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

- Demonstration Notice Released
- Initiate POA Self-Inspections
- Initiate Contractor Inspections
- Initiate Government Inspections
- Initiate New Scoring Model
- Demonstration Execution: Test, Evaluate, Validate & Refine
- Reverse Auction Program Replacement

Changes To Current Process

- Initiate Government Inspections
- Reverse Auction Program Replacement
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 to be released in February with a March effective date
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
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

New model 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 Quality Assurance 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

Safety & Health

Function & Operability

Condition & Appearance

Response Level

Urgent: Emergency Work Order

Planned: Routine Work Order

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

Current 5 Inspectable Areas:
- Dwelling Units: 35%
- Building Systems: 20%
- Common Areas: 15%
- Building Exterior: 15%
- Site: 15%

New 3 Inspectable Areas:
- Dwelling Units: 50%
- Inside: 25%
- Outside: 25%

Failure Threshold Value

Property won’t pass overall inspection if the Dwelling Units inspectable area fails.

U.S. Dept. of HUD - Philadelphia Listening Session - 2.21.19
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
- Legacy UPCS

Pilot
- Validated CTQs
- New “UPCS”
- Legacy “UPCS”

Post-Pilot
- Final CTQs
- Updated “UPCS”

Objectivity and Consistency

U.S. Dept. of HUD - Philadelphia Listening Session - 2.21.19
Demonstration
Demonstration Roadmap

Multi-year, multi-phase effort in HUD Region III 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
- Phase I – POA self-inspections - Begins in 3\textsuperscript{rd} Quarter FY2019
  - Leverages existing authority to collect required annual unit inspections
  - Will require POAs to inspect and submit results to HUD
  - Self-inspections evaluated but not scored
- Phase II – CTQ inspections - Begins in 4\textsuperscript{th} Quarter FY2019
  - Comprised of contractor and government employees using new standards
  - Assesses new standards and protocols
  - Development of new scoring model
Region III - Demonstration

• Why 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
Region III Multifamily Inspection Overview

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*Based on Inspection Data 2013-2018
Region III Public Housing Inspection Overview

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*Based on Inspection Data 2013-2018
Demonstration Inspection Scoring

• All 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 in Region III

• Feedback will be collected from stakeholders through listening sessions and other methods of outreach

• Demonstration expected beginning Q3 FY19
Your feedback...

Questions & Comments