

## **FOLLOW UP HQS BIENNIAL INSPECTIONS 7/30/14**

### **Issues Raised by Council/Citizens not addressed in meeting:**

1. "85% fail rate" cited in Nov. 2012 in depth meeting (Jane Reishauer/Mike Rehwaldt)
  - a. It is true that the fail rate as calculated in FY 2012 was 85%. However after review of 2014 FTE inspections, we find the pass rate has improved to 50.8% as follows;
  - b. Table below demonstrates "apples to apples" comparison of ANNUAL type inspections in FY 12 and FY 14:

	FY 12	FY 14
Unique Annual Units	341	340
Passed on initial annual	140	173
Pass Rate	41.06%	50.88%

This information speaks to the issue at hand by reviewing the inspections which pertain to this particular policy change (annual inspections) and eliminating from the analysis the types of inspections which would not be impacted by the policy change (New unit, special, emergency, and supervisory)

- c. "Fail" means one deficiency, which could be, and usually is, as simple as a cracked switch plate cover or carpets needing to be cleaned.
    - d. In FY 2014, 16 "life threatening" conditions were cited. 12 were smoke detector batteries.
2. What is the geographic distribution of inspection results in the county vs within city? (Tom Spread)
  - a. We have less than 3% of our units in the county. Inspections on these units are at least double costs of in town inspections.
3. What is the success rate of reinsertion? (Tom Spread)
  - a. 98%
4. Do/should we be compensated for re-inspection similar to commercial fire inspections? (Tom Spread)
  - a. Expressly prohibited under Federal regulations.
5. Is the penalty for failure limited to non-participation in the Section 8 Program? Are there other remedies? (Tom Spread)
  - a. Following a non-life threatening failed inspection, owner is given 30 days to make repairs.
  - b. If repairs are not completed within 30 days, the following months Housing Assistance Payment is withheld, but unit remains under contract.
  - c. When repairs are completed, owner notifies MMHA, which completes a final inspection. When final inspection passes, HAP is restored as of the date of the final (passed) inspection.

- d. If an owner refuses to make repairs, family is issued a voucher to move to a new unit. Failed unit is referred to CD department for follow up on compliance with non-Section 8 rental requirements.
6. Are Section 8 units disproportionately represented in “blighted” rental properties? (Tom Spread)
- a. Based on a figure of 348 Section 8 housing units, Section 8 housing accounts for a little over 12% of rental housing units in the City of Muscatine 64% of Section 8 housing units are found within the designated blighted area, this compares with 55% of all rental units, and 48% of all housing units.
  - b. Section 8 units are not the main concern, because even with biennial inspections, S8 units will be inspected more often than other registered rentals (once every 2 years, plus with each new S8 tenant vs once every 3 yrs.)
  - c. Section 8 units are most highly concentrated in 3 areas: Harmony Lane neighborhood, University Drive/Colorado St., Park Ave. between Cleveland & Ford. These highest Section 8 concentration areas are not represented in the blighted property sub district identified in the City’s Comprehensive Plan (pg 9-8).
7. What can be done to increase the “pass” rate of inspections? Education? (Phil Fitzgerald)
- a. Annual inspections in FY 2014 we show a pass rate of 50.8% as follows,  
340 annual inspections  
173 passed on first visit  
50.8% pass rate
  - b. Housing staff could support landlords by providing them with HQS checklists and encourage them to complete in the off year.
  - c. Staff could also encourage landlord to do a walkthrough using the check list 30 days prior to the official HQS inspection.

#### **Section 8 Administration Funding Outlook**

1. In FY 2012 we received over \$200,000 in fees to operate the program. At FYE 2014 our funding was approximately \$161,500., a reduction of \$38,500 or 19.25%  
As a result of this loss we have drawn from our administrative fee fund balance accumulated prior to FY2012. We have also reduced staff hours.

Preliminary numbers indicate a reduction in the administrative fee fund balance of \$22,900 for FYE 2014 bring our fund balance to approximately \$50,000 at the beginning of FY 2015.

There is little to no relief in sight for an increase in admin fees. At this time, reduction of administrative burden is HUD/Congress response to cuts. Biennial HQS inspections are the most significant relief being offered. Implementation of the biennial HQS inspections will allow the program to offset the loss.

### **Other Information Biennial Inspections**

MMHA staff is confident that people served by Section 8 will not be put at increased health/safety risk because:

- MMHA will continue to encourage tenants/owners to advocate for themselves by communicating with each other, and more importantly, by completing special inspections by request of either party. Follow up for these inspections is the same as annual inspections.
- All units will still be inspected prior to lease up.
- Current inspection program demonstrates that very few “life threatening” concerns exist in Section 8 subsidized units.
- By the nature of the program, participants are able to move to units that better suit their needs without losing their assistance.

What are other section 8 programs doing with the biennial inspections option?

- According to a survey conducted by our software provider, more than 80% of Section 8 programs are going to the biennial inspections.

Who supports the change and why?

- PHA staff support this change primarily because of the reduction in administrative fee that will place the program at risk of downsizing and in turn assist fewer of our citizens in need.
- Landlords support this change that will allow them to spend less time accommodating the administrative work associated with annual inspections. Landlords also know they can call in at any time for a special inspection. (as of 7/30/14 we have 98 landlords on the program)
- Program participants support this change because they will not have to take time off work or make arrangements for inspections to take place. Participants also know they can call in anytime for a special inspection.