

HQS TRANSITION TO UPCSV

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TAHRA
WORKSHOP

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EXPECTED OUTCOMES TODAY

- It is not IF; it is WHEN!
- NOTHING IS FINALIZED or confirmed!
- Create an awareness of the potential impact to the HCV program
- At a very high level create a better understanding within the Agency of potential issues within the existing protocol
- Encourage TAHRA to establish a committee focused on UPCSV inspection protocol and establish itself as a partner or customer to the REAC process

OUTLINE FOR TAHRA REVIEW

APRIL 2015

- Review of Input
 - REAC Strategic Plan 2011-2015
 - Implementation of UPCS^V Inspection Protocol 2015/2016
 - HUD/CGI Protocol Comparison
 - HUD Washington, DC – Brian Ruth
 - HUD PROTOCOL REVIEWS W/McCright & Associates
- Challenges to HCVP to implement UPCS^V
 - Potential Regulatory Impacts
 - Educational Process for Protocol Difference
 - Biennial Inspection
 - Self-Certification
- Overview of the UPCS Scoring Protocol

REVIEW OF THE INPUTS

REAC Strategic Plan 2011-2015

- **Goal 1. Produce Accurate Assisted Housing Assessments and Program Diagnostics**
 - **1B. Produce physical inspections of HUD-assisted properties that are reliable, replicable and reasonable.**
 - **1B (5). Develop new inspection protocols for the HCV programs**
 - **1D. Expand the scope of REAC performance assessments and supporting diagnostics across a wide variety of assisted housing programs.**
 - **1D (3) Support assessments under the HCV program through the Section Eight Management Assessment Program (SEMAP).**

HUD/CGI PROTOCOL COMPARISON

- Develop a side by side comparative HQS/UPCSV review
 - HUD Regional Staff conducted preliminary side by side reviews with Agency staff HQS inspections.
- CGI conducting UPCSV inspections on units passed in the last 30 days around the country.

HUD WASHINGTON DC – BRIAN RUTH

- Brian is responsible” for the CGI Task Order
- Overview of the expected outcomes:
 - Create a more updated process – HQS written in 1974
 - Create a standard platform for the inspection
 - Agencies still on paper in some cases
 - No standardized protocol to measure outcomes across the country
 - Comprehensive and easy to maneuver
- Will not be created in a vacuum
- Will roll out the system in a series of “road shows”

HUD PROTOCOL REVIEWS W/ MCCRIGHT

- McCright & Associates spent 2-3 months accompanying HUD/CGI Inspectors during these on-site agency reviews
- Expected protocol differences were evident
- No discussion by staff on expected scoring process differences
 - LIPH has conducted UPCS for 15+ years
 - Landlord and Database is relatively static
- UPCS^V currently has no provision for “other program requirements” in HCVP when we compared protocols
- No LBP review by room that we are aware of, not identified in any reports or informational feedback we received

DATA ELEMENTS REVIEWED IN HCVP NOT IN THE CURRENT UPCS^V

Current HQS Data Components not in UPCS Protocol currently

- Family Composition
 - Number of bedrooms adequate
 - Food Prep Area adequate
 - Refrigerator size adequate

- Utility Services provided within the Unit and Payer

- Rent Reasonableness Determination
 - Unit, Facilities, and Neighborhood ratings
 - Amenities
 - Specific favorable rent enhancement programs

- Tenant Preference

OTHER REGULATORY CONSIDERATIONS

- Landlords within the HCVP are not tied to HUD like the LIPH
 - Significantly different Investment strategy by impacted parties
- Parameters implemented in HCVPV cannot significantly limit the choices available to the Participants
- Funding of HAP (by HUD) must support the quality of housing stock identified by HCVPV within the FMR's set by HUD.
- Other funding consideration for Self Certification
 - If Landlords Self Certify (incorrectly) and there are no longer abatements – **Where does the Agency get the additional funds for HAP, if historical abatements are 10% month?**
- Administrative Plan requirements for Inspection Protocols?

INSPECTION PROTOCOL DIFFERENCES

30,000 FT. LEVEL

- Inspection Type & Actions Required
- Subjective vs. Objective
- Inspection Ratings
- Inspection Areas by Protocols
- Regulatory Outcomes
- Abatement Process

UPCS INSPECTION TYPES

- UPCS **Annual** Inspections are required for all LIPH units owned by Agency and conducted by either the agency or a contractor.
 - Only other inspections are on informal/internal process
 - Move out/move in or complaints
 - All repairs are self certified by the agency
 - No economic impact of not fixing deficiencies
- REAC is an independent UPCS assessment conducted by HUD Contractors
 - Sample of units not all units (27 out of 250)
 - Score is a value statement (i.e. 90 out of possible 100)

INSPECTION TYPE AND ACTION REQUIRED

	UPCS	HQS
Inspection Type		
Annual	Yes	No
REAC – Annual/Biennial	Yes	No
QA	No	Yes
Action Required		
Certification of Routine Repairs	No	Yes
Certification of 24 hour Repairs	Yes	Yes

SUBJECTIVE OR OBJECTIVE

■ HQS

- One (1) and Done area results protocol (unit fails if only 1 deficiency exits)
- Does not necessarily indicate overall condition of the property
- Has more subjectivity in the inspection results determination process

■ UPCS

- Multiple minor deficiencies could rate the unit above “Standard”
- A single deficiency might be Life Threatening and not be Troubled
 - Point deductions by deficiency may not correspond to public perception of “dangerous conditions”.
 - (ie. Damage to Entry Door Hardware – will not lock and secure the door)

INSPECTION RESULTS ACTIONS REQUIRED

- HQS is very definitive – PASS or FAIL
 - 24 Hour deficiency must be cured or Rent Abated
 - Routine deficiency must be cured within 30 days or Rent Abated
 - Deficiency can impact both Tenant and Landlord
 - Tenant (ITT and/or EOP) Family Obligations
 - Landlord Rent withheld and/or program termination
- UPCS is intended to be more objective
 - Score indicates overall condition of the property as a stated value
 - 24 hour deficiency must be cured
 - Routine deficiencies are not required to be cured or certified as repaired
 - Current system does not gather party responsible for the deficiency

NO ABATEMENTS

INSPECTION RATING

Most significant difference is the Rating Process for deficiencies within the subsidized property:

- HQS can have the following ratings: (P,F,I) **“One and Done”**
 - Pass
 - Pass with Comment
 - Fail Routine (Non-Life Threatening and/or Minor) Deficiencies
 - Fail Emergency Deficiencies (Exigent Fire & Safety - Life Threatening)
 - Inconclusive Rating
- UPCS can have the following ratings (90c*)
 - High Performer – 90% or above in the scoring protocol
 - Standard Performer – 70% up to 89.9%
 - At Risk Property – 60% up to 69.9%
 - Troubled Property – 59.9% or below
 - **a** No Health and Safety deficiencies
 - **b** Non Life Threatening Deficiencies noted
 - **c** Life Threatening Deficiencies noted
 - ***** Inoperable Smoke Detectors found

REGULATORY OUTCOMES UPCS

■ UPCS:

- If an agency scores between 0% - 59.9% they are identified as a “Troubled Agency”
- If an agency scores a 60.0% up to a 69.9% they are identified as an “At Risk Agency”
- Both of these scores require the Agency to develop an “Improvement Plan” to HUD.
- Funding for the Properties continues during the “Improvement Plan Implementation” in both of these instances.

What is the Standard for the Abatement Process in HCVP

INSPECTABLE AREAS FOR PROTOCOLS

AREA	UPCS Protocol	HQS Protocol
Site	Yes	Yes
Building Exterior	Yes	Yes
Building Systems	Yes	Yes
Common Areas	Yes	Yes
Dwelling Units	Yes	Yes
Health & Safety	Yes	Yes

BASICS OF UPCS^V SCORING

- Area Points
- Nominal Weight - Inspectable Item within Area
- Criticality
- Severity

- Proportionality

- Amenity Differences

Point Cap per Deficiency

THE DEDUCTION FORMULA

- The score is a number between 0 and 100 that reflects the physical condition of a property, inspectable area or sub-area. The point deductions are a result of the formula created by REAC. In its basic terms (100 Point Scale), the formula deducts points based on the following formula:

$$\begin{array}{l} \text{Area Points} \\ \times \\ \text{Nominal Weight} \\ \times \\ \text{Criticality Level} \\ \times \\ \text{Severity Level} \\ \text{Point Cap Deductible Per Deficiency} \end{array} = \text{Deducted Points}$$

UNDERSTANDING REAC SCORING

Review Scoring Methodology

10	10	10		
-1	-1	-1	Kept	2
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9	9	9		27

AREA WEIGHTS

■ Site	15	Points
■ Building Exterior	15	Points
■ Building Systems	20	Points
■ Common Areas	15	Points
■ Dwelling Units	<u>35</u>	<u>Points</u>
■ Total	<u>100</u>	Points

EQUITY PRINCIPLES

■ Proportionality

- No single building or unit can affect the overall score more than its proportionate share of the whole

■ Configuration

- Area scores are calculated for building exteriors and systems by using weighted averages of the sub-area scores, where the weights are based on the number of units in each building

■ Differences

- In the overall score, weights are adjusted to reflect inspectable items that are present

NOMINAL WEIGHTS

HOW IMPORTANT IS AN ITEM TO THE TOTAL AREA ?

Item	Nominal Weight %
Fencing and Gates	10
Retaining Walls	10
Grounds	12.5
Mailboxes/Project Signs	1
Market Appeal	8
Parking Lots/Driveways/Roads	8.5
Play Areas and Equipment	12.5
Refuse Disposal	12.5
Storm Drainage	12.5
Walkways/Steps	12.5

CRITICALITY LEVELS

HOW CRITICAL IS A DEFICIENCY TO THE ITEM?

Criticality Level	Value
1	.50
2	1.25
3	2.25
4	3.00
5	5.00

SEVERITY LEVELS

HOW SEVERE IS THE DEFICIENCY?

Severity	Value
Level 1	.25
Level 2	.50
Level 3	1.00

SCORING EXAMPLES – NOMINAL WEIGHT

Dwelling Unit Inspection:

= 35.0 Points = 100%

■ GFI Inoperable:

■ Area Points		35	
■ Nominal Weight:	.10		
■ Criticality (5):		5	
■ Severity Level (3):		1	
■ Deducted Points:		17.5 Point Deduct	-5.0 Point Cap
■ HEALTH AND SAFETY NLT	35x.15x5x1	26.3 Deduction	

■ Plumbing – Leaking Faucet/Pipes

■ Area Points		35	
■ Nominal Weight:	.15		
■ Criticality (3):		2.25	
■ Severity Level (3):		1	
■ Deducted Points:		11.8 Point Deduct	-5.0 Point Cap

Total Unit Score

= 25.0

Less: Health and Safety

= 26.3

UNIT Final Score

= -0-

TOTAL PROPERTY POINT

■ Area	Site	15 Possible	15 Actual
■ Area	Building Ext.	15 Possible	15 Actual
■ Area	Building Sys	20 Possible	20 Actual
■ Area	Common Area	15 Possible	15 Actual
■ Area	Dwelling Unit	35 Possible	0 Actual
■ Total Unit Score			65 Points
■ AT Risk Unit between 60.0% and 69.9%			

ACCESS TO INFORMATION

- Go to www.mccright.com/pages/library
- Click on HQS to UPCS^V
 - TAHRA Power Point Presentation
 - UPCS Current Scoring Protocol
 - UPCS Data Dictionary by Deficiency
 - *All the information is PDF formatted*
- Feel free to call me with Questions

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