

Opportunity to Participate in the 2014 INTERAGENCY PHYSICAL INSPECTION PILOT

I. Overview

The interagency Rental Policy Working Group (RPWG) is expanding its physical-inspection pilot in 2014 and seeks additional state housing agencies to join those currently participating. By joining the pilot, state housing agencies can save on inspection costs, reduce the inspection burden for property owners and residents, and identify other efficiencies through collaboration with federal partners.

The 2014 pilot will commence with the property identification process no later than December 2013, and inspections will be scheduled starting in late January or early February (depending on the volume). Inspections conducted by HUD will be performed no later than August 2014. Any existing USDA schedules and processes with state housing agencies will proceed as normal.

If interested in participating, please call or email Adam Hauptman at 202-475-8618 or PI.Pilot@HUD.gov.

II. Purpose and Background

The White House's Domestic Policy Council established the RPWG in 2010 to better align rental housing policies among three federal agencies that have significant affordable-housing programs: the Departments of Housing and Urban Development (HUD), Agriculture (USDA), and Treasury.

The RPWG's alignment effort has focused on reducing costs and promoting administrative efficiencies for the stakeholders (for example, state housing agencies, owners, and property managers) associated with these properties. One of the initiatives identified by the RPWG was to decrease the number of duplicative housing inspections performed on the same property by multiple federal agencies. Multifamily properties receiving overlapping federal benefits, such as low-income housing tax credits, USDA 515 funding, HUD Multifamily program funds, and HUD's HOME Investment Partnership grants (referred to as Multi-Program Properties (Properties)), may be subject to several physical inspections in the same time period using different inspection standards.

By sharing the physical-inspection report completed on a Property by one partner, the other partners are able to accept this report to satisfy their own regulatory requirements, eliminate the duplicative physical inspections they would have performed, and then retain any associated savings.

In 2012, the RPWG launched a physical-inspection pilot in six states to test the feasibility of conducting such a single, recurring physical inspection for these Properties that would satisfy all agencies' inspection requirements. A second year of this pilot was conducted in 2013 with the same states participating. The partnering pioneer states were Michigan, Minnesota, Ohio, Oregon, Washington state, and Wisconsin.

The results of the 2012 and 2013 pilots were promising and underscored that it was critical to obtain more detailed and timely input from the partnering state housing agencies, to establish an agreed-upon standard inspection protocol, to provide training, and to work more closely with state partners on the operational processes. Additionally, the data-driven matching of properties across three federal departments and several state organizations was more challenging than anticipated. All participants have been working to address these issues for the next round of the pilot.

Finally, over the course of the 2014 pilot new ways to share Property information and inspection reports will be rolled out as technological solutions are completed and tested. For example, participants may be able to input data on Properties into a common database or complete UPCS 4.0 inspections on a loaned federal notebook or tablet (for example, an HP ElitePad).

III. Benefits of Participation

The potential benefits of participation include:

- A reduced burden on owners and residents by utilizing a single required inspection;
- Savings in costs and resources for state agencies and federal partners due to a reduced inspection workload (that is, fewer inspections and the associated costs);
- Free access to federally provided inspection software (UPCS 4.0) and associated notebooks/tablets;
- Free training on the UPCS 4.0 for those agencies wishing to understand more about the use of this digital inspection system, with built-in decision-trees and quality assurance checks;
- An opportunity to collaborate and strengthen professional relationships within the affordable-housing community, to further streamline practices and develop common policies resulting in improved housing quality, and/or lower costs.

IV. Participation Criteria

While a key objective of the pilot is to save time and money, housing agencies will need to dedicate some administrative resources to initiate the project and to perform the ongoing coordination among the participants. If your agency is interested in participating in the 2014 pilot, please determine its willingness to meet the following criteria:

- Enter into an informal agreement with the federal partners (1) to reduce the inspection burden on property owners, managers, and tenants; (2) to utilize a common inspection protocol that satisfies regulatory requirements; and (3) to define each party's roles and responsibilities (in prior years this was called a Memorandum of Understanding).
- Work with HUD and USDA to develop a "pilot inspection list" of Multi-Program Properties;
- Accept inspections completed by the federal partners and provide the federal partners with the results of inspections conducted by your agency through electronic uploads and downloads of reports;

- Designate a staff member(s) as a point of contact for the ongoing communication involved in the scheduling, conducting, and sharing of inspections among HUD, USDA, and state housing agencies. Regular phone and email communication will be needed.
- Nominate physical inspectors to be trained on UPCS 4.0 if desired.
- Participate in a monthly call with the federal agencies to discuss progress and identify methods of overcoming obstacles, etc.

V. Federal Responsibilities for the 2014 Pilot

The responsibilities of the federal partners are as follows:

- Assist in Multi-Program Property identification and data cleansing;
- Provide needed training to all participants;
- Provide a schedule to each agency and track each inspections' progress (for HUD-conducted inspections, each agency will be given an interface with HUD's Multifamily inspection system to view and download inspection results);
- Perform an evaluation of the 2014 results, including the tracking of all inspections performed; and
- Conduct a quality review of all inspections.

VI. Expressing Interest: FOR ACTION NO LATER THAN DECEMBER 2, 2014

If your housing agency is interested in participating in this pilot, please call or email Adam Hauptman at 202-475-8618 or PI.Pilot@HUD.gov.

A conference call with all interested state housing agencies will be held to answer questions you may have and to provide a more detailed timeline.

Paperwork Reduction Act Burden Statement

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