



***Ensuring Decent, Safe, and Sanitary Conditions
in PBRA Properties***

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Types of HUD “Multifamily” Housing Programs

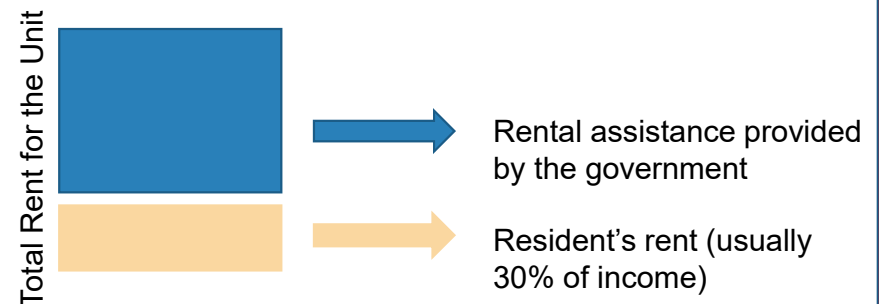
Mortgage Programs

- *Loans and mortgage insurance* (with low interest rates) from HUD to private owners *to build and manage affordable housing*
 - Loans include rent and use restrictions for a certain number of years (~40-50 years)
 - Ex: Section 236 program, Section 202 program



Rental Assistance Contracts

- *Contract* between HUD/public housing authority and private owner to provide *rental assistance* for low-income residents
 - Rental assistance supplements what the resident pays for rent
 - Ex: Project-based rental assistance, project-based vouchers, Moderate Rehabilitation program, Rent Supplement program, Rental Assistance Payment program



“Decent, Safe, and Sanitary”

- “HUD housing must be decent, safe, sanitary and in good repair”
 - Owners must meet certain physical conditions standards (24 CFR 5.703)
 - Site
 - Building exterior
 - Building systems
 - Dwelling units
 - Common areas
 - Health and safety concerns
 - Compliance with state and local codes

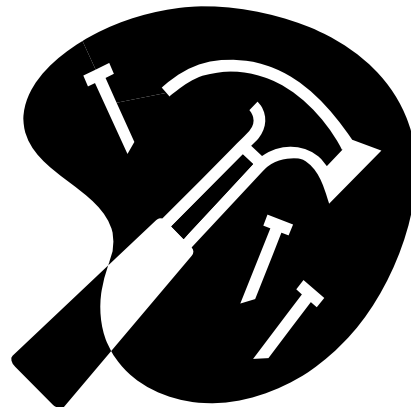


Physical Conditions Standards and Scoring

HUD Real Estate Assessment Center (REAC)

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- REAC is responsible for evaluating physical condition of PBRA properties
 - Owners must notify residents of any physical inspections and make all inspection documents available for tenants to review (24 C.F.R. § 200.857(g))
- HUD Departmental Enforcement Center (DEC) responsible for taking action against troubled properties that fail financial and physical inspections standards



REAC Scores

- Scores all multifamily housing properties' physical condition on a 100-point scale
 - **Standard 1** (90 points or higher) = inspection only once every 3 years
 - **Standard 2** (80-89 points) = inspection once every 2 years
 - **Standard 3** (<80 points) = inspected every year
 - One score < 30 points or two consecutive 31-59 scores: referred to DEC for evaluation (creates Owner Compliance Plan)
- Scores may not match reality



REAC Scores

- REAC scores posted online:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/rems/remsinspecscores/remsphysinspscores

OFFICE OF MULTIFAMILY HOUSING PROGRAMS - PHYSICAL INSPECTION SCORES									
MASSACHUSETTS								Inspection Scores Release Dates Grouped By City	Tuesday, April 03, 2018
Property Name	REMS Property ID	Inspection Score1	Release Date 1	Inspection Score2	Release Date 2	Inspection Score3	Release Date 3		
ABINGTON									
CHESTNUT GLEN	800008396	96c	11/3/2015	95b	10/18/2012	81b	11/24/2010		
WOODLANDS AT ABINGTON STATION	800217484	99b	10/31/2014	98b	10/27/2011	93c	11/5/2008		
ACTON									
LIFE CARE 29-ACTON	800216646	94c	5/23/2012	74b	5/25/2011	39c	4/7/2010		

Responding to Low REAC Scores

- Need \$\$ and owner capacity
- Rehab by existing owner
 - HUD enforcement
 - Other pressure, including local code enforcement & conditions litigation
- Sale/transfer of property
- Pass-through leases for temporary relocation from seriously substandard units
- HUD Notice 2015-02 (includes tenant consultation, compliance plan)
- Tenant engagement
 - Inspections
 - Review & monitor repair planning and work
- Vouchering out (usually last resort)

Enforcement

- **Federal law requires maintaining PBRA contract** (Section 222 of FY 18 budget)
 - “The Secretary shall also take appropriate steps to ensure that project-based contracts remain in effect, subject to the exercise of contractual abatement remedies to assist relocation of tenants for major threats to health and safety after written notice to the affected tenants”
 - **If the owner fails to fully correct deficiencies, HUD Secretary may:**
 - Require new owner
 - Impose civil money penalties
 - Full or partial contract rent abatement
 - Transfer to another project or owner
 - Suspension or debarments from federal housing programs
 - Receivership
 - Recapitalization
 - Other regulatory or contractual remedies

Management and Occupancy Reviews

- Mainly about management oversight, quick on-site review of physical conditions
- Scoring system:
 - Superior (90-100)
 - Above Average (80-89)
 - Satisfactory (70-79)
 - Below Average (60-69)
 - Unsatisfactory (59 and Below)
- Conducted by Contract Administrator
- Governed by HUD Handbook 4350.1
- HUD is revising MOR questionnaire



Ensuring Decent, Safe, and Sanitary Conditions in Practice

Emily Coffey, Sargent Shriver National Center on Poverty Law

Natalie Minev, Legal Aid Foundation of Los Angeles

Additional Resources and Legal Authorities

Important Resources

- 24 CFR 5.703
- Section 222 of [FY 18 federal budget](#)
- [HUD Notice 2015-02](#)
- [HUD Handbook 4350.3](#): Occupancy Requirements of Subsidized Multifamily Housing Programs
- [HUD Handbook 4350.1](#): Multifamily Asset Management and Project Servicing
- Online REAC scores:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/rems/rem_sinspecscores/remspphysinspscores
- [National Housing Preservation Database](#)

Questions?



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