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# United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

October 31, 2016

The Honorable Julián Castro  
Secretary  
U.S. Department of Housing and Urban Development  
451 7th Street SW  
Washington, DC 20410

Dear Secretary Castro:

Over the past year, Senator Marco Rubio has brought to the Committee's attention the appalling conditions in certain Florida housing developments that receive federal assistance from the Department of Housing and Urban Development (HUD). These substandard conditions have persisted over a number of years in violation of the physical condition standards set forth in federal regulations. Even HUD inspectors have described these conditions as "life-threatening."<sup>1</sup>

On September 22, 2016, through its Subcommittee on Housing, Transportation, and Community Development, this Committee held a hearing to examine HUD's inspection process at federally-assisted multifamily properties.<sup>2</sup> You were invited to testify at that hearing, directly or through a designee of your choosing, but refused to appear. We are deeply troubled that you have refused to testify on this important issue.

Moreover, we have serious concerns that you have failed to fulfill your legal obligation to ensure that HUD-assisted housing is "decent, safe, sanitary and in good repair."<sup>3</sup> According to HUD senior staff, over the last five years HUD has:

- Allowed the number of private certified inspectors to decline by half;
- reduced the number of training days required for inspector certification;
- allowed the number of quality assurance inspectors to decline by nearly two-thirds;
- waived requirements that units with failing scores be reinspected by quality assurance inspectors within 60 days of a failed inspection;
- violated federal regulations requiring annual reinspection for underperforming properties (some of which were not reinspected for more than four years); and

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<sup>1</sup> See 77 Fed. Reg. 47,708, 47,720 (Aug. 9, 2012). Life-threatening deficiencies are denoted by a "c" following the physical inspection numeric score.

<sup>2</sup> *Oversight of the HUD Inspection Process: Hearing Before the Subcomm. on Hous., Transp., and Cmty. Dev. of the S. Comm. on Banking, Hous., and Urban Affairs* 114th Cong. (Sept. 22, 2016).

<sup>3</sup> 24 C.F.R. § 5.703.

- drastically reduced Management and Occupancy Reviews (MORs) – a critical fail-safe for standard physical inspections – due to a prolonged procurement dispute.

Most troubling, it appears these failings were not the result of budget constraints. Congress has fully funded the President's budget request for the accounts associated with physical inspections and MORs in all but three years since FY2010. In the three years where the enacted amount was less than requested, the amount included in the final appropriation reflected substantial unobligated balances that were carried over from prior years. In other words, each year you have withheld millions of dollars that Congress appropriated for physical inspections of HUD-assisted properties. Your inaction suggests serious negligence with respect to oversight of housing quality, to the detriment of many families.

To better inform this Committee, please provide the following information for each year since fiscal year 2005, by state, unless otherwise noted:

1. The number of physical inspections of multifamily properties by certified inspectors, and the number of quality assurance reinspections and collaborative inspections by quality assurance inspectors.
2. The number of MORs of multifamily properties, listing separately those performed by performance-based contract administrators and by HUD employees.
3. The number of HUD-employed quality assurance inspectors.
4. A report of all multifamily properties that are assessed through the Real Estate Assessment Center and have Uniform Physical Condition Standards (UPCS) physical inspection scores of less than 60 or have received an unsatisfactory management and occupancy review within the past 36 months.
5. A detailed explanation of why the Office of Multifamily Housing Programs suspended MORs and how it ensured effective oversight of its portfolio in their absence.
6. All UPCS inspection reports and MORs for Eureka Gardens (PID 800004072), Windsor Cove (PID 800004507), and Stonybrook (PID 800004469), redacted only for personally identifiable information.
7. All documents and communications referring or relating to the findings, determinations, and/or recommendations of HUD's inspections task force.

Please provide all requested information and documents by December 5, 2016.

Sincerely,



Richard C. Shelby  
Chairman



Tim Scott  
Chairman, Subcommittee on Housing,  
Transportation, and Cmty. Development