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SENATE

{ REPORT
{ 115-138TRANSPORTATION, AND HOUSING AND URBAN DEVELOPMENT,
AND RELATED AGENCIES APPROPRIATIONS BILL,
2018

JULY 27, 2017.—Ordered to be printed

Ms. COLLINS, from the Committee on Appropriations, submitted
the following

REPORT

[To accompany S. 1655]

The Committee on Appropriations reports the bill (S. 1655) making appropriations for the Departments of Transportation, and Housing and Urban Development, and related agencies for the fiscal year ending September 30, 2018, and for other purposes, reports favorably thereon and recommends that the bill do pass.

Amounts of new budget (obligational) authority for fiscal year 2018

Total of bill as reported to the Senate	\$60,058,000,000
Amount of 2017 appropriations	61,437,017,000
Amount of 2018 budget estimate	47,928,180,000
Bill as recommended to Senate compared to—	
2017 appropriations	-1,379,017,000
2018 budget estimate	+12,129,820,000

those most in need. If owners fail to uphold these standards, HUD should hold them accountable. After learning of several properties around the country that suffered from severe physical deficiencies, but were none-the-less able to pass HUD inspection, the Committee strengthened a general provision requiring the Department to take specific steps to ensure that serious defects are quickly addressed. This provision requires the Secretary to take explicit actions if an owner fails to maintain its property, including imposing civil monetary penalties, working to secure a different owner for the property, or transferring the Section 8 contract to another property. In addition to the requirements under this general provision, the Department took several steps to improve its inspections process, including: closing a loophole that allowed condemned units to be excluded from inspection samples; permitting REAC to require owners to make repairs for individual deficiencies even when an overall property receives a passing score; requiring owners to adopt industry standards when making repairs; and training REAC inspectors to recognize industry standards when evaluating whether deficiencies have been corrected. In addition, HUD is considering regulatory and policy changes that would reduce the time it takes to conduct an inspection after a property owner is notified about a failing score and removing the point deductions cap, which limits how much a property's score can be lowered for multiple instances of the same deficiency type. The Committee commends HUD for the steps it has taken to improve responsiveness and accountability and encourages the Department to implement the measures still under consideration described above. It also urges HUD to consider using PBCAs to identify troubled properties early on. Unfortunately, despite enacted changes, the Department's oversight still permits a property cited for multiple code violations by State and local building departments to receive a passing REAC score. While local code violations are factored into the risk assessments that determine which properties are inspected, State and local citations for building code violations do not consistently trigger an immediate response from the Department, which may explain why HUD has been inexcusably caught off guard by media reports of atrocious conditions that have been allowed to persist within its multi-family portfolio. The Committee directs the Department to establish a plan for responding to State and local building inspector findings so that properties with serious outstanding code violations are targeted by REAC and, if conditions leading to those violations are not addressed, those properties do not receive a passing score from HUD.

Unfortunately, the Department has been less than transparent with the Committee about the extent of the problems within its assisted housing portfolio, failing year after year to comply with the Committee's requirement to provide regular reports on its most troubled properties. HUD's refusal to provide this information makes it extremely difficult to assess the Department's performance and to evaluate whether changes and reforms such as those described above are effective. Once again, the Committee requires the Department to provide quarterly reports to the House and Senate Committees on Appropriations on projects that receive multiple exigent health and safety violations, physical inspection scores