Overview

• “The Problem”
• Inspection Task Force
• 14 calendar day inspection notification
• The new inspection model
• New model demonstration
The Problem

While a significant majority of HUD and HUD-assisted properties are safe and in a quality condition, a new inspection model is needed to expediently address properties that are not. Issues include:

• Inspections do not always identify the extent of health and safety conditions affecting residents
• Properties can pass inspection even with poor unit conditions
• Scoring model no longer aligns with expectations about housing quality
• Some owners preparing for inspections, rather than performing maintenance year-round
• Deficiencies are not all Critical to Quality (CTQ)
Inspection Task Force Mission

• Conduct a wholesale reexamination of REAC inspections
• Place the greatest emphasis on eliminating health and safety hazards
• Ensure owners adopt sound maintenance practices year-round
Goals of the Demonstration

• Ensure families are living in decent and safe housing

• Enhance accuracy through:
  • Better identification of substandard properties
  • Increased objectivity and defensibility of inspections
  • Streamlined inspection processes
Inspection Improvements Timeline

New Model: New Standards, Protocols, and Processes

Highlights:
- Demonstration Notice Released
- Initiate POA Self-Inspections
- Initiate Contractor Inspections
- Initiate Government Inspections
- Initiate New Scoring Model
- Reverse Auction Program Replacement

Changes To Current Process

FY2019:
- 14 Day Notice Released
- 14 Day Notice Effective
- Analysis & Design

FY2020:
- Demonstration
- Execution: Test, Evaluate, Validate & Refine

FY2021:
14 Calendar Day Inspection Notification

• Achieves a more accurate picture of how the property is being maintained year-round

• Reduces significant costs spent for inspection preparation and promotes reinvestment into the property year-round

• General Concept
  • Property notified 14 calendar days before the inspection
    • Unless state or local law requires a longer resident notification window
  • If property cancels, the score will be a zero
  • One additional reinspection within 7 calendar days; otherwise, score held at zero

• Notice Released Feb 22, 2019; Effective March 25, 2019
Desired Outcome of New Inspection Model

Inspections that **protect families and reflect the property’s true physical condition**

- Convey HUD’s property management expectations to owners - failing scores remain unacceptable
- Strengthen current standards, scoring models, and protocols used to assess properties
- Implement stricter enforcement protocols against owners who are not meeting standards
New REAC Inspection Model - Conceptual View

3 Types of Inspections – Confidence Increased
  • Property Owner/Agent (POA) Self-Inspections
  • REAC Contracted Inspections
  • HUD Quality Assurance Inspections

3 Categories of Deficiencies – Resident Focused
  • Safety and Health
  • Function and Operability
  • Condition and Appearance

3 Inspectable Areas – Complexity Reduced
  • Unit
  • Inside
  • Outside

Underpinned by 3 mutually supporting components
New Model: 3 Types of Inspections

**POA Self-Inspections**
- **Who:** Property Owners/Management
- **What:** All deficiencies reported to HUD
- **When:** Once a year
- **Where:** All units
- **Why:** To gain a reasonable level of confidence in results &
  To ensure work orders are being generated

**REAC Contracted Inspections**
- **Who:** Contract Inspectors
- **What:** CTQs
- **When:** Periodic inspections (3, 2, 1 years)
- **Where:** High sample rate
- **Why:** To gain a high level of confidence in results

**HUD Federal Employee Inspections**
- **Who:** HUD Federal Inspectors
- **What:** CTQs++
- **When:** Triggered by poor conditions
- **Where:** Highest sample rate
- **Why:** To gain the highest level of confidence in results

*CTQs = Critical to Quality Indicators; Inspection standards that have a high correlation to quality*
New Model - 3 Categories of Deficiencies

Precision

Objective

Subjective

CTQs Per Category

Response Level

Safety & Health

Urgent: Emergency Work Order

Function & Operability

Planned: Routine Work Order

Condition & Appearance

Programmed: Discretionary Maintenance

New Model: 3 Inspectable Areas

- 5 Inspectable areas will feed into the 3 new inspectable areas
- Simplified, intuitive approach based on the inspectable item’s physical location
New Model: Focuses On Indicators Most Important To Quality

• Current UPCS conditions for Unit Water Heater
  • **You see superficial rust** (Level 1)
  • **Misaligned exhaust system** (Level 3)

• New Standards for a Unit Water Heater
  • **You see superficial rust** (Deleted – no resident impact)
  • **Misaligned exhaust system** (CTQ – can cause death)
New Model: CTQ Development Process

Pre-Pilot

Legacy UPCS

Initial CTQs

Pilot

Validated CTQs

New “UPCS”

Legacy “UPCS”

Post-Pilot

Final CTQs

Updated “UPCS”

Objectivity and Consistency
Multi-year, multi-phase effort consisting of:

- Demonstration preparation – Currently ongoing
  - Finalize strategy (vision, goals, objectives)
  - Develop items to be evaluated (elements of the new model to include new deficiencies)
  - Develop test criteria and metrics
  - Compare results with criteria and adjust accordingly
  - Solicitation and selection of properties (Preference to Region III)
- Phase I – POA self-inspections - Begins in 3rd Quarter FY2019
  - Leverages existing requirement to conduct annual unit inspections
  - Participants will inspect and submit results to HUD
  - Self-inspections evaluated but not scored
- Phase II – CTQ inspections - Begins in 4th Quarter FY2019
  - Comprised of contractor and government employees using new standards
  - Assesses new standards and protocols
  - Development of new scoring model
Demonstration – Why Preference to Region III?

Offers a cross-section of property types in a relatively small geography
• Urban
• Rural
• Apartments
• Detached/Semi-Detached
• Public Housing
• Multi-Family
• Office of Healthcare Programs

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**ES**: Elevator Structures; **NDS**: No Dwelling Units; **RW**: Row/Town House; **SD**: Semi-Detached; **SF**: Single Family; **WU**: Walk-up (multistory without elevator)
### Region III Multifamily Inspection Overview

*Based on Inspection Data 2013-2018*

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### Region III Public Housing Inspection Overview

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*Based on Inspection Data 2013-2018*
Demonstration Inspection Scoring

• Properties will be inspected during the 2-year Demonstration
• Demonstration inspections will be “in lieu” of UPCS inspections
• Scores are only advisory
  • If conditions warrant, HUD will reinspect using UPCS
Summary

• Changes needed to protect families and ensure the inspection results reflect the property’s true physical condition
• Changes will be tested during a 2-year demonstration
• Feedback will be collected from stakeholders through listening sessions and other methods of outreach
• Demonstration expected beginning Q3 FY19
Your feedback...

Questions & Comments

NSPIRE@hud.gov

or

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