

CHAPTER 6. INDICATOR #5, ANNUAL INSPECTION OF
UNITS AND SYSTEMS

- 6-1 GENERAL. The PHMAP program requires all PHAs to annually inspect units and all building systems to determine short term maintenance needs as well as long-term modernization needs. This also allows PHAs to examine the condition of the housing stock and initiate all necessary corrective action associated with identified deficiencies.
- A. Adequacy of a PHA's unit/system inspection system. The adequacy of a PHA's unit/system inspection system shall be part of the on-site confirmatory review in terms of:
1. The quality of a PHA's unit/system inspections;
and
 2. The tracking system for both unit/system inspections and needed unit/system repair.
 3. What is adequate for one PHA may not be adequate for another PHA. Therefore, unit/system inspection systems necessarily differ among PHAS, especially PHAs of different size.
 4. For example, a large PHA (1250+ units) or medium size PHA (500-1249 units) may have an automated system that identifies and tracks all facets of the unit/system inspection process, including the quality of unit/system inspections and the quality of the unit/system repairs made.
 - a. The automated system would include information regarding the scheduling and results of a quality control sampling of unit/ system inspections, performed by supervisory personnel, to determine the quality of the unit/system inspections performed, i.e., were all items on the PHA's unit/ system inspection form addressed, were the documented inspections actually conducted, etc.
 - b. The automated system would also include information regarding a quality control sampling of all unit/system repairs performed, i.e., were the unit/system inspection identified deficiencies actually

corrected, the quality of the workmanship,

etc.

5. In a second example, a small PHA (100-499 units) and very small PHA (1-99 units) may have a manual unit/system inspection system that includes a formal unit/system inspection log and a formal unit/system work order log that identifies inspection generated work orders.
 - a. The system may consist of individual resident/system files, where all information regarding unit/system inspections and inspection generated unit/system work orders and repairs are contained; or
 - b. The system may consist of an index card tracking system kept in a centrally located place where all information regarding unit/system inspections and unit/system inspection generated work orders and repairs are contained.
6. In order to verify the information in either the automated or manual system, the reviewer should select a sampling of units/systems where inspections were performed and repairs were made, and reinspect the units/systems where the sampling of units/systems inspections were performed and repairs were made.
 - a. The reviewer should select half the sampling from the last week of the assessment year and half from the week prior to the confirmatory review. This method will provide a comparison of the number of repairs required subsequent to the inspections completed during the assessment year. The focus should be only on those items included in the original inspections.
 - b. If a PHA contracts out some inspections and does other inspections in-house, sample both types of inspections.
7. HUD does not mandate the type of system to be used to track unit/system inspections and repairs, but the on-site confirmatory review should establish if a system exists that records unit/system inspection and repair data, and allows for the retrieval of PHMAP related data.

- B. Standards for the inspection of units. All dwelling units occupied for any part of the assessment year are to be inspected using local housing/occupancy codes

that are applicable for the PHA's jurisdiction. In the absence of local housing/occupancy codes, or if the local housing/occupancy codes are less stringent than HQS, then HQS shall be the method utilized for performing inspections. However, in most cases, a combination of local housing/occupancy codes and HQS criteria will usually be used by PHAS.

1. Identifying which method of inspection that should be utilized can only be accomplished by comparing the local housing/occupancy code for the PHA's jurisdiction to the HQS criteria found at 24 CFR S 982.401. Since each PHA must determine whether to inspect to local code, or HQS, or a combination of both, the PHA should have performed a comparative analysis of local code and HQS to determine which is more stringent.
2. PHAs must go beyond local code requirements to at least match HQS where local code is less stringent. A PHA should have expanded upon local housing/occupancy code requirements to include omitted HQS items. For example, a local code may not require a source of ventilation in the bathroom of a dwelling unit. In this case, the PHA would include the HQS standard in the local housing/occupancy code inspection form to ensure that an exhaust vent exists and is in proper operating condition, or that a window exists and is in proper operating condition.
3. If a PHA is dealing with more than one local housing/occupancy code within its jurisdiction, the PHA may:
 - a. Incorporate HQS items into the local housing/occupancy inspection forms for each locality; or
 - b. Use the inspection form of the most stringent of the local housing/occupancy codes within its jurisdiction as long as all of the most stringent individual requirements are included.
4. A review of the PHA information concerning the comparative analysis between local housing/occupancy code and HQS should be performed to determine that a PHA is inspecting

in accordance with local code or the more stringent HQS, if applicable.

- C. Unit inspection form. The on-site confirmatory review

process includes a review and evaluation of the inspection form utilized by the PHA to determine that the form supports and adequately addresses the criteria in the local housing/occupancy codes.

1. In cases where the PHA inspects using local housing/occupancy codes, the inspection form should directly reflect the standards of the local housing/occupancy codes. This form could be the inspection form utilized by local code enforcement officials or may be a form developed by the PHA that contains all criteria in the local housing/occupancy codes.
2. In the absence of local housing/occupancy codes, or if local housing/occupancy codes are less stringent than HQS, the PHA is required to use HQS as the inspection criteria. In this event, the PHA shall use form HUD-52580A, as amended, to record the inspection of units.

6-2 EXEMPTED UNITS. The PHMAP rule allows PHAs to exempt from the calculation of component 11, inspection of units, the number and percentage of specific units, provided certain conditions are met. Units that may be exempted are as follows:

- A. Occupied units. Where the PHA has made two documented attempts to inspect an occupied unit and failed each time to gain access, the unit may be exempted if the PHA can document that appropriate legal action (up to and including eviction of the legal or illegal occupants) has been taken under the provisions of the lease to ensure that the unit can be subsequently inspected.
 1. The on-site confirmatory review process requires a careful review of the documentation related to the occupied unit(s) that a PHA could not inspect. This includes:
 - a. Documentation of the two attempts by the PHA to inspect the unit(s); and
 - b. Documentation that shows that appropriate legal action has been initiated by the PHA, as required by the

lease, to ensure that the unit(s) can be subsequently inspected.

2. If either of these two conditions are not met, the exemption of the subject unit(s) shall not be allowed.

B. Vacant units. Units vacant for the full immediate past PHA fiscal year may be exempted for the following reasons, as defined at Sec. 901.5:

1. Vacant units undergoing modernization; and
2. Vacant units that are documented to be uninhabitable for reasons beyond the PHA's control due to:
 - a. High/unsafe levels of hazardous/toxic materials.
 - b. Sources.
 - (1) LBPRAs reports; and
 - (2) EPA directives/reports.
 - c. By order of the local health department or a directive of the EPA.
 - d. Sources.
 - (1) Local health department citation or order; and
 - (2) EPA directives/reports.
 - e. Natural disasters.
 - f. Sources.
 - (1) A declaration/proclamation of disaster by the President/Governor; and
 - (2) PHA records relative to the units actually damaged and the time exempted.
 - g. Units kept vacant because they became structurally unsound.
 - h. Source. Inspection reports generated by the PHA, COE, or local/State government.

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C. The information used to verify indicator #1, vacancy rate and unit turnaround time, may be utilized to assist in confirming this indicator (refer to Chapter 2 of this Guidebook).

6-3 COMPONENT #1. ANNUAL INSPECTION OF UNITS. While HUD does not prescribe a specific format for the inspection of units, PHAs are required to inspect all units that are occupied and

not specifically exempted under this indicator. Therefore, the total number of exempted units, i.e., for modernization or other reasons, must be deducted from the total unit count under the ACC.

- A. Calculation of total units to be inspected. The Anywhere PHA has 250 units under the ACC. The PHA has certified, and it has been confirmed, that for five occupied units, the PHA has documented that two attempts have been made to inspect the units, and appropriate legal action has been initiated under the provisions of the lease; and five vacant units have been approved for modernization.

Calculation of Total Units to be Inspected

Total number of units under the ACC:	250
Occupied units where two attempts to inspect and were made and legal action initiated:	- 5
Vacant units approved for modernization:	- 5
Total units to be inspected:	240

- B. Calculation for the inspection and repair of unit deficiencies in accordance with local housing/occupancy codes or HQS compliance. The PHMAP software makes all calculations relating to this component. Even though the calculation is automated, the reviewer should still have a thorough understanding of how these calculations are made and of the exemptions that may be taken by the PHA. Changes resulting from an on-site confirmatory review must be made by the local State/Area Office after the conclusion of the on-site confirmatory review by inserting revised data into the PHMAP module, in the appropriate iteration, for automated calculation and re-scoring. The calculation of this component is a two-step process, as described below.

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1. Inspection of units. The percentage of units inspected is calculated by dividing the number of units inspected by the total number of units to be inspected. The inspection of maintenance areas, office space, community areas, etc., is included in this calculation, as follows:

Inspection of Units

476 units inspected	= 95.39% units inspected
499 units to be inspected	

2. In this example, the PHA would score a grade of C for this component since it inspected at least 95

percent but less than 97 percent of its units if local housing/occupancy code or HQS deficiencies were addressed as described in the second part of this calculation.

3. Correction of local housing/occupancy code or HQS deficiencies are calculated as follows:

Local Code/HQS Unit Deficiencies Corrected

Total number of units inspected:	476
Total number of units where all deficiencies were corrected during the inspection process:	258
Total number of units where work orders were issued to correct identified deficiencies:	+ 201
Total number of units with identified deficiencies that were included in this year's modernization program:	+ 15
Total number of units with identified deficiencies that were included in next year's modernization program if there were less than three months remaining before the end of the PHA FY when the inspection was performed:	+ 2
Total number of units where all deficiencies were corrected or scheduled to be corrected in this year's or next year's modernization programs if there are less than three months remaining before the end of the PHA FY when the inspections were performed:	476

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4. In this example, the PHA would achieve a grade of C for this component since it inspected at least 95 percent but less than 97 percent of its units and all local housing/occupancy code/HQS deficiencies were addressed.
- C. All occupied units are required to be inspected. Each unit inspection record should provide, at a minimum, the information listed below.
1. Required inspection of each unit was performed and deficiencies identified.
 2. Required maintenance on units was performed in accordance with local housing/occupancy codes or HQS, whichever is more stringent.
 3. Sources. Local housing/occupancy or HQS unit inspection forms.

4. If repairs were needed, the deficiency(s) was repaired during the inspection.
5. Sources. Unit inspection forms. A PHA should always indicate on the unit inspection form if and when repairs were made during the conduct of the unit inspection for the purpose of inventory control.
6. if a work order was issued for the repair of identified deficiency(s).
7. Sources.
 - a. Work order logs, including emergency and non-emergency work orders; and
 - b. Actual unit work orders. A sampling reinspection of unit work orders issued by the PHA should be conducted by the reviewer.
8. If the correction of unit deficiencies were referred to the current year's modernization plan, unless there were less than three months remaining in the PHA's FY when the work order was generated, in which case the unit deficiency would be included in next year's modernization plan.
9. Sources.

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- a. Current year's, and if applicable, next year's modernization plan;
- b. Budget revisions for the current year's, and if applicable, next year's modernization plan;

6-4 COMPONENT #2. ANNUAL INSPECTION OF SYSTEMS. The purpose of this component is to ensure that, in addition to the annual inspection of individual dwelling units, PHAs are also annually inspecting and maintaining the major systems that are essential to decent, safe and sanitary housing. This component examines the inspection of buildings and sites according to the PHA's maintenance plan, including performing the required maintenance on structures and systems in accordance with manufacturer's specifications and established local/PHA standards, or issuing work orders for maintenance/repairs, or including identified deficiencies in this year's modernization program, or in the next year's modernization program if there are less than three months remaining before the end of the PHA FY when the inspection was performed.

- A. Systems that are a part of (i.e., self-contained within) individual dwelling units that are exempted, or systems that are a part of a building where all of the dwelling units in the building are exempted, are exempted from the calculation of this component. Systems that serve any occupied unit(s) are not exempted from the calculation of this component. In order to verify the PHA's PHMAP certification, the reviewer will need to know the total number of buildings and sites in the PHA's property portfolio, and the number of systems that are subject to a system inspection under this component. This information is provided to the reviewer by a PHA.
- B. The procedures for the annual inspections of major systems will be defined by each PHA in its maintenance plan. HUD has defined a maintenance plan as a comprehensive written annual plan of a PHA's maintenance operation that contains the fiscal year's estimated work schedule and which is supported by a staffing plan, contract schedule, materials and procurement plan, training, and approved budget. The plan should establish a strategy for meeting the goals and time frames of the facilities management planning and execution, capital improvements, utilities, and energy conservation activities.

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1. HUD does not prescribe a specific format for a maintenance plan or for annually inspecting major systems.
2. Sources. The reviewer will first examine the PHA's maintenance plan, and then examine applicable documentation that shows that the maintenance plan was followed and that the respective major systems were inspected and system deficiencies corrected.
3. It is within the PHA's maintenance plan that the reviewer will find the PHA's protocol and schedule for the inspection and repair of its major systems. These systems include, but are not limited to:
 - a. Structural/building envelopes which include roofing, walls, siding, windows, hardware, flashing and caulking;
 - b. Mechanical systems which include, heating, ventilation, air conditioning, plumbing, drainage, underground utilities (gas, electrical and water) and fuel storage tanks; and

- c. Electrical systems, which include underground and above ground transmission equipment, elevators, emergency generators, door bells, electronic security devices, fire and smoke alarms, outdoor lighting, indoor lighting (halls, stairwells, public areas and exit signs) and transformers.
 - d. If applicable, roadways, parking areas, sidewalks, site drainage, playgrounds and tot lots, etc.
- C. A major system's inspection record should provide, at a minimum, the information listed below. This information is separate from, and in addition to, a PHA's maintenance plan.
 - 1. Required maintenance on structures and major systems was performed in accordance with manufacturer's specifications and established local/PHA standards.
 - 2. Sources.

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- a. Manufacturer's specifications and warranties for all major systems; and
 - b. Local/PHA standards for major systems.
- 3. If repairs or servicing were needed, the deficient major system(s) was repaired or serviced during the inspection.
- 4. Sources. Major system inspection forms. A PHA should always indicate on the major system inspection forms if and when repairs or servicing were made during the conduct of the system inspection.
- 5. If a work order was issued for the repair of identified major system deficiencies, or for the servicing of major systems.
- 6. Sources.
 - a. Work order logs, including emergency and non-emergency work orders; and
 - b. Actual major system work orders. A sampling reinspection of major system work orders issued by the PHA should be conducted by the reviewer.

c. Preventive maintenance schedule.

7. If the correction of major system deficiencies were referred to the current year's modernization plan, unless there were less than three months remaining in the PHA's FY when the work order was generated, in which case the major system deficiency would be included in next year's modernization plan.

8. Sources.

a. Current year's, and if applicable, next year's modernization plan;

b. Budget revisions for the current year's, and if applicable, next year's modernization plan;

6-5 CALCULATION METHODS FOR THE INSPECTION AND REPAIR OF SYSTEMS. The PHMAP software makes all calculations relating to this component. Even though the calculation is automated, the reviewers should still

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have a thorough understanding of how these calculations are made and of the exemptions that may be taken by the PHA. Changes resulting from an on-site confirmatory review must be made by the local State/Area Office after the conclusion of the on-site confirmatory review by inserting revised data into the PHMAP module, in the appropriate iteration, for automated calculation and re-scoring.

A. Inspection of systems. The reviewer must first determine the total number of buildings and sites in the PHA's property portfolio, and the number of systems that are subject to a system inspection under this component. The first part of this calculation is completed by determining the percentage of sites and buildings where all major systems were inspected. An example of the calculation of all major systems inspected at all sites, and all major systems inspected at less than 100 percent of buildings is as follows:

Calculation for the Inspection of All Major Systems
at All Sites and Less than 100% of Buildings

Total number of sites: 4

Total number of systems to be inspected: 16

Total number of systems inspected: 16

Sites with all systems inspected: 4

4 sites where all systems were inspected = 100% of sites

where all
systems were
inspected

80

16

16

79

98.75% of
buildings
all systems
inspected

100%

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- B. Based on this calculation, the PHA has inspected all major systems at 100 percent of its sites and at less than 100 percent of its buildings in accordance with its maintenance plan, and would receive a grade of B for this component if the PHA met the stated requirements for the repair of major systems.
- C. In this example, if all major systems were not inspected, or if all major systems were not inspected in accordance with the PHA's maintenance plan, the PHA would receive a grade of F for this component, and no further calculations would be required.
- D. Repair of major system deficiencies. The second part of this calculation is completed by determining whether all major system's deficiencies were corrected or serviced in accordance with manufacturer's specifications and established local/PHA standards, either at the time of the inspection, or if work orders were issued for the repair of major systems, or if deficiencies were included in this year's modernization program, or in next year's modernization program if there were less than three months remaining before the end of the PHA FY when the inspection was performed. The following chart is such an example.

Deficiencies were Corrected in Accordance With
Manufacturer's Specifications and
Established Local/PHA Standards

7

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Total number of major system deficiencies that
were repaired as a result of the issuance of
work orders: + 2

Total number of identified deficiencies that
were included in this year's modernization
program: + 1

Total number of identified deficiencies that
were included in next year's modernization
program if there were less than three months
remaining before - the end of the PHA FY when
the inspection was performed: + 1

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Calculation of System Deficiencies, continued

Total number of system deficiencies corrected or
scheduled to be corrected in this year's or next
year's maintenance plans: 7

7 major system deficiencies corrected = 100% of system
7 major system deficiencies identified deficiencies
corrected or
deferred for
modernization

E. In this example, if major system deficiencies were not
corrected or serviced in accordance with the
manufacturer's specifications and established local/
PHA standards, the PHA would receive a grade of F for
this component.

F. In these two examples, the PHA would receive a grade of
B for this component since it inspected 100 percent of
its sites but less than 100 percent of its buildings in
accordance with the PHA's maintenance plan, and
repaired/serviced or deferred for modernization 100
percent of system deficiencies in accordance with
manufacturer's specifications and established local/PHA
standards.

6-6 ADDITIONAL ADJUSTMENTS.

A. A PHA with at least five percent of its units subject
to either or both of the conditions defined in
paragraph B, below, shall, if it so chooses, be issued
an adjusted PHMAP score in addition to the regular
score for indicator #5. These additional points
compensate for differences in the difficulty of
managing developments impacted by the physical
condition of the units and/or the neighborhood
environment surrounding the properties. This
additional adjustment must be requested by the PHA on

form HUD-50072.

1. A PHA that receives the maximum potential weighted points for this indicator may not claim an additional adjustment for this indicator.
2. Application of these additional adjustments may not result in a score higher than the maximum score authorized for this indicator.

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3. If only certain units or developments received substantial rehabilitation, the additional adjustment shall be prorated to exclude the units or developments with substantial rehabilitation.
4. The Date of Full Availability (DOFA) shall apply to scattered site units, where the age of the units and buildings vary, to determine whether the units have received substantial rehabilitation within the past ten years and are eligible for an adjusted score for the physical condition factor. DOFA also applies when scattered site units are built under new construction.
5. Units that fall into this category but have already been exempted from consideration for any other reasons shall not be counted again in this calculation.

B. Definitions for physical condition and neighborhood environment.

1. Physical Condition. Units located in developments that are over ten years old that require major capital investment in order to meet local code or minimum HQS standards, whichever is applicable, can qualify for an additional adjustment. Units located in developments that have been comprehensively modernized within the past ten years cannot be included in the total for this adjustment.
2. Neighborhood Environment. Units located in developments where the immediate surrounding neighborhood (majority of the census tracts or census blocks on all sides of the development) has at least 51 percent of the families with incomes below the poverty rate, as documented by the latest census data, qualify for an additional adjustment.
3. Additional points, or fraction thereof, may be added to the score for this indicator. The score shall be adjusted as shown on the following chart:

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Additional Adjustment

Percent of Total PHA Units	Extra Points
At least 5% but less than 10% of all PHA units	.5
At least 10% but less than 20% of all PHA units	.6
At least 20% but less than 30% of all PHA units	.7
At least 30% but less than 40% of all PHA units	.8
At least 40% but less than 50% of all PHA units	.9
At least 50% of all PHA units	1.0

4. PHAs shall maintain supporting documentation to show how they arrived at the number and percentage of units out of their total inventory that are subject to the additional adjustment.

C. Calculation for physical condition and neighborhood environment. The percent of units to which the additional adjustment applies is computed as the total number of units for which the physical condition and neighborhood environment apply, with each unit counted only once if both conditions apply.

1. For example, a PHA that achieves less than a grade A on indicators #1, #4 and #5 would calculate the adjustment for physical condition and neighborhood environment for indicator #5 as follows:

PHAs that Achieve Less than a Grade A
on Indicators #1, #4 and #5

Number of units that qualify under both physical condition and neighborhood environment:	10
Number of units that qualify under physical condition only:	+ 5
Number of units that qualify under neighborhood environment only:	+ 5
Total eligible units:	20

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2. If this were a 100 unit PHA in the above example

that otherwise had not exempted these units for any other reason, .7 percentage points would be added to the score for this indicator.

3. There is a connection between indicator #1, vacancy rate and unit turnaround time, indicator #4, work orders, and indicator #5, annual inspection of units and systems. A PHA that obtains a grade of A for indicator #4 and/or indicator #5, MAY NOT claim an additional adjustment for indicator 11 based on the physical condition of its developments, but MAY claim an additional adjustment for indicator #1 based on neighborhood environment.

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