HUD's Real Estate Assessment Center

RESIDENTS HAVE A RIGHT TO LIVE IN HOUSING THAT IS DECENT, SAFE AND SANITARY

The U.S. Department of Housing and Urban Development (HUD) helps **4.7 million families** to access affordable, quality housing. HUD supports these households through several rental assistance programs, primarily relying upon private owners to house these households. For example, local housing agencies own and operate approximately **900,000** *public* **housing units**. By contrast, HUD contracts with a growing number of private owners of apartment buildings to house another **1.2 million households**.

Federal law and regulations require taxpayer-supported housing be 'decent, safe and sanitary.' But what happens when public or private housing fails to meet this standard?

HUD's Real Estate Assessment Center, or 'REAC', inspects these properties. Those that score well are inspected less frequently; those that score poorly are inspected most frequently. However, it's become clear that REAC's 20-year-old scoring system needs to be changed to better reflect the physical conditions of the properties where more than two million families call home.

Prior HUD Secretaries have grappled with how to balance the need to preserve scarce affordable housing with the need to ensure the housing taxpayers *do* support is suitable. **Shortly after taking office, current HUD Secretary Ben Carson directed a wholesale reexamination of how the Department conducts REAC inspections.** It's become clear that many private owners of HUD-subsidized housing have grown accustomed to a 20-year-old inspection regime and, in some cases, more invested in passing the minimal requirements of a REAC inspection instead of satisfying their contractual obligation to provide housing that is decent, safe and sanitary year-around.

As HUD continues its internal review of these inspection protocols, the Department is exploring immediate improvements and those refinements over the long-term. In the end, the goal is to design a new simplified inspection system more focused on the physical conditions within housing units and to place a greater emphasis on lead-based paint hazards and mold.

BACKGROUND:

In June of 2018, Secretary Carson launched HUD's *Protect our Kids!,* a Department-wide enforcement campaign to get landlords and sellers of older homes to fulfill their responsibilities to disclose lead-based paint hazards in their properties. The campaign will also work to ensure that all federally assisted homes are lead-safe.

The objective of the campaign is to review and ensure compliance with regulations that are intended to reduce the potential of lead poisoning in children, in both privately owned homes and those receiving federal assistance.

Some facts about HUD's current inspection of privately owned properties:

✓ HUD's Office of Multifamily Housing enters into binding agreements with private owners of more than 17,000 apartment buildings **totaling 1.2 million units**. Currently, **approximately 96 percent of these properties receive passing scores**.

✓ When a property fails an inspection, HUD demands the owner correct any serious health or safety defects immediately and to develop a corrective plan to address all reported poor housing conditions.

✓ If the property owner will not or cannot correct these failing housing conditions, HUD may terminate its contract with the owner and relocate residents to more suitable housing. This is a serious action that creates significant disruptions to residents who are forced to move, in some cases many miles away from their former homes.

✓ The number of *new* failed inspections is on the decline. **In 2017, the number of failed inspections was 649; as of October 1, 2018, the number of failed inspections is 563**. Secretary Carson has made it clear that a failing score is unacceptable.

✓ Included in the *total* number of 'failed properties' are a significant number that are being rehabilitated, sold, terminated, or have opted out of the Project-based Section 8 program.

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