Chapter 1

Physical Inspection Program Overview

Instructor Guide
Chapter 1: Physical Inspection Program Overview

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# ACRONYM LIST

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<thead>
<tr>
<th>ACRONYM</th>
<th>DEFINITION</th>
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<tbody>
<tr>
<td>BIC</td>
<td>Baseline Inspection Contact</td>
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<tr>
<td>CIDR</td>
<td>Central Integrated Data Repository</td>
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<tr>
<td>DCD</td>
<td>Data Collection Device</td>
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<tr>
<td>EC</td>
<td>Enforcement Center</td>
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<tr>
<td>FASS</td>
<td>Financial Assessment Subsystem</td>
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<td>FHA</td>
<td>Federal Housing Administration</td>
</tr>
<tr>
<td>GTM</td>
<td>Government Technical Monitor</td>
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<td>GTR</td>
<td>Government Technical Representative</td>
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<tr>
<td>H&amp;S</td>
<td>Health &amp; Safety</td>
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<tr>
<td>IBS</td>
<td>Integrated Business System (PHA)</td>
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<tr>
<td>LTHS</td>
<td>Life Threatening Health and Safety</td>
</tr>
<tr>
<td>MA</td>
<td>‘Major’ Deficiency</td>
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<tr>
<td>MI</td>
<td>‘Minor’ Deficiency</td>
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<tr>
<td>NA</td>
<td>Not Applicable</td>
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<tr>
<td>NIC</td>
<td>National Inspection Contract</td>
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<tr>
<td>NOD</td>
<td>No Observable Deficiency</td>
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<tr>
<td>OD</td>
<td>Observed Deficiency</td>
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<tr>
<td>PASS</td>
<td>Physical Assessment Subsystem</td>
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<td>PASS DSD</td>
<td>REAC’s Physical Inspection Software</td>
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<td>PHA</td>
<td>Public Housing Authority</td>
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<td>PI-Ops</td>
<td>Physical Inspection Operations Group</td>
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<td>QA</td>
<td>Quality Assurance</td>
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<td>QC</td>
<td>Quality Control</td>
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<td>REACS</td>
<td>Real Estate Assessment Center System</td>
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<td>REMS</td>
<td>Real Estate Management System-Housing</td>
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<tr>
<td>SE</td>
<td>‘Severe’ Deficiency</td>
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</table>
TARC  Troubled Agency Recovery Center
Introduction to REAC’s Physical Inspection Program

SHOW slide 1-3. (Chapter Objectives)

Objectives

- Describe the purpose of the Physical Inspection Program and its contribution to achieving REAC’s mission
- Explain the role and responsibilities of the inspector
- Define the REAC Physical Inspection Protocol
- Explain the importance of the Physical Inspection Protocol
- Describe the role of Quality Assurance inspectors and how they support the Physical Inspection Program
- Describe the role of the Contractor Help Desk and how it supports the Physical Inspection Program

U.S. Department of Housing and Urban Development 1-3

REVIEW points on slide

REFER participants to the following documents:

Participant Guide
- Chapter 1 Physical Inspection Program Overview
- Review Table of Contents
- Acronym List
The purpose of this overview is to:

- Provide an understanding of the Real Estate Assessment Center (REAC)
- Describe the Physical Inspection Program developed by REAC

The purpose of the Overview is to:

- Provide an understanding of the Real Estate Assessment Center (REAC), an independent organization within the U.S. Department of Housing and Urban Development (HUD).
- Provide a description of the Physical Inspection Program developed by REAC to evaluate the physical condition of HUD’s property portfolio.
SHOW slide 1-5. (Objectives)

Objectives

Upon completion of the objectives, participants will be able to:

• Explain the mission and goals of REAC
• Describe the purpose of the Physical Inspection Program
• Define the inspector’s role within the Physical Inspection Program
• Describe the Physical Inspection Structure and its role in the Physical Inspection Program
• State the importance of scoring in the inspection process and use of scoring in the Physical Inspection Program

REVIEW objectives on slide

The Real Estate Assessment Center Overview (45 minutes)
Physical Inspection Program Overview (45 minutes)
Total: (1 hour, 30 minutes)
The Real Estate Assessment Center Overview

SHOW slide 1-6. (HUD 2020)

HUD 2020

- Established in June 1997
- Includes significant changes to HUD’s structure, processes, and systems
- Purpose
  - To ensure HUD provides decent, safe, and sanitary housing in good repair
  - To restore public trust in HUD

REVIEW points on the slide

EXPLAIN:

- In 1997, HUD 2020 Management Reform Plan announced changes to HUD’s structure, processes, and systems
- REAC is one of HUD’s major reforms
- REAC is intended to improve HUD’s property portfolio by assessing and tracking their overall condition
  - Determining the financial health of properties
  - Protecting HUD from financial loss
  - Ensuring proper use of revenues and federal subsidies
  - Assessing owner compliance with business agreements (e.g., charters, use and regulatory agreements, housing
assistance payment contracts)
Real Estate Assessment Center (REAC)

• Real Estate Assessment Center (REAC) located in Washington, D.C.

• Evaluates the condition of properties that HUD has a financial interest or statutory obligation to monitor

• Enables HUD to prioritize and direct its resources to properties in need

• Assesses four factors:
  – Physical condition of properties
  – Financial condition of properties
  – Management capabilities of owners and managers
  – Resident satisfaction level

REVIEW points on the slide

EXPLAIN:

• REAC is an independent organization
• REAC assesses properties for which HUD:
  – Issues mortgages
  – Provides grants for developing and operating properties
  – Provides subsidized rental payments
  – Owns the property
  – Forecloses on a mortgage
  – Has a remaining statutory obligation to ensure certain housing standards

• Inspector’s role is to help REAC assess the physical condition of the properties
SHOW slide 1-8. (REAC’s Mission)

REAC’s Mission

To improve housing quality and maintain public trust by:

– Providing accurate, credible, and reliable assessments of HUD’s portfolio
– Identifying risks and providing opportunities for solutions
– Working with program partners and participants

EXPLAIN:

• Using the Physical Inspection Protocol and Physical Inspection definitions consistently ensures accuracy, credibility, and reliability
SHOW slides 1-9 and 1-10. (REAC Benefits)

REAC Benefits

• Establishes uniform standards to detect possible cases of fraud, waste, and mismanagement

• Increases HUD’s ability to focus limited resources where most needed

• Strengthens HUD’s management controls

REAC Benefits

• Increases awareness of and ability to improve the quality of life for residents by helping ensure decent, safe, and sanitary housing in good repair
REVIEW the benefits listed on these slides
EXPLAIN:

- REAC created an integrated system (NASS) consisting of subsystems that enable HUD to evaluate properties
- Physical Assessment Subsystem (PASS) is the subsystem that gathers and analyzes data from physical inspections
- PASS consists of two components:
  - PASS 2.1 - software used by inspectors to conduct inspections
  - PASS On-Line - used by REAC for scheduling and analysis
- PASS allows automation and simplification of the physical assessment process
- Other subsystems are used to gather and analyze data about
HUD property’s financial condition, management capabilities, and resident satisfaction. These systems are:

- FASS assesses the financial condition of HUD properties and Public Housing Agencies
- MASS assesses the management capabilities of Public Housing Agencies
- RASS assesses resident satisfaction with Public Housing Agencies
- TASS assesses a potential resident’s income criteria for lower-income housing
- QASS validates financial information submitted by PHAs & POAs
- SASS addresses appraisal quality and the oversight process for appraisers

- PASS On-Line will be discussed in more detail in the PASS Software section
REAC’s Physical Inspection Protocol

- Standard set of rules and procedures followed on all inspections
- Includes three phases:
  - Pre-Inspection
  - Inspection
  - Post Inspection
- Each phase has essential steps to be completed in the inspection process

REVIEW points on the slide

EXPLAIN:

- **INSPECTORS MUST FOLLOW THE PROTOCOL DEVELOPED BY REAC** to enable HUD to obtain consistent, objective information to effectively assess and monitor the physical condition of properties.

- Three phases of the inspection protocol are:
  - Phase 1: Pre-Inspection
    - Scheduling activities
    - Downloading of the property profile information
  - Phase 2: Inspection
    - Working with owners/managers
    - Sampling
⇒ Inspecting certificates
⇒ Conducting the inspection
⇒ Includes confirming inspection data
⇒ Completing the Life-Threatening Health & Safety form
− Phase 3: Post Inspection
  ⇒ Submit form to REAC
  ⇒ Uploading the inspection via the Web to REAC
SHOW slide 1-13. (Inspector’s Role)

Inspector’s Role

- Perform objective, factual physical assessments
- Conduct inspections according to the REAC Physical Inspection Protocol
- Ensure success by complying with HUD’s standards

REVIEW point on the slide

EXPLAIN:

- Inspections are a snapshot of the physical condition at that time.
  - For example, a hole in the wall that is being repaired next week is still rated as a deficiency because it exists at the time of the inspection.
- Inspectors conduct physical inspections for the site, selected buildings, building common areas, and selected units
- Inspectors are required to record observed deficiencies in the DCD using the PASS 2.1 software
- Inspectors must follow the Protocol!
SHOW slide 1-14. (Physical Inspection Code of Conduct)

Physical Inspection Code of Conduct

- Arrive on time
- Be courteous and professional
- Display the REAC-issued photo identification badge at all times
- Always be accompanied by the property owner or their representative
- Defer resident questions concerning maintenance to the property owner
- Do not make promises about inspection results
- Do not offer an opinion as to the quality of the site, building, or unit

REVIEW points on the slide

EXPLAIN:

- In addition to the “Code of Conduct”, inspectors should:
  - Identify themselves as a contractor to HUD, not an employee of HUD
  - Refer to persons living in the units as RESIDENTS not tenants
  - Refer to the property as a DEVELOPMENT not a project
- Inspectors should always be accompanied by property owner/agent so they can witness the deficiencies at the same time the inspector rates them
- Inspectors should follow the REAC’s physical inspection code of conduct to gain the cooperation of the property owner or agent
SHOW slide 1-15. (PASS Software)

EXPLAIN:

- REAC utilizes three specific technology components:
  1. **Data Collection Device** (DCD) – hand-held computer loaded with the **PASS 2.1 software** are used by the inspector to collect data
  2. **Internet** – how inspection data is uploaded and downloaded from and to REAC
  3. **PASS On-Line** – database where all the raw inspection information is collected, processed, and stored
     - Scoring - scores inspection data immediately upon receipt
     - Checklist - compares data from the inspector to the source data (REMS/IBS), and identifies discrepancies between the two
⇒ Reporting - generates both Internal reports (raw data, inspection results, scores) and External reports (property owner reports)
SHOW slide 1-16. (Physical Inspection Structure)

Physical Inspection Structure

REVIEW the points on the slide

EXPLAIN:

- For each property there are:
  - **Inspectable Areas** – the areas that are inspected
    (Example: Site, Building Exterior, Common Areas)
SHOW slide 1-17. (Physical Inspection Structure)

**Physical Inspection Structure**

- **SITE**
  - Fencing and Retaining Walls
  - Grounds
  - Lighting
  - Mailboxes/Project Signs
  - Market Appeal
  - Parking
  - Etc.

- **BUILDING EXTERIOR**
  - Doors
  - Fire Escapes
  - Foundations
  - Lighting
  - Roofs
  - Walls
  - Etc.

- **BUILDING SYSTEMS**
  - Electrical
  - Elevators
  - Emergency Power
  - Fire Protection
  - HVAC
  - Etc.

- **COMMON AREAS**
  - Basement/Garage
  - Closets
  - Community Rm
  - Day Care
  - Halls/Stairs
  - Etc.

- **UNITS**
  - Bathroom
  - Ceiling
  - Doors
  - Electrical Syst.
  - Floors
  - Kitchen
  - Etc.

- **HEALTH & SAFETY**
  - Air Quality
  - Electrical Hazards
  - Elevator
  - Emergency/Fire Exits
  - Flammable Materials
  - Etc.

REVIEW the points on the slide

- **EXPLAIN:**
  - **Inspectable Items** – the items that are inspected
    (Example: Fencing, Grounds, Lighting)
SHOW slide 1-18. (Physical Inspection Structure - continued)

REVIEW the points on the slide

EXPLAIN:

- **Deficiencies** are recorded conditions of the inspectable items (Example: Cracks, Holes, Erosion). Each deficiency has its own definition for minor, major, and severe ratings.
  - For a severe rating, the inspector enters a location and relevant comments in the Comments text field of the PASS 2.1 software on the DCD.
- Some deficiencies may not have all three ratings.
- Deficiencies are recorded in three ways:
  - Observed Deficiency – Inspectable item is present and has a defect
- No Observed Deficiency – Inspectable item is present and does not have a defect
- Not Applicable – Inspectable item is not applicable for the inspection area. In other words, the item is not present and was not intended to be present.

- Rating definitions will be covered in Chapter 3: Definitions Training.
**Scoring**

- Observed Deficiencies
- Building Profile Information
- Predetermined weights and factors

Physical Assessment Score

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**REVIEW** the graphic on the slide

**EXPLAIN:**

- Once information is uploaded to PASS On-Line it is automatically checked and validated using an objective, comprehensive set of business rules.
- Based on inspection data, scores must be observable, verifiable, and factual.
- To ensure consistent scoring, it is important for inspectors to follow the REAC inspection protocol.
- Scoring is completed internally by HUD. The inspector does not decide which properties pass or fail the inspection.
- Questions concerning scoring should be directed to the REAC Customer Service Center at **1-888-245-4860**
SHOW slide 1-20. (Summary)

**Summary**

**HUD Physical Inspections**

Are:
- Objective
- Consistent
- Comprehensive
- Evaluations of HUD supported properties
- A step to help HUD prioritize and direct its resources
- A method to ensure *decent, safe, and sanitary* housing in good repair

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REVIEW points on the slide
SHOW slide 1-21. (Discussion)

**Discussion**

PRESENT flipchart

INSTRUCT the participants to take a few minutes and discuss the questions raised during the overview, and review the following questions.

- What are the two major initiative efforts of HUD’s 2020 Management Reform Plan to centralize the assessment of all HUD properties?
- How does REAC benefit HUD?
- What is the system responsible for automating the physical assessments of HUD properties?
- What are the three phases of the Physical Inspection Protocol process?
- What is the inspector’s role in the Physical Inspection Program?
- What is the Inspector’s Code of Conduct?
- Name the three types of observed deficiencies during a physical inspection of a property.
Physical Inspection Protocol

SHOW slide 1-22. (Protocol)

Physical Inspection Protocol

The purpose of the protocol:

• Define REAC Physical Inspection Protocol
• Describe essential steps of the Physical Inspection Protocol
• Explain importance of following the Physical Inspection Protocol

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REVIEW points on the slide
Protocol Objectives

Upon completion, participants will be able to:

- Explain the purpose of the Physical Inspection Protocol
- Describe each component of the protocol
- Describe the consequences of not following the protocol

Understanding the Physical Inspection Protocol (2-hrs. 50 min.)

Total: (2 hours, 50 minutes)
Instructor Guide

Chapter 1: Physical Inspection Program Overview

Purpose of Physical Inspection Protocol

- Remedy current physical inspection problems
  - Inaccurate assessments
  - Inconsistent inspection procedures
  - Invalid sampling
- Ensure consistency for all property inspections
- Guarantee accurate assessments and scoring
- Obtain objective, factual, and verifiable data
- Assist HUD in its mission to provide decent, safe, and sanitary housing in good repair

REVIEW points on the slide

EXPLAIN:

- To be consistent and accurate, all inspectors, regardless of their contracting agency, MUST follow the standard set of procedures
- Inconsistent assessments result in inconsistent data, scoring, and enforcement
- Inspection protocol eliminates subjectivity from inspections
- Inspection is a “snapshot in time”. Assessments must be made according to the present condition of the property.
  - For example, if a certificate is valid for the day of the inspection, but expires in two days, the inspector must record the certificate as valid.
  - Similarly, if an exit door has a padlock on it, but the lock is open, the inspector cannot rate it as a deficiency since at
that point in time the exit is accessible.
SHOW slide 1-25. (Physical Inspection Protocol)

REVIEW the process flow on the slide

EXPLAIN PROCESS and show the coordinating slides for each essential step

- Inspection process is designed to provide a standard procedure for assessing observed deficiencies

- Each box represents an essential step in the protocol process. Each essential step is in a logical sequence that must be followed

- Follow the same steps and order for each inspection to ensure accuracy, consistency, and reliability
Physical Inspection Protocol

Pre-Inspection

1. Receive inspection assignment
2. Download Property Profile
3. Arrange inspection with owner
4. Update inspection schedule

STEP 1
Receive Inspection Assignment
Physical Inspection Protocol

Pre-Inspection

STEP 2
Download Property Profile

STEP 3
Arrange Inspection with Property Owner
Physical Inspection Protocol

Pre-Inspection

STEP 4
Update Inspection Schedule

Inspection

Travel to site → Meet with property owner → Verify & update property information → Verify & update participant information → Verify & update building information

Verify property certificates and letter → Generate sample in PASS 2.1 → Select units to inspect → Select alternate units to inspect → Inspect site, building(s), and units

Confirm/verify inspection data → Complete Life-Threatening Health and Safety Form (if needed), and provide original to owner/agent
Physical Inspection Protocol

STEP 5
Travel to Site

STEP 6
Meet with Property Owner
Physical Inspection Protocol

Inspection

STEP 7
Verify/Update Property Information

STEP 8
Verify/Update Participant Information
Physical Inspection Protocol

**Inspection**

**STEP 9**
Verify/Update Building Information

**STEP 10**
Verify Property Certificates and Notification Letter
Physical Inspection Protocol

Inspection

STEP 11
Generate Sample in PASS 2.1 software

STEP 12
Select Units to Inspect
Physical Inspection Protocol

Inspection

STEP 13
Select Alternate Units to Inspect

STEP 14
Inspect Site, Building(s), and Units
Physical Inspection Protocol

**Inspection**

**STEP 15**
Confirm/Verify Inspection Data

**STEP 16**
Complete Life-Threatening Health and Safety Form (if Needed)

AND Provide Original to Owner/Agent
Physical Inspection Protocol

Post Inspection

STEP 17
Submit Form to REAC
Physical Inspection Protocol

Post Inspection

STEP 18

Upload
Completed Inspection
Pre-Inspection Essential Steps

SHOW slide 1-47. (Step 1: Receive Inspection Assignment)

Step 1: Receive Inspection Assignment

Pre-Inspection

- REAC negotiates inspection agreement with contractor
- Contractor schedules/assigns inspection
- Contractor notifies inspector of inspection assignments
- Property profile information is available for downloading on the REAC Web site

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REVIEW points on the slide

EXPLAIN:

- The following Pre-Inspection items are completed prior to an inspector receiving an inspection assignment:
  - Contract is established between REAC and a contracting agency
  - Inspector receives an inspection assignment from their contracting agency
  - Property Profile is obtained from REAC’s PASS Web site
SHOW slide 1-48. (Step 2: Download Property Profile)

**Step 2: Download Property Profile**

**Pre-Inspection**
- Inspector downloads Property Profile directly to the PASS 2.1 software on their DCD from the REAC Web site

- The Property Profile contains:
  - Inspection number
  - Property information
  - Participant information
  - Building information
  - Unit information
- Downloaded information automatically populates appropriate fields in the PASS 2.1 software

REVIEW points on the slide

EXPLAIN:
- More than one property profile may be downloaded at a time. (Downloading is covered in Chapter 2)
SHOW slide 1-49. (Step 3: Arrange Inspection with Owner)

**Pre-Inspection**
- Inspector contacts the property owner, management company, or PHA to:
  - Explain the purpose of inspection
    ⇒ To objectively assess the physical condition of the property, not to create a laundry list of maintenance items
  - Negotiate mutually agreeable time for physical assessment
- Inspector should notify the Contractor Help Desk if the property owner refuses to permit an inspection
- All inspections must occur in presence of property owner or other authorized representative

**REVIEW points on the slide**

**EXPLAIN:**
- Contractor is responsible for sending a letter informing the property owner of the inspection
- A copy of the *Inspection Notification Letter* is located in the Participant Guide between pages 35 and 36.
SHOW slide 1-50. (Step 4: Update Inspection Schedule)

**Step 4: Update Inspection Schedule**

**Pre-Inspection**

- Contractor is responsible for updating the inspection schedule as necessary
  - Inspector is responsible for notifying the contractor of any schedule changes
- REAC Quality Assurance (QA) inspections are based on inspection schedule
  - Contractor provides REAC with individual inspector schedules
  - REAC must be aware of all schedule changes

REVIEW points on the slide

EXPLAIN:

- Inspector is responsible for arranging a date and time for the inspection with the property owner/agent
- Inspector is responsible for confirming the date in writing with the property owner or agent
Inspection Essential Steps

SHOW slide 1-51. (Step 5: Travel to Site)

Step 5: Travel to Site

Inspection

Inspector must follow REAC rules for site travel:

- Inspector must be physically present to conduct the inspection
- If the inspection cannot be completed on the scheduled day, the inspector must call the Contractor Help Desk
- If the weather prevents the inspector from arriving at the property, they must request approval from the Contractor Help Desk to declare the inspection “unsuccessful”

REVIEW REAC business rules on the slide

EXPLAIN:

- A copy of REAC’s Inclement Weather Inspection Policy is located in the Participant Guide between pages 37 and 38.
SHOW slide 1-52. (Step 6: Meet With Property Owner)

Step 6: Meet With Property Owner

**Inspection**

- Inspector discusses inspection purpose with owner
  - To objectively assess physical condition of the property
  - **Not** to instruct property owner on maintenance and repair

- Inspector explains how Life-Threatening Health and Safety Hazards will be handled

- Inspector explains sampling process
  - Generates random sample of units to inspect
  - Reduces length of inspection

REVIEW points on the slide

EXPLAIN:

- Inspectors must meet with property owners/agents on the day of the inspection to:
  - discuss the plan for conducting the inspection
  - explain the purpose of the inspection,
  - explain the sampling process

- Inspectors are there to objectively assess the physical condition of the property for HUD; not to pass judgment
SHOW slide 1-53. (Step 7: Verify/Update Property Information)

Step 7: Verify/Update Property Information

**Inspection**

- Inspector verifies property information prior to conducting the inspection
  - Property name, address, and telephone number
  - Scattered site information
  - Total number of buildings and units
- Failure to verify property information may result in a statistically invalid unit sampling
  - Incorrect sampling will invalidate the inspection

REVIEW points on the slide.

EXPLAIN:

- Inspector is responsible for updating property information **before** beginning the inspection
- If the information is not updated prior to the inspection, the building and unit sampling will be incorrect
- Inspector should ask the property owner/agent if there are any additional property changes that may make a building uninspectable
- Additional property changes **MUST** be noted using the PASS 2.1 software on the DCD
SHOW slide 1-54. (Step 8: Verify/Update Participant Information)

**Step 8: Verify/Update Participant Information**

**Inspection**

- Inspector verifies participant information
  - Participant name
  - Participant role
  - Participant organization name
  - Participant address and telephone number
- Participants may be individuals or organizations

REVIEW points on the slide

EXPLAIN:

- Inspector must update any changes to participant information using PASS 2.1 software
- Because inspection results are sent by certified mail to the property owner, it is important to have correct information in the DCD
SHOW slide 1-55. (Step 9: Verify/Update Building Information)

Step 9: Verify/Update Building Information

**Inspection**
- Inspectors must validate building information
  - Building name and address
  - Building construction year
  - Building type
  - Total number of units
- Inspectors must also determine if a building is uninspectable
  - Important to record uninspectable buildings **before** generating the sample
- Failure to validate building information may result in an inaccurate count of building and units
  - Building and unit counts are used to generate the inspection sample

REVIEW points on the slide

EXPLAIN:
- In order to have a valid sample; the inspector must verify the building information.
- If an uninspectable building is not recorded, it will be included in the sampling calculation and can invalidate the sample. The following are accepted reasons by REAC that a building is uninspectable:
  - Abandoned/Boarded Up
  - Building was Added after Sample was Generated
  - Building Not Found
  - Demolished
- Fire Damage
- Locked
- No Keys
- Occupant Refusal
- Off-Line (building or unit is currently undergoing rehab)
- Other Hazard
- Police Restricted Area
- Vacant

- All new buildings must be added to the PASS 2.1 software and all non-existent buildings deleted
- Inspector is also responsible for physically verifying if a building is uninspectable and recording the reason in the PASS 2.1 software
SHOW slide 1-56. (Step 10: Verify Property Certificates & Letter)

Step 10: Verify Certificates and Letter

**Inspection**

Inspector should:

- Verify existence of applicable certificates
- Check validity of expiration date
- Record results in PASS 2.1 software
- Verify residents were given written notification of inspection

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PG page 1-44

REVIEW the types of certificates on the slide

EXPLAIN:

- Certificates are documents which certify that safety and maintenance requirements have been fulfilled
- After determining if a certificate is applicable, the inspector must verify that it has not expired.
- Status of the certificate is recorded in the PASS 2.1 software as YES for present, or NO for not present.
- While there may be a system in each building, they are generally inspected as a whole and appear on one certificate.
- Buildings built before 1978 are not required to have Lead-Based Paint certificates (built before law was passed)
  A copy of a sample certificate is located in the Participant Guide between pages 44 and 45.
- Inspector should also request a copy of the resident inspection
notification letter from the property owner

- If a notification letter was not sent, the inspector should not inspect and must notify the Contractor Help Desk
SHOW slides 1-57 and 1-58. (Step 11: Generate Sample)

Step 11: Generate Sample

Inspection

- Inspector generates sample using the sampling function of PASS 2.1 software
  - Mathematical and statistical equations
  - Statistically valid random sample
  - Displayed as sequence of unit numbers

- Designed to produce a sample that accurately reflects what would have been recorded if all buildings/units were inspected

Step 11: Generate Sample (cont.)

Inspection

- Variations to protocol produce inaccurate samples and may invalidate inspections

- Inspector must follow protocol steps
  - Verify/update all property information before generating sample
  - Generate sample in PASS 2.1 software
REVIEW points on the slide

EXPLAIN:

• PASS 2.1 electronically generates the sample
  – Sample generated for buildings and units
  – Each building will have its own sample

• When comprehensive inspections are performed on properties that have had sample unit inspections conducted, the percentage of variance is only 1 to 2 percent

• Inspector is responsible for following the Inspection Protocol to ensure that the sample is valid

• For the sampling process to work, all information in the PASS 2.1 software must have been verified for accuracy

• Inaccurate sample results may result in invalid inspections, which will have to be reassessed

• Business rules for generating and regenerating samples are covered in step 14b (Inspect buildings)
SHOW slides 1-39 and 1-60. (Step 12: Select Units to Inspect)

**Step 12: Select Units to Inspect**

**Inspection**

- PASS 2.1 software displays sequence of unit numbers in the “Sample Units” text field
  - Each number represents a unit in the selected building
  - The order of the numbers represents the relative position of each unit on a complete list of units
    - For example: The number 4 will represent the fourth unit on the list
    - Inspections must be conducted in the order the numbers are displayed

**Step 12: Select Units to Inspect (cont.)**

**Inspection**

- Inspector selects sample units by using an all-inclusive list of units
  - The list may be the rent roll if it includes vacant as well as occupied units
REVIEW points on the slide

EXPLAIN:

• When selecting units, the PASS 2.1 software displays a sequence of numbers on the Building/Dwelling Information tab

• This sequencing is used in conjunction with an all-inclusive list of units (which may be the rent roll if it includes vacant as well as occupied units)

• Each number represents a unit in the building which is reflected on an all-inclusive list of units, so that the number “4” represents the 4<sup>th</sup> unit on the list

• If a list of units is not available, the numbers that are generated in the PASS 2.1 software should be used to select a unit in the building corresponding with the number.

• In a building with the apartments – 1A, 1B, 1C, 2A, 2B, 2C… unit 2A would be selected if the number “4” is shown in the system since it is the 4<sup>th</sup> unit in the building

SUGGESTION: On the flipchart, write the unit numbers (1A, 1B, 1C, 2A, 2B) on the flip chart, and circle unit 2A as the fourth number in the system.
SHOW slides 1-61 and 1-62. (Step 13: Select Alternate Units to Inspect)

**Step 13: Alternate Units to Inspect**

**Inspection**

- PASS 2.1 software automatically generates alternate units
  - Displayed after the original units
  - Must be inspected in the order they are displayed

⇒ Example: If the alternates for a sample are 12A, 5B, and 11C, 12A must be used as an alternate before 5B
Step 13: Alternate Units to Inspect (cont.)

Inspection

Selecting alternate units:
– Select alternate units for same building type in order displayed
– If no alternate units in the sample building ⇒ then select an alternate unit of the same building type
– If no alternate units for same building type ⇒ then select an alternate unit in the next building
– If no other alternate units remain ⇒ then call Contractor Help Desk for assistance

REVIEW points on the slide

EXPLAIN:

• If a sample unit is considered uninspectable, alternate units must be sampled to maintain a statistically valid sample

• The alternates are automatically generated in the PASS 2.1 software and displayed in the “Sample Units” text field, and labeled “alternate”

• If an alternate is needed, it may be inspected at any time during the inspection; however, alternates must be selected in the order they are displayed in the PASS 2.1 software.

• For example, units 1C, 2A, 3D, 4A are in the sample. Unit 12A and 1B are the alternate units. If 2A is uninspectable, the first alternate unit (12A) must be selected before the second alternate (1B). The alternate 12A may be inspected at any time during the inspection, as long as it is inspected before the alternate 1B.

SUGGESTION: On the flipchart, write sample unit numbers (1C, 2A, 3D, 4A). Next write the alternate unit numbers (12A, 12B). Circle 12A as the alternate unit.
SHOW slide 1-63. (Sampling Do’s and Don’ts)

Sampling Do’s and Don’ts

Do
- Verify all property and building information prior to generating the sample
- Use the all-inclusive list of units to determine sample units
- Inspect units in the order they are displayed
- Select alternate units in the order they are displayed

Don’t
- Allow property owners to alter sample units
- Provide property owners with a list of samples prior to inspection
- Deviate from inspection protocol

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REVIEW points on the slide
SHOW slide 1-64. (Activity)

**Activity**

REFER the participants to the activity on page 49 in Chapter 1 of the Participant Guide.

INSTRUCT the participants to use the rent rolls and PASS 2.1 software sampling results to determine the units that should be inspected.

REVIEW activity answers

- The units that should have been selected are:
  - 103, 104, 204, 301, 303
  - 1B, 2B, 3A, 4A, 4C, 5B, 5C

- The property owner informs you that unit 103 cannot be inspected due to poor housekeeping. What do you do?
  - Poor housekeeping is not a REAC-approved uninspectable reason. Inform the property owner that the inspection does not assess housekeeping and that
the unit must be inspected. Call the Contractor Help Desk if the owner still refuses.

- During your inspection, a resident refuses to let you inspect his unit, 3A. What do you do?
  - Inspect the first alternate, 1A, and record the reason in PASS 2.1 software

**DISCUSS** any discrepancies or confusions
SHOW slide 1-65. (Inspection Guidelines)

**Inspection Guidelines**

- Direct specific resident complaints to the property owner
- Remind residents of the purpose of the inspection
  - To assess the physical condition of the unit, not evaluate housekeeping
- Assess items **inside** the development/property
  - Do not address physical structures that do not belong to the property (e.g., city streets and sidewalks)
- Assess all five inspectable areas:
  - Site
  - Building Exterior
  - Building Systems
  - Common Areas
  - Units

**Speaker Notes**

REVIEW guidelines for inspecting properties on the slide
SHOW slide 1-66. (Health and Safety Hazards)

Health and Safety Hazards

- Inspectors must assess and rate any observed Health and Safety deficiencies
- Health and Safety items include:
  - Air Quality
  - Electrical Hazards
  - Elevator
  - Emergency/Fire Exits
  - Flammable Materials
  - Garbage and Debris
  - Hazards
  - Infestation
- Certain “Severe” deficiencies automatically generate Health and Safety hazards

REVIEW points on the slide

EXPLAIN:
- Not all health and safety hazards are life-threatening
SHOW slide 1-67. (Life-Threatening Health & Safety Hazards)

Life-Threatening Health & Safety Hazards

- Be observant of the eight Life-Threatening Health and Safety hazards:
  - Propane, natural, or methane gas
  - Exposed wires or open electrical panels
  - Water leaks on or near electrical equipment
  - Blocked or unusable emergency or fire exits
  - Window security bars preventing exit
  - Blocked fire escapes or ladders
  - Missing gas-fired hot water heater/HVAC or chimney
  - Inoperative/missing smoke detectors

- Inspector notifies property owner of all hazards immediately

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REVIEW points on the slide

EXPLAIN:

- Notification of Exigent and Fire Safety Hazards Observed form Life-Threatening Health and Safety Form will be covered in more detail in Step 16
**SHOW** slide 1-68. (Step 14a: Inspect Site)

**Step 14a: Inspect Site**

**Inspection**

- Site is defined as the area surrounding the buildings of a property
  - Example: Fencing, Grounds, Lighting
- Only one site per property
- Site may be inspected at any time during the inspection

**REVIEW** points on the slide

**EXPLAIN:**

- Site can be inspected at any time during the inspection, but all inspectable items must be assessed before uploading can occur
- Site is the only inspectable area that may be inspected before generating the sample
**Step 14b: Inspect Building**

**Inspection**
- Inspector physically verifies that all buildings declared uninspectable by property owner are actually uninspectable by REAC standards
- If a sample building is discovered to be uninspectable, the inspector should inspect the first alternate building
- Inspector updates PASS 2.1 software if:
  - A building cannot be located
  - A new building is located
  - Building information changes
- Inspector inspects building exterior, building systems, and common areas

**REVIEW** points on the slide

**EXPLAIN:**
- Inspector is required to inspect each sample building’s exterior, systems, and common areas for inspectable items and health and safety issues
- Buildings do not need to be inspected in order, although it is highly recommended
  - May be difficult on scattered sites
SHOW slide 1-70. (Step 14c: Inspect Units)

Step 14c: Inspect Units

**Inspection**

- If a sample unit is declared uninspectable during the inspection:
  - Inspector indicates uninspectable reason in PASS 2.1 software
  - Inspector inspects the next available alternate unit
    ⇒ Alternate unit may be inspected at any time during the inspection
    ⇒ Alternate units must be selected in the order they are displayed in the PASS 2.1 software

REVIEW points on the slide
SHOW slide 1-71. (Step 15: Confirm/Verify Inspection Data)

**Step 15: Confirm/Verify Inspection Data**

**Inspection**

- Inspector uses “Check/Prepare” function of PASS 2.1 software to automatically review inspection completion
  - PASS 2.1 software verifies thoroughness and identifies any missing items
  - Use function before leaving site
- Only completed inspections are accepted by the DCD for uploading to REAC

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**REVIEW points on the slide**

**EXPLAIN:**

- Upon completion of the inspection, the inspector should verify that all inspectable items were assessed
- If there are incomplete items in the PASS 2.1 software, the inspection will be considered incomplete and will not upload until completed
- It is important to do the “check/prepare” action prior to leaving the site so the inspector does not have to return to the site at a later time to complete the items.
SHOW slide 1-72. (Step 16: Complete Life-Threatening H&S Form)

Step 16: Complete Life-Threatening H&S Form

Inspection

- Life-threatening hazards are documented on the Notification of Exigent and Fire Safety Hazards Observed form
- Property owners sign the form
  - If they refuse to sign, note the refusal on the form
- Original form must be left with property owner

REVIEW points on the slide

EXPLAIN:

- Any life-threatening situation must be recorded in the PASS 2.1 software
- Multiple deficiencies can be listed on one form
- A Notification of Exigent and Fire Safety Hazards Observed form must be completed to notify the owner/agent
- A copy of the Notification of Exigent and Fire Safety Hazards Observed form is located in the Participant Guide between pages 57 and 58.
Post Inspection Essential Steps

SHOW slide 1-73. (Step 17: Submit Report)

Step 17: Submit Form

Post Inspection

- Inspector faxes copy of form to REAC by 10:00 AM the following day

REVIEW points on the slide
- Inspector faxes form from site, office or hotel
SHOW slide 1-74. (Step 18: Upload Completed Inspection)

Step 18: Upload Completed Inspection

Post Inspection

- Completed inspections must be uploaded to the REAC Web site daily
- Technical problems with uploading should be referred to Contractor Help Desk
Variances

SHOW slide 1-75. (Variances)

- Variances occur when inspectors do not follow the standard inspection procedures as defined by the Physical Inspection Protocol
- Negatively affect the accuracy and validity of physical assessments
- Types of variances:
  - Subjectivity
  - Negligence
  - Gaming

REVIEW points on the slide

EXPLAIN:

Subjectivity occurs when inspectors make personal judgments about the condition of a property or allow their personal biases to affect how they inspect.

- **Examples:**
  - Allowing bad property management to affect the assessment
  - Allowing bad housekeeping to affect the assessment
  - Allowing negative opinions about public housing to affect
the assessment
  − Assessing items that are not defined by REAC as an inspectable item

• Key Points:
  − Inspectors must remain objective and impartial
  − If an inspector does not remain objective and impartial, it impacts the objectivity and scoring of the inspection
  − If the inspector follows the REAC protocol, it increases their ability to provide objective assessments

Negligence occurs when an inspector purposely tries to avoid following the inspection protocol in order to reduce the time or effort required inspecting a property.

• Examples:
  − Skipping key activities like checking appliances and systems
  − Not verifying property or building information
  − Not thoroughly inspecting items to truly determine their condition

Gaming occurs when an inspector performs illicit activities in an attempt to cheat the system.

• Examples:
  − Providing the property owner with the sample units ahead of time, so that the owner can clean up the units to be inspected which results in a quicker inspection for the inspector and a higher score for the owner.
  − Accepting bribes or favors from property owners in return for leniency during the inspection
INSTRUCT the participants to discuss the following scenario:

Scenario 1:

During his inspection of Rose Garden Apartments, Jamey Inspector noticed dirt on the linoleum floors in the common area of the sample building he was inspecting. When he noticed a few tiles missing, he immediately rated the deficiency as “Severe” when it should have been rated “Minor”.

DISCUSS what went wrong in Scenario 1:

Jamey allowed his personal feelings about the cleanliness of the building to affect his rating of the deficiency. The deficiency should not have been rated “Severe” because less than 10 percent of the floor had missing tiles. This is an example of...
inspector subjectivity. A possible implication of this variance may include HUD taking unnecessary action against the property.

**INSTRUCT** the participants to discuss the following scenario:

**Scenario 2:**

Frank Inspector began the physical inspection of Dogwood Estates with sympathetic feelings toward the property owner Mr. Byron. He felt that Mr. Byron did all he could to meet HUD requirements, but sometimes fell short despite valiant efforts. During the inspection, Frank rated several deficiencies as “Minor” when they should have been rated “Major” or even “Severe”.

**DISCUSS** what went wrong in Scenario 2:

Frank allowed his personal feelings about the management to affect his assessment of the property. This is another example of inspector subjectivity. In this case, a possible implication includes the property escaping necessary HUD action.
SHOW slide 1-77. (Summary)

Summary

- Inspection protocol is designed to:
  - Standardize the inspection process
  - Provide HUD with consistent, objective, and factual inspection data

- Inspection protocol is divided into three main phases:
  - Pre-Inspection
  - Inspection
  - Post Inspection

- Adherence to the protocol is critical for:
  - Accurate physical assessments
  - Maintenance of decent, safe, and sanitary housing in good repair

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REVIEW points on the slide
Quality Assurance and the Contractor Help Desk

REFER participants to the relevant sections of the following documents:

Quality Assurance and the Contractor Help Desk

The purpose of Quality Assurance and the Contractor Help Desk is:

- Provide an overview of the REAC Quality Assurance function and discuss the importance of Quality Assurance in maintaining and improving the REAC Physical Inspection Program.
- Provide information on the assistance available to inspectors through their Contractor Help Desk.
SHOW slide 1-78. (Objectives)

Quality Assurance Objectives

Upon completion of the Quality Assurance objectives, participants will be able to:

• Explain the function of Quality Assurance in the Physical Inspection Program
• Describe the role and responsibility of Quality Assurance inspectors
• Describe the Quality Assurance inspection approach used by QA inspectors
• Explain how to access assistance when needed

REVIEW objectives on slide

Quality Assurance (45 min)
Contractor Help Desk (5 min)
Total: (50 minutes)
Quality Assurance

**SHOW slide 1-79. (The QA Function)**

**Quality Assurance Function**

- Evaluate inspector performance and aid in the development of their assessment skills
- Evaluate the performance of the Physical Inspection Program
- Identify discrepancies in the inspection data and define ways to resolve them
- Guarantee the Physical Inspection Protocol is followed, and take action as needed
- Monitor the contractor’s Quality Control (QC) program

**REVIEW QA Objectives on slide**

**EXPLAIN:**

- QA supports REAC in its effort to assess the physical condition of HUD’s housing portfolio
- QA’s goal is to continuously improve the Physical Inspection Program
- Contractor Quality Control (QC) Program - helps contractor monitor its own performance and compliance with contract requirements; QC Program may conduct QC inspections similar to QA inspections
- Four principle inspection areas
  - Property profile incomplete
  - Questionable N/A’s
  - Incorrect sample size
  - Protocol discrepancies
SHOW slide 1-80. (QA Inspector)

REVIEW points on slide

EXPLAIN:

- QA inspector’s job is threefold:
  - Ensure inspection protocol and contract requirements are followed at all times so that assessment results are accurate and objective
  - Work with the QC Program set up by contractors
  - Act as a liaison to the Government Technical Representative (GTR) and/or Government Technical Monitor (GTM); and relay REAC information to the contractor
SHOW slide 1-81. (QA Inspection Process)

QA Inspection Process

- Regional Quality Assurance Manager initiates inspections through:
  - Departmental and/or Program Office requests
  - QA triggers (e.g., discrepancies in inspector performance)
  - Assignment of collaborative inspections performed by the QA inspector

- Collaborative Inspection
  - Reinforce inspector training
  - Ensure inspector’s compliance with REAC inspection protocol
  - Evaluate basic contractor inspector skills
  - Obtain information for improving training and software

REVIEW points on slide

EXPLAIN:

- QA inspections are initiated in three ways:
  - Departmental and/or Program Office priorities and special requests
  - QA triggers (e.g., information which reveals discrepancies in inspector performance)
  - Assignment of collaborative inspections

- QA inspections are scheduled by using the contractor’s inspection schedule. Therefore, it is important that the inspector report any schedule changes or delays to the contractor, who will notify REAC

- Collaborative Inspections - goal is to have one collaborative inspection with each contractor inspector
SHOW slide 1-82. (QA and the Inspector)

**QA and the Inspector**

- QA inspector monitors the contract inspector’s compliance with the REAC inspection protocol
- QA inspector ensures continuous improvement of the contract inspector
- QA inspectors are responsible for taking necessary steps if the inspection protocol is not followed
  - Can include removing inspectors who are unable and unwilling to follow the protocol

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REVIEW points on slide

EXPLAIN:

- QA helps to continuously improve the inspection process and provide support to the inspectors as they work to evaluate HUD properties
- REAC has put into place a QA program that is designed to prevent gaming and negligence
  - Various automated analyses are performed that can detect when the inspection protocol is not being performed.
    - For example, the time a sample is generated and the time the first observation is entered into the PASS 2.1 software are recorded. If these two times are not on the same day, REAC will know that the sample was
generated ahead of time. This inspection will be flagged for QA review.

- If an inspector is caught participating in gaming or other practices, the inspector’s REAC certification is revoked.
The Contractor Help Desk

EXPLAIN:

- Inspectors should always contact the Contractor Help Desk with questions regarding the Physical Inspection Process, as well as questions concerning hardware and software issues.
- Contractors should include specific information for their Contract Help Desk in this section.
SHOW slide 1-83. (Discussion)

Discussion

PRESENT flipchart

INSTRUCT the participants to take a few minutes and discuss the following questions as a group:

- What is the QA inspector’s primary role?
- What are the three jobs a QA inspector performs?
- How can a contractor inspector best utilize a QA inspector?
- Who does a contractor inspector contact for help?

DISCUSS points and write answers to the questions on the flipchart.