



PHA, Landlord Inspection Bombshell

It had been quietly in the works since the explosive failure of the Alexander County Housing Authority in Cairo, IL, and the embarrassing revelations at the privately contracted Eureka Gardens Section 8 housing complex managed by the Global Ministries Foundation in Jacksonville, FL.

But HUD's abrupt move to upend its housing inspection timetable to quash gaming of the system by housing managers sent the public housing Section 8 programs into chaos.

Public housing authorities and private Section 8 contract landlords will now have only 14 days to prepare for a HUD inspection instead of the customary four months or more.

HUD's blunt notice sent alarm bells through the more than 3,700 PHAs and thousands of Section 8 managers long accustomed to lackadaisical HUD oversight.

The terse policy change comes after increasing numbers of PHAs have been accused of mismanagement and, in several cases, fraudulent operations, while Section 8 managers increasingly have collected federal voucher payments without correspondingly maintaining their properties in the safety and health requirements demanded in their contracts.

By the same token, HUD's arbitrary move appears to be more knee-jerk reaction than not to an increasing dilemma in the public and assisted housing industry where aging facilities, economic inflation, and increasing program financial obligations outstrip the willingness of Congress and succeeding administrations to foot the bill adequately.

Will the new policy work? Maybe -- at least in a handful of cases. But HUD has long been strapped for adequate funding for project oversight and currently has no extra money for a stepped-up inspection schedule.

The changes to what are known as Real Estate Assessment Center (REAC) inspections were urged by public housing industry groups and Section 8 advocates and lobbies fearful of new rules from lawmakers. They realized that changes were in the making and they had better get out in front of the problem following growing numbers of PHA and Section 8 failures.

HUD's changes resulted from a series of meetings in recent months between advocates and

HUD executives. But the changes outlined in the notice are considered harsh even though supporters recognize a shortened notification policy is necessary to emphasize year-round property maintenance rather than patchwork to squeak by inspections.

HUD Secretary Ben Carson, desperate to seize on at least one issue to put his leadership stamp on the department, says he will stage several “listening sessions” to glean tips on how to develop a pilot program to test innovative inspection approaches. But the sessions likely won’t change the new timetable strategy.

“It’s become painfully clear to us that too many public housing authorities and private landlords who we contract with were using the weeks before their inspection to make quick fixes, essentially gaming the system,” says Carson.

Carson, when he took office in mid-2017, was greeted with a din of congressional criticism over HUD’s vastly diminished oversight obligations, a legacy of the Obama administration’s strategy to reform HUD by emphasizing a universal single-payer rental housing platform and Fair Housing Act enforcement. HUD redirected funding to meet those goals. Those funding shifts and continued congressional funding cuts after 2010 diminished HUD’s ability to adequately monitor how well its funding allocations were being spent.

REAC is responsible for overseeing the 3,700 PHAs -- local housing agencies primarily subsidized by HUD -- and HUD REAC-contracted inspectors who are responsible for evaluating more than 23,000 privately owned apartment buildings.

In meetings before HUD’s inspection hammer fell, public housing industry advocates feared the department would focus on immediate solutions rather than concentrating on more effective ways to improve physical conditions.

Noting that HUD had a shortened notification period in mind, the Public Housing Authorities Directors Association considered the strategy unworkable.

“Our members believe that the department did not adequately consider local legal requirements regarding providing notice to a resident before entering a unit, the strain these surprise inspections would put on both maintenance and management operations, or the fact that for units in poor physical condition, a surprise inspection will do nothing to improve those conditions, while other efforts would,” PHADA notes.

“During the meeting in November, HUD acknowledged that most HAs and owners do a good job of maintaining the physical condition of properties with limited resources,” PHDA continues. “To the extent that outliers or bad actors exist in the industry, HUD should focus its resources and attention on those cases instead of subjecting thousands of HAs, owners, and residents to disruptive changes with questionable efficacy.”

Info: See the HUD notice at www.cdpublications.com/docs/9626

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