

Income Tax Deductions: Medical Deductions

Many people can take advantage of income tax deductions under the federal tax code. To do so, the cost of the modifications must be listed under “Medical and Dental Expenses” on their Federal Income Tax form (Schedule A, Form 1040). A person can deduct only the amount of eligible medical and dental expenses that is more than 7.5 percent of their adjusted gross income ([IRS, Publication 502, 2022](#)). For a renter, the cost of access modifications becomes a deduction from taxable income. Many home

accessibility modifications do not increase the home's value (e.g., wider doorways and hallways, modifying stairs, installing handrails, etc.) and their costs can be treated as medical expenses. Some permanent modifications increase a home's value (e.g., installing an elevator) and only part of the costs may be included as medical expenses. The cost of the improvement is reduced by the increase in the property value, and the difference is a medical expense ([IRS, Publication 502, 2022](#), "Capital Expenses"). If the home is also used for business purposes, homeowners should explore the business deduction or credit that is available to cover expenses to remove barriers to accessibility.

Equity Financing

Some homeowners undertaking major improvement projects can consider new mortgage loans (refinancing) or second mortgage loans to finance the improvements. Refinancing pays out the existing mortgage loan and creates a new mortgage loan that adds the funds needed for the improvement project. Having sufficient equity in the home is essential. A second mortgage loan is a separate loan repaid in addition to the existing mortgage. It is secured by a second lien on the property.

Fannie Mae has a [HomeStyle Renovation loan product](#) that provides funds for a wide range of renovation projects, including repairs, energy/other updates and home access modifications. Customers have the option to renovate and rehab a new or existing home by including financing in their conventional purchase or refinanced home loan. LTV (loan to value) is calculated taking the proposed project into account, giving them more purchasing power and more options.

For modifications that cost more than \$5,000 or may not increase the market value of the property commensurate to the cost, a homeowner may choose to secure a home-equity loan or line of credit. A home-equity loan provides the loan amount up front, without closing costs, and is repaid over a 15 or 30 year period. It is a mortgage but tends to have a higher interest rate than a conventional mortgage. A line of credit can be accessed over a period of years, when the need arises, and is secured by the home. Home-equity lines of credit (and loans) can be used for home improvements and for a variety of purposes including starting businesses or paying college tuition. In most situations, homeowners will have to borrow money that must be repaid with interest. When the property is used as collateral for the loan, homeowners can lose their homes through foreclosure if they do not repay the lender.

Remodeler Financing

Consumers may go directly to banks or other financial institutions to seek loans for remodeling projects. There are also many finance companies that wholesale financial services to consumers through remodeling contractors or suppliers. Many remodelers are able to facilitate project financing through association with finance companies that specialize in remodeling projects. Loan officers

disclose that these loans are only available through remodeler/dealers and offer the customer convenience, speed and lower closing costs than most refinancing options. Most of these loans are second mortgages and can range up to \$250,000. Unsecured loans are also possible in amounts up to \$15,000. The rates are higher than a primary mortgage on a home and have terms of between five and 25 years at a fixed rate. Given the relative difficulty of securing primary financing that includes rehabilitation, these loans can offer a viable option for the home purchaser who has opted to move and remodel.

Home Equity Conversion or Reverse Annuity Mortgage

Home Equity Conversion Mortgages (HECMs) or Reverse Annuity Mortgages are examples of special financing which are available in many places only for elderly homeowners. Under a HECM plan, elderly homeowners with considerable equity in their homes can convert the value of that equity into monthly income or a line of credit. The funds are paid to them by the holder of the home equity conversion or reverse annuity mortgage. Income payments or draws from the credit line accumulate as a loan that may not have to be repaid until the loan is refinanced, the house is sold, the homeowner dies or upon the conclusion of a fixed term. If the borrower, over time, draws more funds than the house is worth, the Federal Housing Administration, which usually guarantees such loans, will absorb any loss incurred by the lender. The market for home equity conversions has been enhanced by several Fannie Mae programs that buy such mortgages from banks.

Unsecured Loans

For less expensive modifications, \$5,000 or less, the homeowner or renter may be able to get a personal loan from the bank or financial institution with which he or she is doing business. Unsecured personal loans may be cheaper than using credit cards.

Community Reinvestment Act

A federally mandated (but not federally funded) banking regulation, the Community Reinvestment Act (CRA), can prompt banks to make special loans. Under the CRA, many commercial banks carry a legal obligation to make loans to under-served constituencies that may include people with disabilities as a target group.

This has been successfully applied in home ownership programs when banks create a lending agreement with local affordable housing or disability organizations. In this case the loans are brokered through the local organization. These types of loans can be useful because they can include flexible underwriting criteria instead of having to conform to the secondary market criteria. Banks then hold the loans in their own portfolio rather than selling them on the secondary market.

Other Resources

- Whole Life insurance policies build up cash value over time. This equity can usually be tapped at any time; loaning money that would otherwise be paid out upon the death of the policyholder. These funds can be used for any purpose, are usually loaned out at low interest rates, and require almost no paperwork. They do, however, lessen the payout when the policyholder dies.
- Local chapters of various advocacy and disability organizations may make grants to individuals and families who demonstrate financial need. They may provide small sums to modify dwellings or donate equipment such as grab bars. Organizations such as the Multiple Sclerosis Society, United Cerebral Palsy, Muscular Dystrophy and National Easter Seal Society may offer such services.
- Local civic organizations often provide aid in the form of money, equipment such as lifts, or donated construction services. Civic organizations that may provide aid include: Lions (particularly interested in issues related to visual impairments), Rotary, Knights of Columbus (particularly interested in children with disabilities), Knights of Pythias, Elks, Moose and others.
- Other resources can include donated equipment or materials from manufacturers or retailers, volunteer labor from local church groups, or loaned equipment from loan closets. Federally funded programs such as Job Corps, Vista, Youth Build, and AmeriCorps can provide personnel to staff home modification or repair programs.
- Vocational or technical schools may schedule a home modification project as a part of their curriculum.

Conclusions

Most free or reduced cost home modification services predominantly serve older adult households and the number of people who could benefit from home modifications is growing. Long waiting lists for these services are nearly ubiquitous. Too often consideration of and allocations regarding our nation's housing needs has been carried over from our 20th century demographic, when we were grappling with the growth in the number of people with disabling conditions. The demographic pressure on these service providers is sure to grow over the next 35 years as we attempt to account for our grand 21st century demographic change: the swelling of the population of adults over the age of 65.

With federal budgets continually under threat, competition is likely to continue between affordable housing, medical needs, home health services and home modifications sectors. Public sector players who wish to promote home modifications will need to develop strategies for avoiding losses and developing new funding sources and new and innovative partners and programs. Funding and financing efforts should focus on developing new sources and reshaping and fully accessing existing sources.

The housing industry and manufacturers are experiencing a lack of demand for home modification services from consumers. This serves to keep costs up, selection limited, and quality lower than it could be. Changes in consumer and group (e.g., real estate appraisers) attitudes, Medicare and Medicaid policies, and funding availability through a variety of financial institutions can make home modifications more widespread. Ultimately, such shifts result in more usable and supportive housing for persons of all ages and abilities.

References and Resources

Better Living Design Institute (<https://www.betterlivingdesign.org/>)

Video collection: <https://www.youtube.com/@betterlivingdesigninstitute/videos>

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