



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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OFFICE OF PUBLIC AND INDIAN HOUSING
REAL ESTATE ASSESSMENT CENTER

MEMORANDUM FOR: Real Estate Assessment Center Business Partners

FROM: David A. Vargas, Deputy Assistant Secretary,
Real Estate Assessment Center, PX

SUBJECT: Physical Inspection Return to Operations for Select HUD
Properties

On March 16, 2020, the Real Estate Assessment Center (REAC) postponed physical inspections on all properties out of concern for the health, safety and welfare of residents, public housing authority (PHA) staff and property owners and agents (POA), as well as federal/contract inspectors, and other HUD employees. The purpose of this memorandum is to notify all stakeholders of HUD's intent to restart inspections on or about October 5, 2020.

For the Office of Public and Indian Housing, PIH Notice 2020-05, issued on April 10, 2020, waived physical inspections of Public Housing properties under the Public Housing Assessment System (PHAS) until further notice and further waived PHAS scores for PHAs with fiscal years ending through 12/31/2020. REAC will inspect Public Housing properties in limited circumstances: those that are identified as high risk, those that require emergency inspections, and where a Troubled PHA under the Public Housing Assessment System (PHAS) requests an inspection. For the Office of Multifamily Housing Programs, REAC will inspect properties in that portfolio based on a risk-based approach initially excluding those properties with vulnerable populations.

My commitment to ensure the well-being of all those involved in the conduct of HUD's inspection activities remains as strong today as it was four months ago as I announce the intent of the Real Estate Assessment Center (REAC) to resume physical inspections on or about Monday, October 5, 2020. We expect to provide the required 14-day notification period beginning on or about Monday, September 21, 2020.

To accomplish this goal, REAC has adopted a phased approach to its return to operations (RTO) plan that combines the need to ensure the overall safety of our stakeholders with REAC's mission to provide our customers with independent, actionable assessments that advance risk-informed decisions about the condition of the nation's affordable housing portfolio.

REAC will accomplish the RTO objectives in the following three phases:

- (1) Phase One – Prioritization and Evaluation
- (2) Phase Two – Finalization and Notification

(3) Phase Three – Inspection and Release of Inspection Results

Please be advised that Phase One of our RTO plan is now in effect. REAC's progression from Phase One to Phase Two of the RTO will be announced on our website at:

https://www.hud.gov/program_offices/public_indian_housing/react.

RTO Objectives and Outcomes

Since the postponement, my staff has worked diligently, in collaboration with HUD program offices, to assess the situation at the local level and evaluate the impact of the postponement on HUD programs, PHAs and property owners. Our collaboration with stakeholders has established an RTO plan that meets the following objectives:

- Identifies and implements a strategy to keep all parties involved in the inspection process safe.
- Reduces the backlog of physical inspections for those properties not assessed in the last three years.
- Inspects properties identified as high-risk and maximizes the allocation of inspector resources.
- Creates innovative inspection types that meet or exceed the quality of inspections before COVID-19.

Phase One – Prioritization and Evaluation

In Phase One, REAC has prioritized states and localities where inspections are likely to begin or be excluded once inspections resume, based on the latest COVID-19 public health data from Johns Hopkins University and health risk scoring methodology from the Harvard Global Health Institute. REAC has developed a heat map that categorizes states and localities into four risk categories:

- (1) Low Risk – Green
- (2) Moderately Low Risk – Yellow
- (3) Moderately High Risk – Orange
- (4) High Risk – Red

Beginning Friday, August 7, 2020, a heat map and a list of counties categorized by risk level will be posted on our website and updated weekly or as additional information becomes available. I encourage you and your staff to utilize the REAC website to track your locality's COVID-19 status and keep abreast of REAC's activities as we resume inspections.

In addition to prioritizing localities, REAC will collaborate with program and field offices to internally prioritize properties and evaluate trends in the data to forecast hotspots and safe zones throughout the United States. Despite REAC's pre-planning efforts, resuming physical inspections will require deference and flexibility for those involved and HUD Quality Assurance (QA) and REAC-Certified inspectors must exercise an abundance of caution. HUD QA and contract inspectors will likely encounter circumstances where a scheduled inspection

cannot occur as planned, or even after the inspector has arrived on-site due, to health and safety concerns.

Phase Two - Finalization and Notification

The goal of Phase Two is to continue working with HUD program offices to finalize an internal listing of properties that have met certain criteria and can be classified as properties in critical or emergency need of inspection, but located in low-risk areas. In Phase Two, properties that are considered for inspection will be defined as properties located in counties that have sustained a low-risk public health rating (e.g. rated Green due to the incidence of COVID-19 cases) over six consecutive weekly reporting periods in Phase One. Supplemental data from the Centers for Disease Control and Prevention (CDC), state and local governments, other government entities, and media reports may also be considered. REAC will defer the inspection of public housing and multi-family properties with elderly, disabled, and other health compromised populations to a later date. These properties will not be a part of the initial cohort of properties to be inspected, even if deemed critical for inspection, unless there are known life-threatening and health concerns.

After six weeks has elapsed, and assuming that there are counties that have remained Green during that time, REAC will begin issuing 14-day notifications to PHAs and POAs for those properties that will be inspected. REAC anticipates that the first 14-day notifications will be made on or around September 21, 2020. The first potential day of inspections would be October 5, 2020.

REAC will perform ongoing and regular re-evaluations and validations of the properties that have received 14-day notices and notify PHAs and POAs, in writing, if the status of the scheduled inspection changes. If a property is located in a county which experiences an adverse change in public health conditions (e.g. the county moves from Green to Yellow) after the 14-day notification is given to the PHA or POA, REAC will postpone the inspection for at least 6 weeks. This will mean the counties where the properties were located will need to be rated Green for an additional six consecutive weeks or reporting periods before a new 14-day notification can be issued.

In all circumstances, REAC will consider the following factors to determine if an inspection at a property – located in a county that meets the low public health risk criteria during the entirety of the initial 45-day notification period and the subsequent 14-day property-specific notification period (e.g. Green for 59 consecutive days) – will continue:

- Property is in a jurisdiction currently in a phase of reopening; thus, allowing substantial in person commerce (e.g. inside restaurant dining, in-store shopping).
- COVID-19 cases in the property's locality have been trending downward and remaining flat for a minimum of 14 days. Related public health data (e.g. ICU beds) is similarly positive.
- There are no known and specific COVID-19 issues or outbreaks at the PHA or property in question regardless of the locality's phase of reopening or case trends.

- When a property is within reasonable distance of a local HUD field office, the Office of Field Policy and Management or General Services Administration has provided guidance to local HUD employees that they may report to the local office.
- Air/rail/car travel to and from the property can be achieved with appropriate safety precautions.

Two business days before the start of an inspection, REAC plans to perform a final validation of the criteria if new data is available and notify PHAs, POAs and contractors accordingly.

Phase Three Inspection and Release of Inspection Results

The final stage of REAC's RTO plan is Phase Three, the Inspection and Validation phase, which HUD plans to execute on October 5, 2020. In this phase, HUD QA and contract inspectors will conduct full inspections on the public housing and multi-family properties that were notified in Phase Two. REAC may opt to withhold scores and/or modify the Uniform Physical Condition Standard (UPCS) protocol to exclude units when the inspection cannot be validated as the true condition of the property due to circumstances relating to COVID-19. Discussions relating to the modification of the UPCS protocol are ongoing as conditions relating to the pandemic change.

REAC's goal is to resume operations and release physical assessment results including property scores on all eligible properties with full consideration of the health and safety of residents, inspectors and POAs. HUD QA and contract inspectors will be required to wear face masks and gloves and use hand sanitizer, at a minimum, when conducting inspections. PHAs and POAs will be responsible for communicating local restrictions relating to COVID-19 to the contractors/inspectors at the time the inspection is scheduled, and HUD will determine if the inspection should be cancelled due to local restrictions or reported COVID-19 cases with guidance from the field office.

All updates on REAC's RTO activities as well as the heat map will be posted to REAC's website at: https://www.hud.gov/program_offices/public_indian_housing/react and you may email questions to Brian Ruth at: Brian.Ruth@hud.gov. I wish to extend my sincere gratitude for your patience and support as we navigate these unprecedented times together.