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February 16, 2024

CONTACT HUD OIG MEDIA RELATIONS: OIGMediaRelations@hudoig.gov

HUD Lacked Adequate Oversight of Multifamily Housing Properties with Failing REAC Scores or Life-Threatening Deficiencies

WASHINGTON DC—The U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) issued a report assessing HUD's oversight of multifamily housing properties with failing Real Estate Assessment Center (REAC) scores or life-threatening deficiencies.

HUD relies on contractors to periodically inspect multifamily properties using standards established by REAC to ensure that HUD-assisted or Federal Housing Administration (FHA)-insured Multifamily properties are safe and up to code. HUD requires property owners to immediately remedy life-threatening exigent health and safety, as well as fire safety smoke detector deficiencies identified during REAC inspections and provide a certification the violation was addressed within three business days of the date of the inspection.

HUD OIG's report identified multiple areas where HUD needs to improve its oversight of physical conditions in multifamily housing properties. We found that for 45 percent of the sampled properties reviewed, HUD did not meet its own requirement to issue notice to owners that they failed to remedy inspection findings within 15 days. HUD also lacked sufficient procedures and controls to ensure that notices of violation and default were issued timely and consistently. This lag resulted in property owners being delayed in correcting violations and deficiencies identified during the REAC inspection. These delays collectively increased the risk that residents were subjected to inadequate living conditions.

Further, HUD staff did not collect adequate documentation from property owners consistently to ensure that the owners remedied health and safety threats timely. This resulted in HUD repeatedly failing to report to Congress accurate and timely information about the physical condition of assisted multifamily housing properties that received a failing REAC inspection score.

Inspector General Rae Oliver Davis issues the following statement: "No renter should be forced to live in a home where emergency health and safety threats exist. This audit demonstrates the significant challenges HUD faces in holding multifamily property owners accountable for providing quality housing to renters. We look forward to working with HUD on addressing the recommendations made in this report to improve living conditions for the millions of Americans living in HUD-assisted housing."

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