

LeadingAge Members Call-in for a REAC Virtual Listening Session – Q&A

[This is a supplement to the original May 17 article at <https://www.leadingage.org/regulation/leadingage-members-call-reac-virtual-listening-session>]

LeadingAge hosted deputy assistant secretary for the Real Estate Assessment Center (REAC), Mr. D.J. Lavoy, at our offices on May 13 for a member call-in to hear the latest about current REAC inspection changes and the planned demonstration that is advancing rapidly toward implementation. Almost one hundred members called-in for this virtual listening session, similar to the in-person listening sessions that have been held already at various points around the country.

A demonstration notice (to be published in the Federal Register) as early as June will formalize details of voluntary participation, which will be made available to willing owner/agents nationwide. The official demonstration is currently expected to start in the fourth quarter of fiscal year 2019. When the new NSPIRE standards go into effect, no property will pass the overall inspection if the Dwelling Units inspectable area fails.

Following are the questions that were received by callers at the end of the presentation and Mr. LaVoy's responses as summarized by LeadingAge staff.

Q: If you are in PA and normally have an inspection in April or May, since we haven't been notified of an inspection yet, does this mean we will be part of the demonstration inspection?

A: No. Owners must submit a request to participate in the demonstration. Participation Registration opens when the Demonstration Notice is published in the Federal Register. Registration will be available via NSPIRE Website. NOTE: Though not mentioned specifically during the listening session, it should be noted until a property is formally accepted into the NSPIRE Demonstration, the owner/agent should continue to plan for a REAC inspection that should be scheduled in accordance with existing policy.

Q: The 14 calendar days [notice period] does not include only sites with HUD mortgages, correct? So a HOA or Assisted living still has 120 day notice?

A: Correct. Generally, for insured properties where the servicing mortgagee is responsible for procuring the inspection, the 14-day notice does not apply. See Notice H-2019-04 for more details.

Q: Can we print a copy of the slides?

A: Yes, click [here](#) to access the latest version of the presentation slides; and check out https://www.hud.gov/program_offices/public_indian_housing/reac/nspire for the latest NSPIRE demonstration information, including recent presentation slides.

Q: Our property completes our self-inspections in early summer. Would it be best to wait until late summer so the proof we submit for self-inspection is the most current information?

A: If your site currently has software that is used and can generate work orders, there is no reason to wait. Owner submitted information can come from inspections anytime within the year, and do not have to wait until the demonstration begins. HUD encourages all properties to conduct regular maintenance inspections throughout the year.

Q: Is it true that Massachusetts properties through MassHousing is not under the HUD rule of 14 Day advanced notice?

A: This rule only applies to the properties subject to a REAC inspection and listed in Notice H-2019-04.

Q: I operate an assisted living facility and some stoves are turned off at the breaker for safety issues, will we get a deficiency for that?

A: Yes.

Q: We do not have subsidized apts, but we have tenants with Sec 8 and RAD vouchers
Will we be on the 14 day notice?

A: No, inspections which are conducted by Public Housing Agencies and servicing mortgagees will not be subject to the 14-day notice.

Q: Are the demonstration properties only in Region 3?

A: No. Initially the demonstration was going to be limited to Region 3 only. Now it will be made available nationwide and owners may volunteer when the NSPIRE demonstration notice is released. Please note the Demonstration is scheduled to begin with Region 3 and will progress on a rolling basis to include the other HUD regions.

Q: When does self inspection and submission of results begin?

A: Self inspections are expected to begin in the 3rd quarter of FY19, shortly after the demonstration notice is issued.

Q: In an assisted living property where a resident's stove is turned off for their safety, is this a deficiency?

A: Yes, it will be recorded as a deficiency.

Q: If the stove is off for resident safety, can you turn it on for the inspector to avoid the deficiency?

A: If the stove is made operable prior to the inspection, then yes. If at the time of the inspection the stove is off, no, it is a deficiency.

Q: But, if we turn on a stove prior to inspection, we are putting our residents at risk. So take the points?

A: HUD is always concerned about resident health and safety. Inspections are assessments at the point in time it is conducted.

Q: What happens if a building is in the middle of a capital improvement i.e. bathroom renovations at the time REAC is scheduled?

A: We do not want owners to stop making repairs/improvements. If you have plans for work, and have submitted a reserve for request notification to your HUD office, they may be able to hold your site name off the list to be scheduled for an inspection.

[Supplemental: LeadingAge suggests also our article "[Approving the Delay of a Physical Inspection Beyond the New Real Estate Assessment Center \(REAC\) Inspection Notification Timelines](#)" on the March 21 memorandum is being distributed by regional offices to owner/agents in their area, and indicates that the Asset Management Director may approve a delay in an inspection for the following four (4) circumstances: major rehabilitation; Presidential Disaster Declaration, other emergency; or, HUD approved repair plan.]

Q: What form of contact is the 14-day notice, i.e. e-mail, phone, letter?

A: First contact attempt will be by phone, to contact of record. Followed up by an email, but the inspector attempts to make a confirmed contact with someone on site.

[Supplemental: HUD multifamily urges owners to ensure the best current contact desired is reflected in their record in Secure Connections.]

Q: When will the inspection software be available for download?

A: It will be provided to those selected for the demonstration after the demonstration notice is issued.

Q: What if your score is a 75 and you go into the demonstration? Can you increase your score or will you stay at 75?

A: Scores from the latest UPCS inspection will remain for the duration of the demonstration. Please note that demonstration scores for properties will be advisory.

Q: We have a Capital improvement schedule (Roof replacement upcoming, boilers to be replaced, parking lot and ramp) that has started and will continue through July, was unsure if we should volunteer for the (demonstration) or wait for upcoming physical coming up possibly in June

A:- If these improvements will run into the value of \$15,000 per unit, you could seek to defer.

Opportunity to volunteer will not be issued until the demonstration notice is out, likely sometime in June. So you may not have the opportunity to volunteer first. But you should speak to your AE about possibilities of seeking a database adjustment for repair work under way. I assume you've seen the detail we've shared here:

<https://www.leadingage.org/regulation/addressing-rehabmodernization-during-planned-react-inspections>

<https://leadingage.org/regulation/react-physical-inspection-and-related-hud-policies-more-recent-developments>

Q: I would like to know what changes, if any, for the inspection will be implemented for the sites that just have a HUD held mortgage but they are Condo/Cooperatives where the person "owns" their unit. These are not HUD Affordable sites and are just financed/refinanced with a HUD mortgage. There seems to be an issue when the "owners" don't want to allow management in to inspect their unit each year and owners state that HUD cannot force them to make changes/repairs to their units.

A: Properties—such as HUD-held mortgagees—that are not subject to a REAC inspection are not eligible for the demonstration.

Q: I would also like to know what changes, if any, for the inspection will be implemented for Care Centers/Assisted Living since they are not HUD Affordable sites and are just refinanced with a HUD held mortgage so there are state inspections that can play a role in what requirements are that can contradict what the REAC inspection says

A: These changes do not apply to properties that are not subject to a REAC inspection.

Q: How has the REAC NSPIRE development team been coordinating with the Interagency Inspection Alignment program? How will proposed changes in the site-based reporting and/or risk analysis be applied to ongoing efforts with stakeholder alignment/streamlining (IRS, HFA, USDA, etc)?

A: Once the demonstration has run its course and modifications are made, the NSPIRE program will replace the current UPCS inspection and all partner/alignment groups will begin to use the new model. REAC will, however, begin the process of coordinating with the other agencies to ensure they are aware of and are taking steps to align their policies with the implementation of NSPIRE.

Q: REAC inspectors have so far only been instructed to collect information about presence of Carbon Monoxide detectors. Can you tell us anything about likely policy changes regarding mandatory provision of CO devices?

A: HUD announced June 20 that it is making \$5 million [available](#) to Public and Indian housing programs; and in April HUD sent out a [notice](https://www.hud.gov/sites/dfiles/OCHCO/documents/19-06pihn.pdf) (<https://www.hud.gov/sites/dfiles/OCHCO/documents/19-06pihn.pdf>) to remind owners of obligations to have carbon monoxide alarms installed where required by state/local codes, and urging owners to have operational CO detectors (1) in units that have fuel-fired/burning appliance(s) and/or an attached garage, and (2) in bedrooms that contain a fireplace or a fuel-fired or burning appliance.

As noted in the comments from one attendee, “We appreciate the time you are investing to engage with owner/agents. Thank you.”