

Chapter 3. Pre-Grant Approval: Feasibility and Suitability

Overview

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Chapter**

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General Information about Feasibility and Suitability

- Change Date** May 19, 2017, Change 2
- This entire section was updated to provide clarification on feasibility and suitability for Specially Adapted Housing (SAH), Special Housing Adaptations (SHA), and Temporary Residence Adaptation (TRA) grants and to incorporate the timeliness requirements for uploading the feasibility study as previously established in Circular 26-14-35.
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a. Definition A feasibility study is the objective process of determining whether the statutory requirements of feasibility and suitability have been met.

Important: Per Title 38, United States Code, Chapter 21, feasibility and suitability requirements differ for Veterans eligible for SAH and SHA grants. This chapter addresses the process of determining feasibility and suitability for SAH, SHA, and TRA grants.

b. Feasibility and Suitability for 2101(a) Grants (SAH) Title 38, United States Code, § 2101(a)(3) requires that it is medically feasible for the Veteran to reside in the proposed housing unit and in the proposed locality (*Medical Feasibility*), that the proposed housing unit bears a proper relation to the Veteran's present and anticipated income and expenses (*Financial Feasibility*), and that the nature and condition of the proposed housing unit are such as to be suitable to the Veteran's needs for dwelling purposes (*Property Suitability*).

c. Feasibility and Suitability for 2101(b) Grants (SHA) Title 38, United States Code, § 2101(b)(3) requires that the Veteran resides in, and reasonably intends to continue residing in, a residence owned, to be constructed, or to be purchased by the Veteran or by a member of the Veteran's family.

Note: Title 38 Code of Federal Regulations § 36.4401 defines eligible individual's family as persons related to an eligible individual by blood, marriage, or adoption.

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1. General Information about Feasibility and Suitability, Continued

d. Ownership

Ownership is not required to determine feasibility and suitability. However, there must be sufficient information available to make a feasibility and suitability determination. The following are examples of determining feasibility and suitability when the Veteran does not yet own the home to be adapted:

Example 1: A Veteran has identified a vacant lot she intends to purchase and plans to build a new, fully adapted home. Because the Veteran has already been working with a lender, there is sufficient financial information available (much of it estimated) to determine financial feasibility. Because the vacant lot has been identified, the SAH Agent is able to visit the property and complete a suitability inspection.

Example 2: A Veteran, who currently lives in an apartment, is searching for a new home to purchase using his VA home loan benefit. Once the home is identified, a suitability inspection on the property may be completed even though the Veteran has not yet purchased it. Using this inspection, the SAH Agent can determine property suitability. In addition, there should be sufficient financial information available (much of it estimated) to determine financial feasibility.

Note: The process of determining ownership, which is required for final grant approval, is discussed in detail in Chapter 5 of this manual.

e. Who Can Perform

The feasibility study must be completed by:

- the assigned SAH Agent;
 - Regional Loan Center (RLC) management staff; or
 - any other qualified Department of Veterans Affairs (VA) SAH or Construction and Valuation (C&V) personnel, as determined by the Valuation Officer (VO).
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1. General Information about Feasibility and Suitability, Continued

f. Timeliness for SAH Grants

Because the feasibility study is an integral first step in reaching grant approval and helps to determine the scope of the entire project, it is preferable that the SAH Agent complete the components of the feasibility study concurrently with the initial interview (or as soon as possible thereafter). However, when required, the SAH Agent must complete the lot/housing unit inspection within 30-business days of the initial interview, or clearly document the case notes if an inspection is not applicable.

The SAH Agent must also determine financial and medical feasibility and upload the findings within 20-business days from the date of the lot/housing unit inspection. In the event that concerns with financial and/or medical feasibility are discovered, early detection and discussion will allow all parties to address issues with minimal delay to the SAH grant process. If the SAH Agent experiences delays with the Veteran providing information necessary to determine financial or medical feasibility, or if other extenuating circumstances exist which prevent the 20-business day requirement from being met, the SAH Agent must clearly document the case notes in the system.

Again, all components of the feasibility study (medical feasibility, financial feasibility, and property suitability) must be completed and uploaded to the system within 20-business days of completing the lot/housing unit inspection. The SAH Agent must also communicate the results of the feasibility study to the Veteran in a follow-up letter or e-mail within 10-business days of uploading the feasibility study.

Note: This timeliness standard also applies to TRA grants in which the Veteran is eligible under 2101(a).

g. Timeliness for SHA Grants

Because feasibility for SHA eligible Veterans is based on residency, a lot/housing unit inspection is not required. Therefore, there is no timeliness requirement to complete an inspection. However, the requirement to complete and upload the feasibility documents for SHA eligible Veterans is 20-business days from the date of the initial interview.

If the SAH Agent experiences delays with the Veteran providing information necessary to determine feasibility, or if other extenuating circumstances exist which prevent the 20-business day requirement from being met, the SAH Agent must clearly document the case notes in the system.

Note: This timeliness standard also applies to TRA grants in which the Veteran is eligible under 2101(b).

2. Medical Feasibility for SAH Grants

Change Date May 19, 2017, Change 2

- Subtopic d was added to provide guidance on documenting medical feasibility.

a. Medical Feasibility Requirement It must be medically feasible for the Veteran to reside outside of an institutional setting and in the proposed housing unit.

b. Reviewing the Rating Decision It is important that the SAH Agent use the rating decision to review the Veteran's conditions/disabilities prior to the feasibility study. This will enable the Agent to prepare questions designed to assess the Veteran's needs more effectively.

c. Determining Medical Feasibility If a Veteran is currently successfully living full-time in a housing unit and outside of an institutional setting, medical feasibility may generally be assumed, but should be documented as such in case notes.

If the SAH Agent has concerns about medical feasibility after observing and assessing the Veteran in his or her home, the SAH Agent should consult with RLC management and/or VA Central Office to determine how best to proceed.

If a Veteran is currently living full-time in an institutional setting, the SAH Agent must obtain a letter from the Veteran's physician indicating that it is/will be medically feasible for the Veteran to reside outside of an institutional setting and in his or her proposed housing unit after adaptations have been made. If the Veteran cannot live in the housing unit, either alone or with a caregiver, then the medical feasibility requirements have not been met and the grant cannot proceed.

d. Documenting Medical Feasibility To document medical feasibility, the SAH Agent must answer the question related to medical feasibility on the interview checklist and provide case notes in the system.

3. Financial Feasibility for SAH Grants

- Change Date** May 19, 2017, Change 2
- This entire section has been updated to remove references to credit reports as established in Circular 26-14-18; change the list of documents required to determine financial feasibility; and to provide guidance on completing these forms.
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a. Financial Feasibility Requirement It must be determined that the cost of the proposed housing unit bears a proper relation to the Veteran's present and anticipated income and expenses.

b. Important Information It is important to note that financial feasibility, which is required by law, is more than merely a review of a Veteran's financial information. The SAH Agent must certify that the cost of the proposed housing unit (which includes the terms of payment required on the mortgage, plus other expenses incident to the ownership of the housing unit) bears a proper relation to the Veteran's present and anticipated income and expenses.

SAH Agents should possess the expertise to determine whether the Veteran has met the financial feasibility requirement. However, the Loan Production (LP) section of each RLC has subject matter experts who are available to assist in difficult or complex cases.

c. Required Documents for All 2101(a) Grants The following documents are required to determine financial feasibility for all SAH cases:

- [VA Form 26-4555c](#), *Veteran's Supplemental Application for Assistance in Acquiring Specially Adapted Housing*;
- [VA Form 26-6807](#), *Financial Statement*; and
- a current mortgage statement, if applicable.

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3. Financial Feasibility for SAH Grants, Continued

**d. More
Information
About VA
Form 26-4555c**

VA Form 26-4555c is not an application for benefits; rather, it is used to obtain and certify supplemental information necessary to achieve both conditional and final approval of an SAH grant.

For the purposes of financial feasibility and conditional approval, the Veteran must fill out all applicable sections of the VA Form 26-4555c. If there are sections that do not apply to the Veteran, he or she should enter “N/A” in the corresponding field; for example, if the Veteran does not have a mortgage on the property, then Section II, Items 1 through 7, would not be applicable. Once the Veteran has completed the VA Form 26-4555c, he or she must sign and date it.

The SAH Agent must complete Section III, which is a certification that the cost of the proposed housing unit bears a proper relation to the individual’s present and anticipated income and expenses. The SAH Agent must sign and date Section III of the form.

**e. More
Information
About VA
Form 26-6807**

VA Form 26-6807 is used to collect additional information, such as debts and mortgage delinquencies, not reported on VA Form 26-4555c. Even though this information is self-reported, it is necessary to determine financial feasibility. At a minimum, the Veteran must complete the following sections of VA Form 26-6807:

- Section I, items 3, 4, 5, and 7.
- Section II, items 16 and 18.
- Section IV
- Section VII

The Veteran may complete other sections of the form if he/she believes it will affect the financial feasibility determination.

**f. More
Information
about Mortgage
Statements**

Because credit reports are no longer collected as part of the SAH process, a current mortgage statement is required if the Veteran has a mortgage. This document will be used to determine if there is currently a mortgage delinquency. A mortgage statement will be considered current if the statement date is less than 2-months old.

Note: The determination of financial feasibility is considered final and will not require an update prior to grant approval. However, if grant funds are to be applied as a mortgage principal reduction, please refer to guidance in Chapter 5, Topic 8.

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3. Financial Feasibility for SAH Grants, Continued

**g. When to Get
Additional
Documentation**

Additional information and documentation will be required only in the following circumstances:

- **Bankruptcy:** If the Veteran is in active bankruptcy, the SAH Agent must obtain detailed information regarding the payment plan(s) from the bankruptcy trustee.
 - **Liens/judgments:** If the Veteran reports unresolved/unpaid liens or judgments, he/she must provide evidence of any payment arrangement(s). The SAH Agent should also contact the Office of General Counsel (OGC) to determine if a lien/judgment may present an issue in terms of title/ownership.
 - **Mortgage delinquency:** If the Veteran's mortgage statement shows a current delinquency, the Veteran must provide proof, such as an updated mortgage statement, indicating the mortgage is no longer delinquent.
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4. Property Suitability for SAH Grants

Change Date

May 19, 2017, Change 2

- Subtopic d was updated to give SAH Agents the option of providing interior and/or exterior dimensions when completing the suitability sketch.
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a. Property Suitability Requirement

It must be determined that the nature and condition of the proposed housing unit are such as to be suitable to the Veteran's needs for dwelling purposes.

b. Vacant Lot Inspections

An SAH vacant lot inspection is conducted to determine the suitability of a site for building a new housing unit. The following should be considered and discussed with the Veteran and builder when completing the inspection:

- The size of the site must be large enough to accommodate the proposed housing unit and/or improvements.
- The slope of the site should be gentle enough to accommodate driveways, walkways, and ramps with a slope of 8 percent or less. In some cases, the topography will inhibit the use of ramps as a form of ingress/egress and elevators or vertical platform lifts will be required.
- Determine if the existing, or proposed, improvements are located in a Federal Emergency Management Area (FEMA) Flood Hazard Area. If so, the Veteran must provide evidence that a flood insurance policy has been purchased or can be obtained prior to final grant approval, per 38 C.F.R. 36.4405(b)(4).
- Determine if there is a Homeowners' Association (HOA), and encourage the Veteran to obtain any documents necessary to ensure the proposed adaptations are not prohibited by the covenants, conditions, and restrictions. It should be noted that restrictions prohibiting adaptations for accessibility are not enforceable under Federal Statute (The Fair Housing Act of 1988). However, while adaptations for accessibility cannot be prohibited, it is important to note any aesthetic restrictions and/or functional limitations that may exist.
- Observe and report to the Veteran the area's amenities to ensure adequacy of emergency services (police, fire, etc.), medical facilities, public transportation, and other services.

With the exception of the flood insurance provision found in SAH regulations, the above are suggestions for discussion points and may not be applicable in all cases.

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4. Property Suitability for SAH Grants, Continued

c. Existing Housing Unit Inspection

An existing housing unit is inspected to verify that all SAH minimum property requirements (MPRs) are present or can be feasibly constructed or installed, including additions. It is imperative that the Veteran's future needs and abilities also be considered. Some thought should be given as to how the home will accommodate the Veteran if his or her condition deteriorates.

The existing home inspection must be uploaded into the system and must indicate which components of the SAH MPRs are not present in the following areas:

- Points of ingress/egress,
- Veteran's bathroom, and
- Veteran's bedroom/sleeping area

When conducting an inspection of an existing housing unit, be aware of the needs of the Veteran as well as the needs of family members and caregivers. SAH Agents should discuss the design concept of Universal Design (adapting housing units that provide the same level of accessibility for users whether disabled or not) where applicable.

d. Components and Reporting Requirements

Property suitability should be reported on *VA Form 26-1858a, b, or c, as applicable*. Other **required** components include:

- Digital photographs that accurately depict the housing unit and/or home site. This should include color photographs of the following, as applicable:
 - existing home site or proposed building site;
 - significant changes in topography and elevations;
 - driveway and walkways;
 - garage and/or carport;
 - accessory buildings;
 - all sides of the exterior of the housing unit;
 - porches and/or patios;
 - all ingress/egress points including thresholds;
 - obstacles to interior maneuverability;
 - kitchen;
 - hallways;
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4. Property Suitability for SAH Grants, Continued

d. Components and Reporting Requirements, Continued

- den, living, and family rooms;
 - dining room;
 - bedrooms;
 - bathrooms; and
 - all other areas the Veteran intends to access.
- Existing floor plan or sketch: If an existing floor plan is not available, a sketch must be provided. It may be hand drawn (scale not required), but care should be taken to accurately depict the floor plan and any existing adapted features. The sketch should include the following, as applicable:
 - exterior or interior dimensions;
 - width of doorways, hallways, and cased openings;
 - width of walkways;
 - slope and dimensions of existing ramps;
 - garage dimensions;
 - changes in finished floor elevations; and
 - dimensions of any previously adapted features.

Note: The SAH Agent may substitute an existing floor plan (from a builder, tax records, appraisal, etc.) for the sketch if it is available and accurate. The SAH Agent may also use an existing floor plan as the foundation for a more thorough sketch, adding details as necessary, to save time.

Exception: It is not necessary to photograph or sketch areas the Veteran does not intend to access, such as basements, accessory buildings, and living areas above the first floor. However, since the proposed adaptations often change throughout the planning process, having photos and sketches of all areas of the housing unit may eliminate the necessity for a follow-up visit to the property.

5. Feasibility and Suitability for SHA Grants

Change Date May 19, 2017, Change 2

- This entire section has been updated.

a. Overview As previously indicated, Title 38, United States Code, § 2101(b)(3) requires that the Veteran resides in, and reasonably intends to continue residing in, a residence owned, to be constructed, or to be purchased by the Veteran or by a member of the Veteran's family.

Note: The housing unit can be owned by the Veteran or a member of his/her family. Ownership is addressed in Chapter 5 of this manual. Title 38 C.F.R. § 36.4401 defines eligible individual's family as persons related to an eligible individual by blood, marriage, or adoption.

b. Required Document The Veteran must certify in writing that he or she resides, and reasonably intends to continue to reside, in the proposed housing unit. This certification must be signed by the Veteran.

c. Inspections Because feasibility and suitability under 2101(b) are based on residency, it is not necessary to complete a suitability inspection or collect information necessary to analyze financial or medical feasibility.

6. Feasibility and Suitability for TRA Grants

Change Date May 19, 2017, Change 2

- This entire section has been updated.

a. Overview The feasibility and suitability requirements for the TRA grant are mostly the same as for SAH and SHA. In other words, an SAH-eligible Veteran using TRA must satisfy the feasibility and suitability requirements for SAH. On the other hand, an SHA-eligible Veteran using TRA must satisfy the feasibility and suitability requirements for SHA.

b. Feasibility and Suitability for SAH-TRA Veterans using the TRA grant, who are eligible under 2101(a), must satisfy the medical feasibility and property suitability requirements in order to obtain conditional approval. It is not necessary to determine financial feasibility as the Veteran does not own the home.

c. Feasibility and Suitability for SHA-TRA Veterans using the TRA grant, who are eligible under 2101(b), must sign a certification as to the intent of his/her temporary occupancy of such residence. The Veteran's family member who has an ownership interest in the housing unit must also sign the certification. This document will also be used to satisfy the ownership requirements discussed in Chapter 5.

7. Determinations of Non-Feasibility

- Change Date** July 1, 2022 , Change 3
- Subtopic b has been updated to reflect the delegation of authority to the VO to determine property non-feasibility.
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a. Determining Non-Feasibility A non-feasible finding is issued when any one of the following conditions exist:

- a Veteran’s proposed home site or existing home cannot be adapted to make it suitable to the Veteran’s needs for dwelling purposes;
 - it is not medically feasible for the Veteran to live outside of an institutional setting;
 - it is determined that the cost of the proposed housing unit does not bear a proper relation to the individual’s present and anticipated income and expenses; or
 - in the case of SHA grants, the Veteran cannot certify that he/she resides, and reasonably intends to continue to reside, in the proposed housing unit owned by either the Veteran or a member of the Veteran’s family.
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b. Communicating Non-Feasibility If the SAH Agent determines that any of the requirements for feasibility and suitability cannot be met, the non-feasible finding must then be reviewed by the VO. Only after VO concurrence, may the Veteran be advised of the non-feasible finding.

The Veteran must be informed of the non-feasible finding by notification letter and, possible alternatives must be presented. The SAH Agent may discuss the non-feasible finding with the Veteran by e-mail or telephone, but the decision and appeal rights must also be communicated in writing. More information on non-feasible findings and the effects on conditional approval are provided in Chapter 4, Topic 5.
