

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



# Veterans Benefits Administration

*Review of Alleged  
Untimely Processing of  
Specially Adapted  
Housing Grants at the  
Regional Loan Center in  
Phoenix, Arizona*

March 31, 2016  
15-01651-209

# ACRONYMS

FY	Fiscal Year
LGY	Loan Guaranty Service
OIG	Office of Inspector General
RLC	Regional Loan Center
SAH	Specially Adapted Housing
SAHSHA	Specially Adapted Housing Special Housing Adaptation
VBA	Veteran Benefits Administration
VA	Department of Veterans Affairs

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# Highlights: Review of Alleged Untimely Processing of VBA's Specially Adapted Housing Grants at the Regional Loan Center in Phoenix, AZ

## Why We Did This Review

We conducted this review in response to an allegation received through the VA Office of Inspector General (OIG) pertaining to VA's Specially Adapted Housing Grant Program. This review specifically assessed why the Veterans Benefits Administration (VBA) Regional Loan Center, in Phoenix, AZ, was taking more than 2 years to process and approve grants in the Specially Adapted Housing Grant Program, for Veterans with certain service-connected disabilities.

## What We Found

We substantiated the allegation that the Phoenix Regional Loan Center has taken more than 2 years to process and approve Specially Adapted Housing (SAH) and Special Housing Adaptation grants.

For the 191 grants approved from October 1, 2013, through the first quarter of fiscal year 2015, we identified 45 of 191 grants (24 percent) had periods of inactivity before approval. We defined a period of inactivity as the span of time from when a grant becomes inactive to returning to an active status. A case becomes inactive when the veteran chooses to stop pursuing the grant. The reasons a grant may become inactive could include veterans who are hospitalized or who want to suspend the process.

By excluding the periods of inactivity from the timeliness calculation, we determined that out of the 191 grants reviewed, there were:

- 109 (57 percent) approved within 1 year
- 56 (29 percent) approved greater than 1 year and less than 2 years
- 26 (14 percent) approved 2 years or longer

Of the 191 cases we reviewed, SAH agents documented required monthly and annual communication with veterans who have applied for grants. SAH agents are required to contact each veteran every 30-business days to provide follow-up by telephone, email, or regular mail. Follow-up by SAH agents provides veterans the opportunity to ask questions and obtain assistance throughout the approval process.

Although it is essential that the Veterans Benefits Administration approve these grants timely so eligible veterans may live in homes that accommodate their disabilities, we made no recommendations concerning this allegation. We found the current approval process relies upon veterans and external agencies, such as contractors, to complete required actions. Our review of SAH documentation shows that SAH agents are communicating with veterans monthly and are assisting veterans in completing required actions.

**GARY K. ABE**  
Acting Assistant Inspector General  
for Audits and Evaluations

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## INTRODUCTION

- Allegation*** The Office of Inspector General (OIG) received an allegation that the Phoenix Regional Loan Center's (RLC) Specially Adapted Housing (SAH) Grant Program was taking more than 2 years to process and approve grants.
- Background*** Veterans Benefits Administration (VBA) Loan Guaranty Service (LGY) provides the SAH grant and the Special Housing Adaptation grant to servicemembers and veterans with certain service-connected disabilities under the SAH Grant Program. LGY administers the grant program from nine RLCs located in VA regional offices across the country. LGY tracks processing of housing grant benefits in the Specially Adapted Housing Special Housing Adaptation (SAHSHA) system. SAH agents are responsible for working with the veteran and monitoring the progression of the grant from the time of the eligibility determination until the grant closure.
- Criteria*** VA program guidance, "Specially Adapted Housing Grant Processing Procedures, Loan Guaranty Operation for Regional Offices," includes timeliness requirements for many phases throughout the grant process. For example, the program requires agents to conduct a veteran's initial interview within 30 days of determining program eligibility. The guidance also requires SAH agents to contact the veteran at least once every 30 days until grant approval or until a case becomes inactive. There is no specific guidance concerning the length of time it takes or should take to approve a grant.
- Other Information*** Appendix A provides background information, scope, and methodology.

## RESULTS AND RECOMMENDATIONS

### **Allegation      The Phoenix Regional Loan Center’s Specially Adapted Housing Grant Program Took More Than 2 Years To Process and Approve Grants**

**What We Found**

We substantiated the allegation that RLC Phoenix was taking more than 2 years to process and approve SAH and Special Housing Adaptation grants. For the 191 grants approved from October 1, 2013, through the first quarter of fiscal year (FY) 2015, we identified 45 of 191 grants (24 percent) had periods of inactivity before approval. We defined a period of inactivity as the span of time from when a grant becomes inactive to returning to an active status. By excluding the periods of inactivity from the timeliness calculation, we determined RLC Phoenix took 2 years or longer to approve 26 grants. Table 1 summarizes the length of time from the eligibility date to approval for the 191 grants, excluding the periods of inactivity.

**Table1. Processing Time Frame from Eligibility Date to Approval Excluding Inactive Periods**

<b>Processing Time to Approval</b>	<b>Number of Grants</b>	<b>Percentage</b>
Grants Approved Within 1 Year	109	57
Grants Approved Greater Than 1 Year and Less Than 2 Years	56	29
Grants Approved More Than 2 Years	26	14
<b>Total</b>	<b>191</b>	<b>100</b>

*Source: OIG Analysis of SAHSHA Data through the first quarter of FY 2015*

**Placing a Grant Case in an Inactive Status**

A case becomes inactive when the veteran chooses to stop pursuing the grant. The reasons a grant may become inactive could include veterans who are hospitalized or who want to suspend the process. In some cases, veterans may not provide a reason for the inactive request. Veterans can have their grant application return to an active status in the future.

SAH agents may assist eligible veterans during the grant process to include lot selection, obtaining the services of an architect, obtaining construction bids, and arranging necessary financing. At the same time, the program

encourages veterans to make an independent choice in selecting mortgage and construction financing, builders, attorneys, and escrow agents.

Of the 191 cases we reviewed, SAH agents documented required monthly and annual communication with each veteran. SAH agents are required to contact each veteran every 30 business days to provide follow-up by telephone, email, or regular mail. Agents document the follow-up in SAHSHA with notes or uploaded correspondence documents. Follow-up by SAH agents provides veterans the opportunity to ask questions and obtain assistance throughout the approval process.

We also found that SAH agents documented an inactive status in SAHSHA for all 45 cases upon receiving a veteran's written notification or by sending a letter to the veteran indicating an impending inactive status unless the veteran responds and objects. If the veteran does not respond, the SAH agent may place the case in an inactive status after attempting to contact the veteran over 3 consecutive 30-business day intervals. One of these three attempts must be a mailed notification letter that includes the SAH agent's contact information. This letter provides the veteran with instructions to contact the SAH agent regarding their current intentions to obtain the grant. Agents record the letter in SAHSHA along with the veteran's reason for deciding not to pursue the grant.

***Reasons This Occurred***

The approval process for the SAH Grant Program relies upon the veteran and external agencies, such as contractors, to complete required actions. In order for a veteran to obtain an approval for a SAH grant, the SAH agent must determine that the plans and specifications of the proposed adaptations comply with the minimum property and design requirements of the program. The current SAH Program initial interview criteria require SAH agents to identify if the veteran requires assistance with the grant process. If needed, the veteran should have a personal representative, such as a power of attorney, family member, or fiduciary to assist in signing documentation and making decisions. Without a representative, severely disabled veterans may find it difficult to navigate through the approval process.

Table 2 illustrates an example of the grant process that occurred for one grant from our review. In this example, the SAH agent approved the grant about 23 months from the eligibility date for modifications to the veteran's bathroom, master bedroom, and front porch.

**Table 2. Example of Grant Process**

Date	Grant Processing Activity
July 31, 2012	LGY received rating decision from Veterans Service Center and veteran was determined eligible for SAH grant.
August 30, 2012	SAH agent conducted the initial interview with the veteran.
November 9, 2012 through September 19, 2013	For 10 months, case file shows veteran seeking bids from contractors and monthly contact by the SAH agent.
October 22, 2013	Veteran decided not to pursue the grant. No reason was documented in SAHSHA.
November 12, 2013	Veteran contacted the SAH agent and requested continuance of the grant process for necessary adaptations to his home due to his failing medical condition.
January 14, 2014	Veteran resumes seeking bids for a contractor.
January 23, 2014	Veteran selects a contractor.
February 25, 2014	Contractor developing plans, contract and documents in preparation for final preconstruction meeting.
March 21, 2014	Veteran informed SAH agent that he would be sending part of the necessary documentation.
April 2, 2014 through May 30, 2014	SAH agent collected necessary documentation such as sketches, photographs, financial documentation, and completed required feasibility study.
June 5, 2014	Grant for the project approved.

*Source: OIG Analysis of SAH grant case in SAHSHA*

Delays occurred in the approval process because veterans could not secure a contractor timely, the contractor failed to provide the necessary construction documents, or SAH agent placed the cases in an inactive status where the case remained for several months. The assistant valuation officer told us the timeliness of approving grants depends on veterans completing the program requirements, the physical location of the property, the availability of contractors and inspectors, and the complexity of the work. For this reason, LGY does not have a period to approve grants, such as 2 years or less.

Although it is essential that VBA approve these grants timely so eligible veterans may live in homes that accommodate their disabilities, we made no recommendations concerning this allegation.

## Appendix A Background, Scope, and Methodology

### **SAH Grant Program**

VBA's LGY provides the SAH grant and the Special Housing Adaptation grant to servicemembers and veterans with certain service-connected disabilities under the SAH Grant Program. For SAH grants, these include:

- Loss, or loss of use, of both lower extremities such as to preclude movement without the aid of braces, crutches, canes, or a wheelchair
- Blindness in both eyes having only light perception, plus loss, or loss of use, of one lower extremity
- Loss, or loss of use, of one lower extremity plus with residuals of organic disease or injury, which so affect the functions of balance or propulsion as to preclude locomotion without the aid of braces, crutches, cane or a wheelchair
- Loss or loss of use of one lower extremity, plus loss or loss of use of one upper extremity, which so affect the functions of balance or propulsion as to preclude locomotion without the aid of braces, crutches, cane or a wheelchair
- Loss, or loss of use, of both upper extremities such as to preclude the use of the arms at or above the elbows
- Severe burn injury

For the Special Housing Adaptation grants, the service-connected disabilities include:

- Blindness in both eyes with 20/200 visual acuity or less
- Permanent and total disability that includes the anatomical loss or loss of use of both hands
- Permanent and total disability that is due to a severe burn injuries
- Certain respiratory ailments

The grants help purchase or construct an adapted home, or modify an existing home to accommodate the disability. These grants assist disabled veterans in acquiring a suitable housing unit with special fixtures or facilities to accommodate the veteran's disability.

The maximum dollar amount allowable for SAH and Special Housing Adaptation grants in FY 2014 was \$67,555 and \$13,511, respectively. The maximum dollar amount allowable in FY 2015 for SAH and Special Housing Adaptation grants is \$70,465 and \$14,093, respectively. Once the grant is approved, the veteran is notified and LGY may establish an escrow account for disbursement of the grant funds.

**Scope and  
Methodology**

To address the allegation, we reviewed policies, procedures, and guidelines related to the SAH Grant Program. We also conducted interviews with program staff and management at RLC Phoenix. To evaluate the timeliness of the process, we reviewed the data for 191 grants approved at the Phoenix RLC from October 1, 2013, through the first quarter of FY 2015, obtained from the SAH Approved Grants report.

**Data  
Reliability**

We used computer-processed data from SAHSHA to identify grants approved at RLC Phoenix from October 1, 2013, through the first quarter of FY 2015. SAHSHA is the only source of SAH Grant Program data. To test the reliability of the SAHSHA data, we reviewed the date the eligibility notification letter was sent to the veteran and the eligibility established date in SAHSHA's grant case files. We compared these dates to ensure they matched for 15 randomly selected grant cases. We determined the data used were sufficiently reliable for the purpose of the review.

**Government  
Standards**

We conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

## Appendix B **OIG Contact and Staff Acknowledgments**

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OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
Acknowledgments	Cherie E. Palmer, Director Dana Fuller Jennifer Roberts Maria Stone

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