

## Appendix D. Special Housing Adaptation (SHA) Plan Types and Grant Calculations

### Overview

**In this Chapter** This chapter contains the following topics.

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## 1. General Information about SHA Plan Types

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- This entire section has been updated.

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**a. Statutory Maximum Grant Amount** The maximum grant amount is reviewed annually and potential increases are based on fluctuations in the designated construction cost index. The Secretary of the Department of Veterans Affairs (VA) announces any increase in the maximum grant amount at the beginning of each fiscal year. Grant amounts will not decrease from year to year even if the index indicates a decrease in construction costs. No eligible individual may use the SHA Grant benefit more than three times up to the maximum dollar amount allowed.

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**b. Requirement** All SHA plan types require the Veteran to reside in the housing unit.

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**c. Definition of a Family Member** For SHA purposes, a *family member* is defined as a person related by:

- blood,
- marriage, or
- adoption.

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**d. Types of SHA Plans** An eligible Veteran has the option to use the SHA grant under any of the following plans:

- Plan 1
- Plan 2
- Plan 3
- Plan 4
- Plan 5

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## 2. Plan 1: Description and Calculations

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**a. Description** The Veteran may elect to adapt a housing unit that he/she intends to purchase. This plan also applies to proposed construction.

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**b. Limitation** The grant amount *cannot* exceed the cost of the adaptive features, plus the installation, up to the maximum grant amount.

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**c. Formula** The formula used when calculating the grant amount for Plan 1 is:  
  
*Cost of Adaptive Feature + Installation of Adaptive Feature*

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**d. Calculating the Grant Amount** Follow the steps in the table below to calculate the grant amount for Plan 1.

Step	Action
<i>Using the Formula</i>	
1	Add the cost of adaptations to the cost of installation.
<i>Determining the Grant Amount</i>	
2	Is the calculated amount greater than the maximum grant amount? • If <i>yes</i> , use the maximum amount allowed as the grant amount. • If <i>no</i> , use the amount calculated in Step 1 as the grant amount.

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**e. Example** **Situation:** A Veteran purchased a home for \$135,000 and plans to add \$10,000 in adaptations. The cost of installation is \$2,000. The maximum grant amount at the time is \$13,511 and this is the Veteran's first use of the grant.

**Calculation:**

\$10,000	Cost of Adaptations
<u>\$2,000</u>	Cost of Installation
<b>\$12,000</b>	<b>Final Amount</b>

**Result:** Since the final amount of \$12,000 is less than the maximum grant amount, the approved grant amount is \$12,000, *not* \$13,511. The remaining \$1,511 may be saved for a subsequent use.

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### 3. Plan 2: Description and Calculations

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**a. Description** The Veteran may elect to adapt a housing unit that his/her family member intends to purchase. This plan also applies to proposed construction.

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**b. Limitation** The grant amount *cannot* exceed the cost of the adaptive features, plus the installation, up to the maximum grant amount.

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**c. Formula** The formula used when calculating the grant amount for Plan 2 is:

$$\text{Cost of Adaptive Feature} + \text{Installation of Adaptive Feature}$$


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**d. Calculating the Grant Amount** Follow the steps in the table below to calculate the grant amount for Plan 2.

Step	Action
<i>Using the Formula</i>	
1	Add the cost of adaptations to the cost of installation.
<i>Determining the Grant Amount</i>	
2	Is the calculated amount greater than the maximum grant amount? • If <i>yes</i> , use the maximum amount allowed as the grant amount. • If <i>no</i> , use the amount calculated in Step 1 as the grant amount.

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### 3. Plan 2: Description and Calculations, continued

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e. Example

**Situation:** The Veteran intends to live in a house his/her parents intend to purchase. However, adaptations will be required. The proposed cost of the adaptive features is \$14,000 and the cost of installation is \$2,500. The maximum grant amount at the time is \$13,511 and this is the Veteran's first use of the grant.

**Calculation:**

\$14,000	Cost of Adaptations
<u>\$2,500</u>	Cost of Installation
<b>\$16,500</b>	<b>Final Amount</b>
<u>\$13,511</u>	Maximum Grant Amount
<b>\$2,989</b>	<b>Amount to be Paid by the Veteran</b>

**Result:** Since the final amount of \$16,500 exceeds the maximum grant amount, the approved grant amount is \$13,511, *not* \$16,500. The Veteran is responsible for paying the amount of construction cost that exceeds the maximum grant amount (\$2,989).

See Chapter 5, Section 7 for instructions on processing a grant when the construction cost exceeds the maximum grant amount.

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## 4. Plan 3: Description and Calculations

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 • This entire section has been updated.

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**a. Description** The Veteran may elect to adapt a housing unit that he/she already owns.

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**b. Limitation** The grant amount *cannot* exceed the cost of the adaptive features, plus the installation, up to the maximum grant amount.

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**c. Formula** The formula used when calculating the grant amount for Plan 3 is:  
  
*Cost of Adaptive Feature + Installation of Adaptive Feature*

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**d. Calculating the Grant Amount** Follow the steps in the table below to calculate the grant amount for Plan 3.

Step	Action
<i>Using the Formula</i>	
1	Add the cost of adaptations to the cost of installation.
<i>Determining the Grant Amount</i>	
2	Is the calculated amount greater than the maximum grant amount? • If <i>yes</i> , use the maximum amount allowed as the grant amount. • If <i>no</i> , use the amount calculated in Step 1 as the grant amount.

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**e. Example** **Situation:** The Veteran already owns a house that was purchased for \$100,000, including the land. Currently, the mortgage balance is \$79,500. The proposed cost of the adaptive features is \$6,500 and the installation cost is estimated to be \$5,000.00. The maximum grant amount at the time is \$13,511 and this is the Veteran's first use of the grant.

**Calculation:**

\$6,500 Cost of Adaptations  
\$5,000 Cost of Installation  
**\$11,500 Final Amount**

**Result:** Since the final amount of \$11,500 is less than the maximum amount allowed, the approved grant amount is \$11,500, *not* \$13,511.

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## 5. Plan 4: Description and Calculations

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**a. Description** The Veteran may elect to adapt a housing unit that is already owned by a family member.

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**b. Limitation** The grant amount *cannot* exceed the cost of the adaptive features, plus the installation, up to the maximum grant amount.

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**c. Formula** The formula used when calculating the grant amount for Plan 4 is:

*Cost of Adaptive Feature + Installation of Adaptive Feature*

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**d. Calculating the Grant Amount** Follow the steps in the table below to calculate the grant amount for Plan 4.

Step	Action
<i>Using the Formula</i>	
1	Add the cost of adaptations to the cost of installation.
<i>Determining the Grant Amount</i>	
2	Is the calculated amount greater than the maximum grant amount? • If <i>yes</i> , use the maximum amount allowed as the grant amount. • If <i>no</i> , use the amount calculated in Step 1 as the grant amount.

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## 5. Plan 4: Description and Calculations, continued

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**e. Example**

**Situation:** The Veteran lives with his/her sister and adaptations to the kitchen and bathroom are needed to meet the Veteran's needs. The cost of the adaptive features is \$5,800 and the remodeling cost is estimated to be \$7,500. The maximum grant amount at the time is \$13,511 and this is the Veteran's second use of the grant. VA records indicate the Veteran previously used \$2,000 of grant funds on the same property to add grab bars and brighter lighting.

**Calculation:**

	\$5,800	Cost of Adaptations
	<u>\$7,500</u>	Cost of Installation
	<b>\$13,300</b>	<b>Final Amount</b>
-	<u>\$11,511</u>	Remaining Grant Funds
	<b>\$1,789</b>	<b>Amount to be Paid by Veteran</b>

**Result:** Since the final amount exceeds the maximum amount allowed and the Veteran previously used \$2,000 of grant funds on the same property, the approved grant amount is \$11,511, *not* \$13,300. The Veteran is responsible for paying the amount of construction cost that exceeds the maximum grant amount (\$1,789). See Chapter 5, Section 7 for instructions on processing a grant when the construction cost exceeds the maximum grant amount.

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## 6. Plan 5: Description and Calculations

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**Change Date** February 12, 2014, Change 1  
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**a. Description** The Veteran may elect to purchase, or reduce the unpaid balance on the cost of a housing unit and land that has already been adapted with special features that VA has determined are reasonably necessary.

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**b. Limitation** The amount of the grant *cannot* exceed the cost of the adaptive features, up to the maximum grant amount.

It is important to remember the following:

- If the Veteran is acquiring a housing unit with special housing adaptations, grant funds can be applied towards the purchase price at closing.
  - If there is an unpaid balance on the cost of the housing unit and land, grant funds *may* be used to reduce the principal balance.
  - The Veteran may also elect to receive a direct reimbursement equal to or less than the approved grant amount.
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**c. Formula** The formula used when calculating the grant amount for Plan 5 is:

*The Sum of the Cost of Each Adaptive Feature*

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**d. Calculating the Grant Amount** Follow the steps in the table below to calculate the grant amount for Plan 5.

Step	Action
<i>Using the Formula</i>	
1	Determine the cost of each adaptive feature.
2	Add these values together.
<i>Determining the Grant Amount</i>	
3	Is the calculated amount greater than the maximum grant amount? • If <i>yes</i> , use the maximum amount allowed as the grant amount. • If <i>no</i> , use the amount calculated in Step 1 as the grant amount.

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## 6. Plan 5: Description and Calculations, continued

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e. Example

**Situation:** A Veteran recently purchased and adapted a small condominium unit. The purchase price was \$120,000 and the Veteran financed 100 percent of the purchase price using the VA Home Loan benefit. Fortunately, the Veteran retained detailed invoices and receipts, and even had cancelled checks for the work completed. The Specially Adapted Housing Agent handling the case verified during the feasibility study that the adaptations completed by the Veteran are on the list of recommended adaptations for SHA grants. Based on the detailed paperwork provided by the Veteran, the total cost of the adaptations was \$14,000. The maximum grant amount at the time is \$13,511 and this is the Veteran's first use of the grant.

**Calculation:**

\$4,000	Cost of Bathroom Adaptations
\$6,000	Cost of Kitchen Adaptations
\$1,500	Cost of Special Lighting
<u>\$2,500</u>	Cost of Exterior Adaptations
<b>\$14,000</b>	<b>Final Amount</b>

**Result:** Since the final amount of \$14,000 exceeds the maximum grant amount, the approved grant amount is \$13,511. **This amount may be applied to the principal mortgage balance or the Veteran may elect to receive these funds directly.**

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