



AUDIT MEMORANDUM

October 23, 2024

To: Dominique Blom
General Deputy Assistant Secretary, P

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From: Kilah S. White
Assistant Inspector General for Audit, GA

Subject: Audit Memorandum (2025-CH-0801): Timing of PHAs' Lead-Based Paint Visual Assessments

The purpose of this memorandum is to alert you to an issue that the U.S. Department of Housing and Urban Development (HUD), Office of the Inspector General (OIG), has identified that affects the timeliness with which public housing agencies (PHA) with units that have lead-based paint are performing required lead-based paint visual assessments.

In the past 18 months, HUD OIG audited, among other issues, whether three of the nation's largest PHAs conducted timely lead-based paint visual assessments¹ as required by the Lead Safe Housing Rule (LSHR).

In each of these audits,² we discovered that the PHAs did not always meet the requirement to conduct lead-based paint visual assessments within 12 months as required by the LSHR.³ A common issue HUD OIG found was that the PHAs incorrectly interpreted the LSHR timing requirement that lead-based paint visual assessments must occur every 12 months to be consistent with HUD's timing requirement that physical unit inspections occur annually.⁴ PHAs either combined the visual assessments with the annual physical condition inspections required by 42 U.S.C. (United States Code) 1437d(f), or improperly relied on the "annual" requirement instead of the LSHR 12-month requirement for the timing of lead-based paint visual assessments. Although the requirements are similar, and PHAs can gain efficiencies by

¹ Lead-based paint visual assessments are conducted by public housing agencies to look for deteriorated (e.g., peeling, chipping chalking, or cracking) lead-based paint and whether prior hazard reductions measures are failing.

² HUD OIG audit reports 2024-CH-1003, 2024-CH-1002, and 2023-CH-1001

³ The LSHR provides the requirements for maintenance and reevaluation activities when lead-based paint is discovered in, among other places, public housing units. The LSHR requires PHAs to conduct "a visual assessment for deteriorated paint, bare soil, and the failure of any hazard reduction measures... at unit turnover and every twelve months." 24 CFR (Code of Federal Regulations) 35.1355.

⁴ 42 U.S.C. 1437d(f) provides that PHAs "shall make an annual inspection of each public housing project to determine whether units in the project are maintained" in a condition consistent with the "housing quality standards" set by the Secretary of HUD to "ensure that public housing dwelling units are safe and habitable." Further, HUD's requirement at 24 CFR 5.707 clarifies that all units within a public housing project must be inspected annually.

performing both at the same time, the timing requirement may be incompatible in practice if PHAs perform lead-based paint visual assessments at the time of the annual unit physical inspection but exceed the LSHR 12-month requirement.

Based on our three recent audits, we believe that the misinterpretation of the time requirement for lead-based paint visual assessments in the LSHR are causing PHAs to inadvertently not comply, even though they are making good faith efforts to follow the requirement. This is occurring because PHAs are interpreting the “every 12 months” requirement of the LSHR and the “annual” unit inspection requirement as being the same when they are not. For example, PHAs could conduct a visual assessment in August 2024 and the next visual assessment in November 2025, which would be untimely under the LSHR but may be timely under HUD’s annual inspection requirements at 24 CFR 5.707 and 5.705(c)(1).⁵

As a result of this misapplication of the requirements, lead-based paint hazards may not be identified in a timely manner, and individuals and families living in the PHAs’ public housing are at an increased risk of exposure to lead-based paint hazards, particularly families with children under 6 years of age. We encourage PIH to work with PHAs in maximizing efficiencies that can be gained by conducting visual assessment and annual inspections at the same time. We are providing the following recommendation for HUD to assist PHAs in the appropriate interpretation.

We believe that by addressing this issue, HUD will improve PHAs’ compliance with HUD’s requirement for annual inspections and lead-based paint visual assessments.

Recommendation

We recommend that HUD

- 1A. Issue guidance to PHAs clarifying the timing of unit inspections and lead-based paint visual assessments to address the misinterpretation caused by the terms “annual” and “every 12 months.”

The information contained in this audit memorandum was developed as a result of audits conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective(s).

⁵ With the implementation of the National Standards for the Physical Inspection of Real Estate, effective July 1, 2023, HUD specified in the regulation at 24 CFR 5.705(c)(1) that an inspection “shall be conducted no earlier than 6 months before and no later than 6 months after the date marking the anniversary of the previous inspection” for a period of 1 year after the effective date of this rule. After this transition period, the timeframe will return to “no earlier than 3 months before and no later than 3 months after the date marking the anniversary of the previous inspection” or at a time approved by HUD upon a PHA's or owner's good cause request.

HUD Comments

We issued our draft memorandum to HUD on October 11, 2024, and requested HUD to provide comments on the draft memorandum by October 22, 2024. HUD reviewed the draft memorandum and had no comments. HUD also indicated that it generally concurred with the results of the memorandum and the proposed recommendation.