# RIHousing

# Physical Property Inspections under the Housing Credit Program

LIHTC Compliance Workshop
February 20, 2018

# Agenda

- Introductions
- Inspection Requirements
- Types of Inspections
- Inspectable Areas
- Common Findings
- Helpful hints for preparation
- Remedies for non-compliance
- Resources
- Agency Updates
- Questions and Answers

# Inspection Requirements

- Treas. Reg. §1.42-5(c)(2)(ii)(B): once every 3 years state agencies conduct on-site inspections of all buildings, common areas, grounds and percentage of units in the project.

- LIHTC projects must be safe, decent, sanitary, in good repair, suitable for occupancy

- Uniform Physical Conditions Standards (UPCS) is the inspection standard

- UPCS = REAC
    - RI Housing uses discretion
    - InspectCheck software used

# Types of Inspections

**RI Housing's Four Types of Inspections**

1. REAC
2. REAC under the Pilot program
3. Mortgagee
4. UPCS

- Standards are applicable to <u>all</u> properties subject to UPCS physical inspection.

- Inferior repairs  - not acceptable

- All repairs <u>must</u> be made in good and workmanlike manner with materials suitable for the purpose and defect free.

# HUD Notice **Industry Standard Repairs**

- **Cracks in Brick Wall:** Tuck-pointed using mortar = correct; *Caulking is not.*

- **Drywall Repair:** Sheetrock with mud and/or tape = correct. *Covering hole or damaged drywall with plywood or laminate is not.*

- **Wooden Door Repair:** Wood or wood veneer = correct. *Sheetrock mud or plywood is not.*

- **Downspouts:** Same materials, shape and design = correct. *Plastic or PVC piping is not.*

**https://www.us-hc.com/images/pdfs/IndustryStandardNotice2016.pdf**

## REAC

- The Uniform Physical Conditions Standards (UPCS) are the standards followed for REAC (Real Estate Assessment Center) inspections.

- Performed by 3rd party HUD certified inspectors

- UPCS standards

- Use Rapid 4.0 software - Record and Process Inspection Data (RAPID) inspection software

- 8823s may be issued

https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reac/products/prodpass/dcd4.0

## REAC under the Pilot program - a.k.a. Interagency Physical Inspection Alignment Initiative

- Initiative between IRS, HUD and USDA
- Performed by 3$^{rd}$ party HUD certified inspectors including RI Housing Compliance staff who are HUD certified
- UPCS standards
- Use Rapid 4.0 software -  Record and Process Inspection Data (RAPID) inspection software
- 8823s may be issued

https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reac/products/prodpass/dcd4.0

RIHousing

## Mortgagee

- Property is in good standing and well maintained

- UPCS protocol

- Sampling of all buildings, building systems, common areas, grounds and vacant units.

- All health and safety items will be brought to attention of management; 24 hours to correct such condition

- Conducted by RI Housing Compliance Specialist

- 8823s may be issued

**UPCS – Uniform Physical Condition Standards**

- UPCS Protocol

- Use InspectCheck software

- Five required inspectable areas

- At least 20% of units, all buildings, building systems, common areas, and grounds

- Market Ready and Vacant units over 30 days

- Conducted by RI Housing Compliance Specialist

- 8823s may be issued

# Inspectable Areas

**Five Areas Required Under UPCS:**

1. Site

2. Building Exterior

3. Building Systems

4. Common Areas

5. Units

RIHousing

## SITE

- Fencing and Gates
- Grounds
- Mailboxes/Project Signs
- Market Appeal
- Parking Lots/ Driveways/Roads

- Play Areas and Equipment
- Refuse Disposal
- Retaining Walls
- Storm Drainage
- Walkways/Steps

## BUILDING EXTERIOR

- Doors
- FHEO/Uniform Federal Accessibility Standards (UFAS)
- Fire Escapes
- Foundations

- Lighting
- Roofs
- Walls
- Windows

## BUILDING SYSTEMS

- Domestic Water
- Electrical System
- Elevators
- Emergency Power

- Fire Protection
- HVAC
- Roof Exhaust System
- Sanitary System

# Inspectable Areas *(cont.)*

## <u>COMMON AREAS</u>

- Basement/Garage/Carport
- Closet/Utility/Mechanical
- Community Room
- Day Care
- Halls/Corridors/Stairs
- Kitchen
- Laundry Room
- Lobby

- Office
- Other community spaces
- Patio/Porch/Balcony
- Pools and Related Structures
- Restrooms/Pool Structures
- Storage
- Trash Collection Areas

# Inspectable Areas *(cont.)*

## UNITS

- Bathroom
- Call-for-Aid
- Ceiling
- Doors
- Electrical System
- Floors
- Hot Water Heater
- HVAC System

- Kitchen
- Laundry Area
- Lighting
- Outlets/Switches
- Patio/Porch/Balcony
- Smoke Detector
- Stairs
- Walls
- Windows

# Health and Safety

## HEALTH AND SAFETY ITEMS

- Air Quality
- Electrical Hazards
- Elevator
- Emergency/Fire Exits

- Flammable Materials
- Garbage and Debris
- Hazards
- Infestation

RIHousing

## Exigent Health & Safety (EHS)

- Risk of potential harm or death to residents or others
  - Air Quality
  - Blocked Egress
  - Improperly stored flammable materials

## Health & Safety (H&S)

- Any hazardous condition that poses threat to health and safety of residents and others
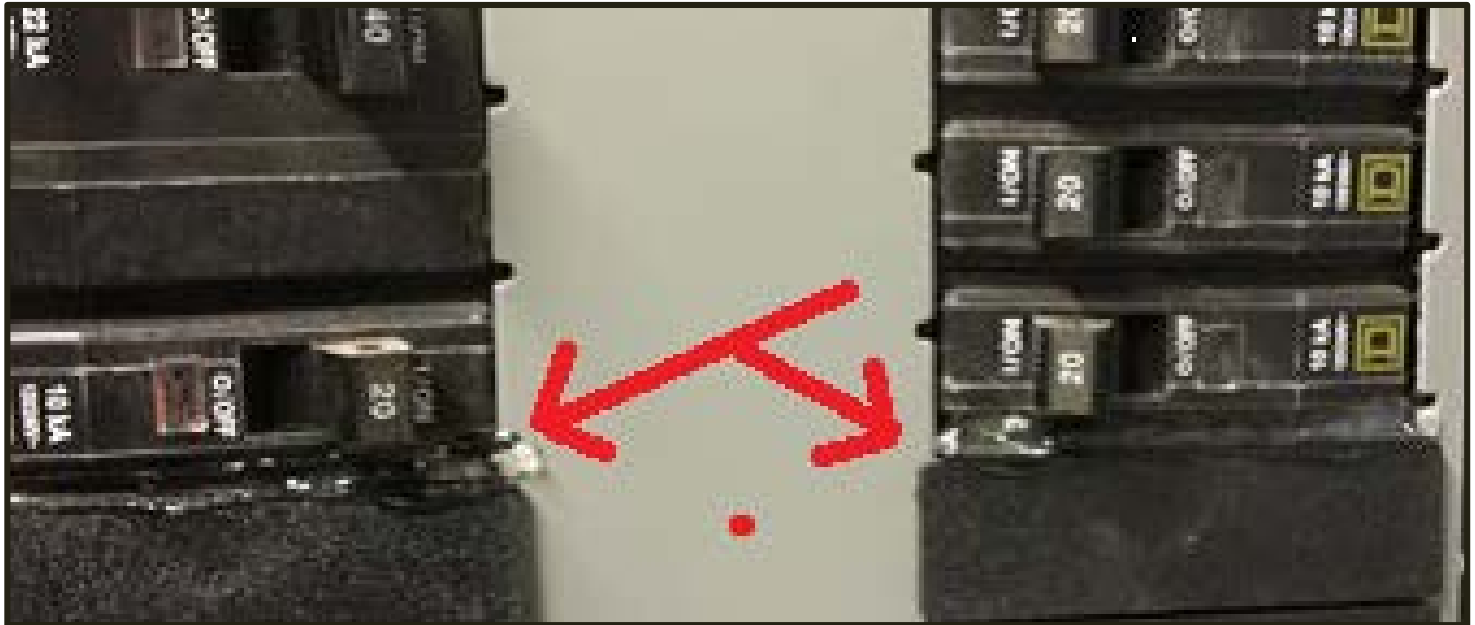  - Sharp edges
  - Infestation
  - Trip hazards

RIHousing

## Blocked Egress

If there is only one window in a bedroom, it must be a viable egress in case of emergency. Large furniture in front of window inhibits an emergency exit.
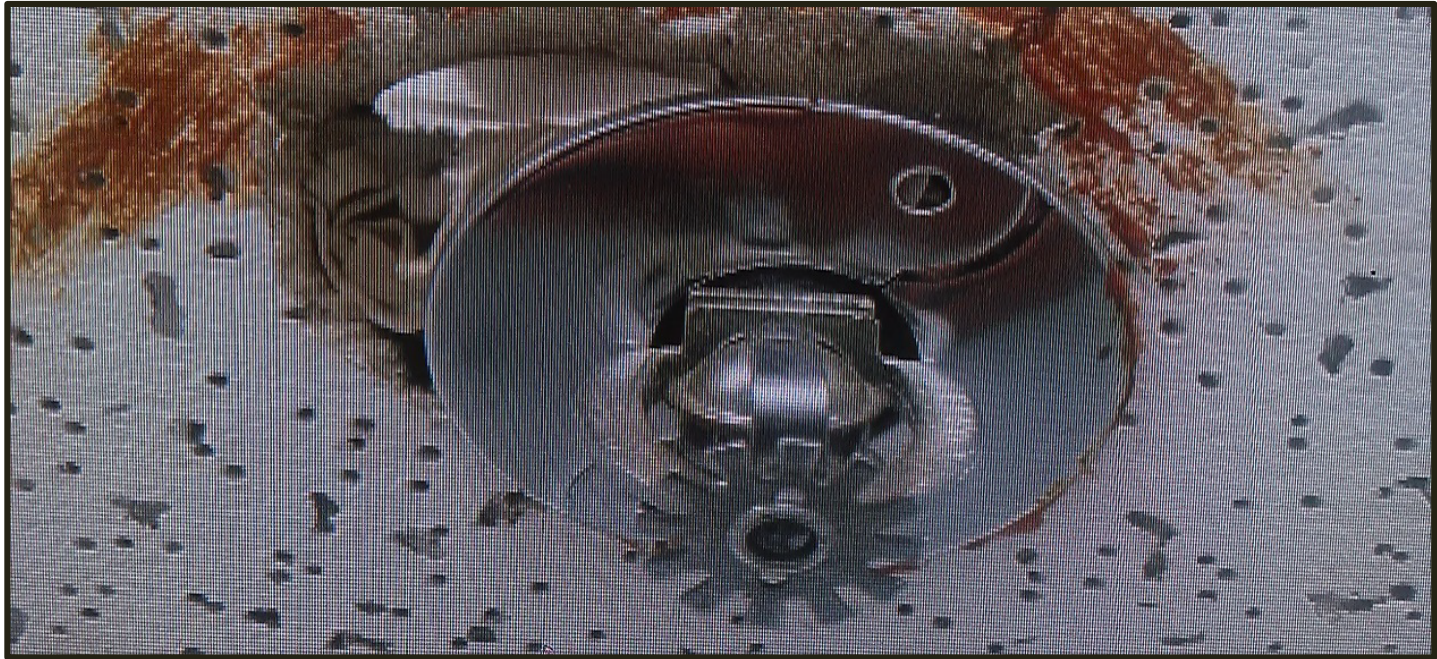
## Electrical Hazard

Repairs are not Industry Standard, caulking was used to fill gap.

RIHousing

## Sprinkler Head

Escutcheon missing, replaced with a pipe trim ring,
hole in ceiling tile and paint on ceiling.

## Missing Knockout

Electrical panels and junction boxes have additional knock-outs in the event further work is needed; however, an open knock-out is a LT health and safety concern.

## Call-for-Aid

Must be accessible, must be long enough to reach floor, cannot be blocked by furniture, must function as designed:

- Bell rings
- Annunciator on panel tones and/or illuminates
- Light above apartment door illuminates

RIHousing

## Broken glass – sharp object

Can be found in shrubs, play areas, parking areas or anywhere on grounds.

RIHousing

Cords running across floors

Tripping Hazard

Broken lifting/heaving walkway-

Tripping Hazard

# Helpful Hints for Preparation

## REAC – have available:

- Site Map
- Building Information
  - Units
  - Floors
- Square footage of parking lots/driveways and walkways for inspector
- Current Rent Roll or Occupancy Report
  - Bedroom Size
  - Vacant Units

## REAC - have available:

- Boiler certificates
- Elevator certificates
- Lead-Safe documentation
- Evidence of Fire Alarm Testing
- Resident notification letter
  - Should state inspection may last more than 1 day
  - Do not set specific completion time for unit inspections
  - Check for grease/oil in the oven
  - Check egresses – doors and windows
  - Check pull cords

**For UPCS:**

- If master key system, have keys <u>ready</u>
- Site map
- Have staff <u>ready</u> to walk with RI Housing staff
- Notify tenants
  - Do not state <u>specific</u> end time for unit inspections
  - Check for grease/oil in the oven
  - Check egresses – doors and windows
  - Check pull cords

# Remedies for Non-Compliance

- Health and safety (EH&S and H&S) are written up immediately
- 8823s are issued for all EH&S Health and safety for REAC and UPCS
- Must be corrected within 12, 24 or 48 hours
- Proof of correction must be submitted

RIHousing

# Remedies for Non-Compliance

**UPCS findings – 30 days to provide proof of correction**

- Proof of correction includes signed work orders

- If correction must be delayed, provide proof, estimated commencement and completion dates.

- Request extension if unable to meet 30-day deadline.

# Available Resources

- **IRS 8823 Guide**

https://www.irs.gov/pub/irs-utl/lihc-form8823guide.pdf

- **HUD REAC Compilation Bulletin**

https://portal.hud.gov/hudportal/documents/huddoc?id=CompBullet4Ver2_31515.pdf

- **UPCS Code**

https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/reac/products/pass/pass_insp_rpv23

# Questions?

# Compliance Contacts

**Rental Compliance/Training Coordinator:**
- Kathleen Millerick:    kmillerick@rihousing.com  (401) 457-1241

**Multifamily Compliance Supervisor:**
- Jill Rioles:    jrioles@rihousing.com    (401) 450-1307

**LIHTC Program Multifamily Compliance Specialists:**
- Glen Turner:    gturner@rihousing.com    (401) 457-1154
- Craig Scorpio:    cscorpio@rihousing.com    (401) 450-1326
- Lenore Coughlin:    lcoughlin@rihousing.com    (401) 457-1258
- Jamie Wolcott:    jwolcott@rihousing.com    (401) 450-1343

**HOME Program Compliance Specialist:**
- Brittany Toomey:    btoomey@rihousing.com    (401) 429-1455