



EVALUATION MEMORANDUM

July 24, 2026

To: Christopher L. Seats
Deputy Assistant Secretary for Multifamily Housing Programs

Benjamin Hobbs
Assistant Secretary for Public and Indian Housing Programs

//signed//

From: Kilah S. White
Assistant Inspector General for Audit and Evaluation, Office of Inspector General

Subject: Final Evaluation Memorandum (2026-OE-0802): Evaluation of REAC Inspections with Failing and Near-Failing Scores

Executive Summary

We initiated this evaluation in response to a directive from Senate Committee Report 119-47.¹ We evaluated the U.S. Department of Housing and Urban Development's (HUD) Real Estate Assessment Center (REAC) inspection results under the National Standards for the Physical Inspection of Real Estate (NSPIRE) for public housing and Multifamily Housing programs. This memorandum does not contain any recommendations.

Consistent with the directive in Senate Committee Report 119-47, our evaluation objectives were to: (1) analyze inspection results and deficiencies for public housing and Multifamily Housing properties with final NSPIRE scores of 60 to 70 and compare them with inspection results for those with final NSPIRE scores below 60, (2) gather information on HUD oversight and management of these inspections and properties, and (3) gather information on the impact of HUD staffing reductions and contract cancellations on the oversight of these properties. Our evaluation scope was from March 1, 2025, to February 28, 2026. We conducted interviews with HUD's Office of Public and Indian Housing (PIH) and Office of Multifamily Housing Programs (MFH) and relied on inspection data obtained from HUD's NSPIRE

¹ Directive from Senate Committee Report 119-47, page 153 (<https://www.congress.gov/119/crpt/srpt47/CRPT-119srpt47.pdf>): REAC Inspections.— The Committee directs the Office of Inspector General to conduct a review of all HUD-assisted properties with REAC scores of 60–70 over the past year, including how many had exigent health and safety deficiencies, how those properties compare to those with failing scores, the adequacy of HUD oversight and management of those inspections and properties, and the impact of HUD staffing reductions and contract cancellations on the oversight of these properties. The Committee directs the Office of Inspector General to provide this report to the House and Senate Committees on Appropriations within 180 days of the enactment of this act.

system for this evaluation. Although we did not perform a detailed assessment of reliability of the data, we found the data to be sufficiently reliable for our purposes.

We completed this evaluation under the authority of the Inspector General Act of 1978, as amended, and in accordance with the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency (December 2020).

Background

HUD's public housing program was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing developments vary widely in size and type, ranging from scattered single-family homes to large high-rise buildings. HUD administers Federal aid to public housing agencies (PHA) that manage the housing for low-income residents at rents they can afford. In parallel, HUD's Multifamily Housing program supports the development, preservation, and operation of rental housing properties through mortgage insurance, financing, and rental assistance initiatives.

In May 2023, HUD published NSPIRE² as the single inspection standard across multiple HUD programs,³ including the public housing and Multifamily Housing programs. NSPIRE aims to improve confidence in HUD's ability to keep properties in compliance by accurately assessing the condition of a unit, implementing streamlined inspection processes, and prioritizing the health and safety of residents. Public housing programs and Multifamily Housing programs were required to comply with the NSPIRE final rule and use the NSPIRE standards by July 1, 2023, and October 1, 2023, respectively.

Using NSPIRE's 100-point scale, REAC evaluates and scores the physical condition of public housing program and Multifamily Housing program properties.⁴ REAC staff and contracted inspectors perform the inspections on a statistical sample of units and buildings to evaluate and score the properties based on three major areas: units, inside, and outside. Deficiencies are recorded based on the severity levels: life threatening, severe, moderate, or low. See Appendix A for examples of NSPIRE deficiencies in each severity level. Unit-level issues are weighted most heavily because under NSPIRE, HUD places significant emphasis on the condition of units because unit-level deficiencies directly affect resident health and safety. To ensure that poor unit conditions cannot be masked by strong performance elsewhere on the property, HUD applies a Unit Threshold Fail rule. If a property's calculated NSPIRE score is 60 or higher but its unit deductions exceed 30 points, HUD automatically lowers the final inspection score to 59. Any score under 60 is considered failing, and properties that score 30 or less will be automatically referred to HUD's Departmental Enforcement Center⁵ for administrative review.

² On May 11, 2023, HUD published the Economic Growth Regulatory Relief and Consumer Protection Act: Implementation of NSPIRE as a final rule in the Federal Register, 88 FR 30442.

³ NSPIRE replaced the Uniform Physical Condition Standards, initially established by HUD in 1998.

⁴ REAC does not yet evaluate Housing Choice Voucher units using its standard REAC inspection protocols. NSPIRE for the Housing Choice Voucher program will take effect on February 1, 2027.

⁵ The Departmental Enforcement Center, part of HUD's Office of the General Counsel, oversees ethical compliance and federal standards, manages administrative enforcement for troubled properties, and processes suspension, debarment, and civil money penalty referrals.

Beginning October 1, 2026, HUD will begin applying score deductions for six habitability items.⁶ These items,⁷ which previously did not affect the overall score, will now impact physical inspection results for both public housing and Multifamily Housing properties.

Property owners, agents, and PHAs are required to correct all life-threatening and severe deficiencies within 24 hours of receiving notification. They must then certify that the corrections have been made and submit evidence of repair in HUD's NSPIRE system within 48 hours (2 days) after the 24-hour deadline, allowing 72 hours (3 days) for the full process.⁸ See Figure 1.

Figure 1. NSPIRE Deficiency Severity Categories, Correction Timeframes, and Evidence Requirements

Life-Threatening	Severe	Moderate	Low
Deficiencies that present a high risk of death or severe illness or injury to a resident.  Correction within 24 hours of receipt of notification Provide supporting evidence of correction within 2 business days from receipt of notification	Deficiencies that present a high risk of permanent disability, serious injury or illness, or that seriously compromise a resident's physical security or safety.  Correction within 24 hours of receipt of notification Provide supporting evidence of correction within 2 business days from receipt of notification	Deficiencies that pose a moderate risk of causing an adverse medical event, temporary harm, or worsening a chronic condition if unaddressed, or that could compromise a resident's security or safety.  Correction within 30 days No evidence of correction requirements	Deficiencies that are critical to habitability but do not pose a substantive health or safety risk to a resident.  Correction within 60 days No evidence of correction requirements

⁶ <https://www.hud.gov/sites/dfiles/OCHCO/documents/PIH-2025-27.pdf>

⁷ The new NSPIRE affirmative requirements for habitability include: 1) fire-labeled doors, 2) ground fault circuit interrupter (GFCI)/ arc fault circuit interrupter (AFCI) electrical protections, 3) guardrails, 4) heating, ventilation, and air conditioning (HVAC), 5) interior lighting, and 6) minimum electrical and lighting.

⁸ <https://www.ecfr.gov/current/title-24/subtitle-A/part-5/subpart-G/section-5.711>

Inspection Results Reveal Common Issues in Near-Failing and Failing Properties

We obtained HUD's NSPIRE inspection results for public housing program and Multifamily Housing program properties that received a score of 70 or below from March 1, 2025, to February 28, 2026.⁹ In this timeframe, HUD inspected a total of 1,323 public housing and Multifamily Housing properties,¹⁰ identifying a total of 56,488 life-threatening and severe deficiencies across the properties' 12,334 buildings and 27,257 units. See Table 1.

Table 1. Inspections and Deficiency Totals for Public Housing and Multifamily Housing Properties

Description	Public Housing Properties	Multifamily Housing Properties	Totals
Number of Inspections	469 (35.4 percent)	854 (64.6 percent)	1,323
Number of Life-Threatening Deficiencies Identified	13,334 (40.8 percent)	19,372 (59.2 percent)	32,706
Number of Severe Deficiencies Identified	10,840 (45.6 percent)	12,942 (54.4 percent)	23,782

Public Housing Program Properties

For the 469 public housing properties inspected from March 1, 2025, to February 28, 2026, with NSPIRE scores of 70 or below, we found the following:

Public Housing Properties Scoring Below 60

Of the 469 public housing properties inspected, 373 (79.5 percent) received NSPIRE scores of 0 to 59. These inspections covered 5,491 buildings and 8,658 units. See Table 2. Inspectors identified 20,360 total life-threatening and severe deficiencies across these properties, including:

- 11,329 life-threatening deficiencies, representing 55.6 percent of all life-threatening and severe deficiencies among properties scoring below 60, and representing 85.0 percent of all life-threatening deficiencies across the properties scoring 0 to 70.
- 9,031 severe deficiencies, representing the remaining 44.4 percent of all life-threatening and severe deficiencies among properties scoring below 60, and representing 83.3 percent of all severe deficiencies across the properties scoring 70 or below. See figures 2 and 3.

BY THE NUMBERS

79.5% of inspected public housing properties in our population scored below 60

If a property's calculated score is 60 or higher but its unit deductions exceed 30 points, HUD automatically lowers the final NSPIRE inspection score to 59.

- Of the 128 properties scoring 59, 119 (93.0 percent) received a final NSPIRE score of 59 due to unit-condition threshold deductions. These properties had unit deductions ranging from 30.0 to 39.9 points.

⁹ The data excludes properties scoring above 70. Therefore, it is not representative of all inspections conducted during the period reviewed. Any analysis, trends, or comparisons should be interpreted within this limitation.

¹⁰ Public housing properties consist of one or several buildings containing a single housing unit or multiple units managed by PHAs. Multifamily Housing properties consist of privately-owned, residential developments with at least five dwelling units.

Properties that receive an inspection score of 0 to 30 represent the most severe levels of deterioration and automatically trigger an enforcement referral. Of the 373 properties scoring below 60, we identified 66 (17.7 percent) with scores ranging from 0 to 30. These 66 properties included 859 buildings and 1,344 units. The inspectors cited:

- 5,336 (26.2 percent) of the 20,360 deficiencies.
- The deficiencies included 3,202 (28.3 percent) of the 11,329 life-threatening deficiencies and 2,134 (23.6 percent) of the 9,031 severe deficiencies.
- 14 (3.0 percent) of public housing properties received an NSPIRE score of 0. PIH leaders interviewed as part of this evaluation reported there are two ways to score 0. First is mathematical, where the actual calculated score for the property is 0. Second is administrative, when a property refuses an inspection. PIH leaders stated that most of the zeros in the data are mathematical.

Public Housing Properties Scoring 60 to 70

Of the 469 public housing properties inspected, 96 (20.5 percent) received an inspection score of 60 to 70. See Figure 2. These inspections covered 1,160 buildings and 2,366 units. Inspectors identified 3,814 deficiencies across these properties, including:

- 2,005 life-threatening deficiencies, representing 52.6 percent of all life-threatening and severe deficiencies among properties scoring 60 to 70, and representing 15.0 percent of all life-threatening deficiencies across the properties scoring 70 or below.
- 1,809 were severe deficiencies, representing the remaining 47.4 percent of all life-threatening and severe deficiencies among properties scoring 60 to 70, and representing 16.7 percent of all severe deficiencies across the properties scoring 70 or below. See figures 2 and 3.

See Table 2 for a side-by-side comparison of public housing properties scoring below 60 and 60 to 70.

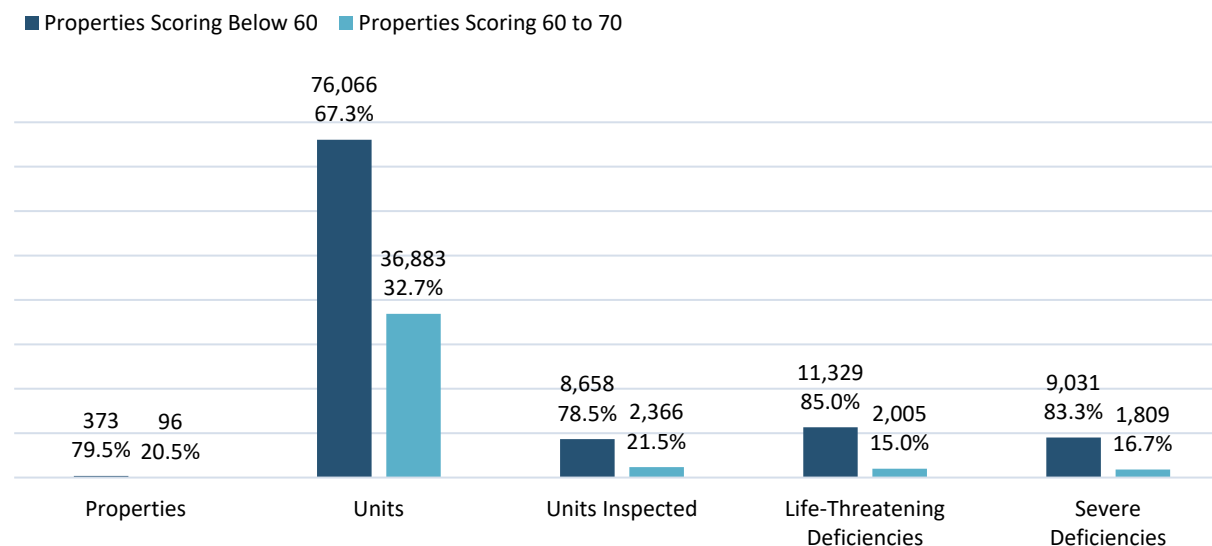
Table 2. Comparisons of Public Housing Program Properties Scoring 70 or Below

Comparison	Properties Scoring Below 60	Properties Scoring 60 to 70
Number of Properties	373	96
Total Buildings ¹¹	15,102	2,957
Number of Buildings Inspected	5,491	1,160

¹¹ “Total buildings” represents the entire building inventory that a property has available for potential sampling during an inspection.

Figure 2 provides an overview of HUD's NSPIRE inspection results for public housing properties scoring 70 or below from March 1, 2025, to February 28, 2026.

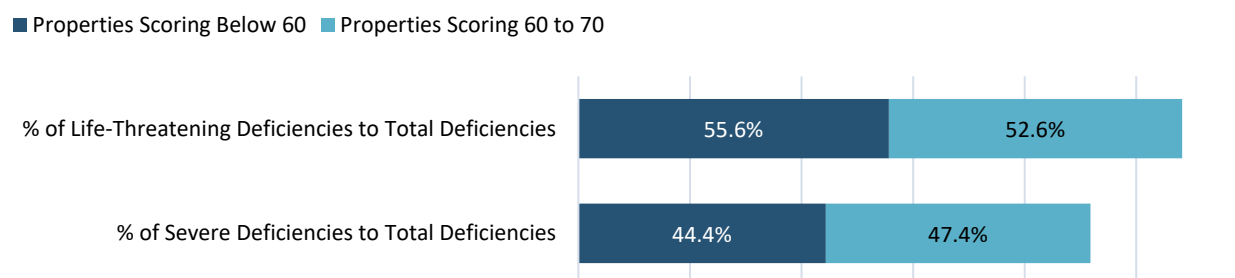
Figure 2. NSPIRE Inspection Outcomes for Public Housing Properties Scoring 70 or Below



Properties scoring below 60 make up 79.5 percent of the inspected public housing properties including 85.0 percent of all life-threatening issues. The lowest-scoring properties account for more than five times the number of inspected buildings and over four times the number of inspected units compared with properties scoring 60 to 70. Further, most of the life-threatening and severe deficiencies are concentrated among properties scoring below 60.

Although properties with scores below 60 have more deficiencies, the proportion of life-threatening (55.6 percent) and severe (44.4 percent) deficiencies is similar to that of properties scoring 60 to 70 (52.6 percent and 47.4 percent, respectively). This indicates that the difference between the two groups lies primarily in the number of deficiencies. See Figure 3.

Figure 3. Deficiencies in Public Housing Properties Scoring 70 or Below as a Percentage of Total Deficiencies



Public Housing Distribution of Life-Threatening and Severe Deficiencies Across High-Incidence States

We found geographic differences among the public housing properties. Five states accounted for 41.7 percent of the 24,174 life-threatening and severe deficiencies identified across the 469 public housing properties scoring 70 or below. The top 3 States of New York, New Jersey, and Georgia combined made up 34.0 percent of all public housing total deficiencies scoring 70 or below. Most issues occurred at properties scoring below 60. See Table 3.

STATE SNAPSHOT

Five States accounted for **41.7% of all life-threatening and severe deficiencies** identified in public housing properties scoring 70 or below

Table 3. Five States with the Most Deficiencies in Public Housing Properties Scoring 70 or Below

State	Number of Properties Inspected	Below 60	60 to 70	Total Deficiencies	Percentage of Total Deficiencies ¹²
		Life-Threatening and Severe Deficiencies	Life-Threatening and Severe Deficiencies		
New York	59	2,845	1,273	4,118	17.0%
New Jersey	38	1,962	344	2,306	9.5%
Georgia	35	1,624	175	1,799	7.4%
North Carolina	15	966	13	979	4.0%
Ohio	18	776	102	878	3.6%
Totals	165	8,173	1,907	10,080	41.7%

The PHAs with the greatest concentration of these deficiencies in the top 5 states above were:

- New York City Housing Authority (NY);
- Newark Housing Authority (NJ);
- Housing Authority of the City of Brunswick (GA);
- St. Louis Housing Authority (MO); and
- Stark Metropolitan Housing Authority (OH)

Overall, the top five PHAs with the most life-threatening and severe deficiencies were:

- New York City Housing Authority (NY);
- Newark Housing Authority (NJ);
- Puerto Rico Public Housing Administration (PR);
- St. Louis Housing Authority (MO); and
- Chicago Housing Authority (IL).

¹² This is the percentage of the total 24,174 life-threatening and severe deficiencies for the 469 public housing properties with an inspection score of 70 or below from March 1, 2025, to February 28, 2026. The percentages were rounded.

Multifamily Housing Program Properties

For the 854 Multifamily Housing properties inspected from March 1, 2025, to February 28, 2026, with NSPIRE scores of 70 or below, we found the following:

Multifamily Housing Properties Scoring Below 60

Of the 854 Multifamily Housing properties inspected, 589 (69.0 percent) received NSPIRE scores of 0 to 59. The 589 properties under 60 covered 4,212 buildings and 11,267 units. See Table 4. Inspectors identified 24,872 total life-threatening and severe deficiencies across these 589 properties, including:

- 14,971 life-threatening deficiencies, representing 60.2 percent of all life-threatening and severe deficiencies among properties scoring below 60, and representing 77.3 percent of all life-threatening deficiencies across the properties scoring 0 to 70.
- 9,901 severe deficiencies, representing 39.8 percent of all life-threatening and severe deficiencies among properties scoring below 60, and representing 76.5 percent of all severe deficiencies across the properties scoring 0 to 70. See Figures 4 and 5.

BY THE NUMBERS

69.0% of inspected Multifamily Housing properties in our population scored below 60

If a property's calculated score is 60 or higher but its unit deductions exceed 30 points, HUD automatically lowers the final NSPIRE inspection score to 59.

- Of the 228 properties scoring 59, 204 properties (89.5 percent) received a final NSPIRE score of 59 due to unit-condition threshold deductions. These properties had unit deductions ranging from 30.0 to 40.3 points.

Properties that receive an inspection score of 0 to 30 represent the most severe levels of deterioration and automatically trigger an enforcement referral. Of the 589 properties scoring below 60, we identified 78 (13.2 percent) with scores ranging from 0 to 30. These 78 properties included 530 buildings and 6,150 units. The inspectors cited:

- 6,046 (18.7 percent) of the 32,314 deficiencies.
- The deficiencies included 3,658 (11.3 percent) of the 14,971 life-threatening deficiencies and 2,388 (7.4 percent) of the 9,901 severe deficiencies.
- 27 (3.2 percent) of Multifamily Housing properties received an NSPIRE score of 0. MFH leaders interviewed as part of this evaluation reported that the 0 score can be given due to extremely dire conditions or when a property owner or agent refuses to allow inspectors on the property.

Multifamily Housing Properties Scoring 60 to 70

Of the 854 Multifamily Housing properties inspected, 265 (31.0 percent) received an inspection score of 60 to 70. See Figure 4. These inspections occurred across 1,471 buildings and 4,966 units. Inspectors identified 7,442 deficiencies across these properties, including:

- 4,401 life-threatening deficiencies, representing 59.1 percent of all life-threatening and severe deficiencies among properties scoring 60 to 70 and 22.7 percent of all life-threatening deficiencies across the properties scoring 70 or below.

- 3,041 were severe deficiencies, representing 40.9 percent of all life-threatening and severe deficiencies among properties scoring 60 to 70 and 23.5 percent of all severe deficiencies across the properties scoring 70 or below. See Figures 4 and 5.

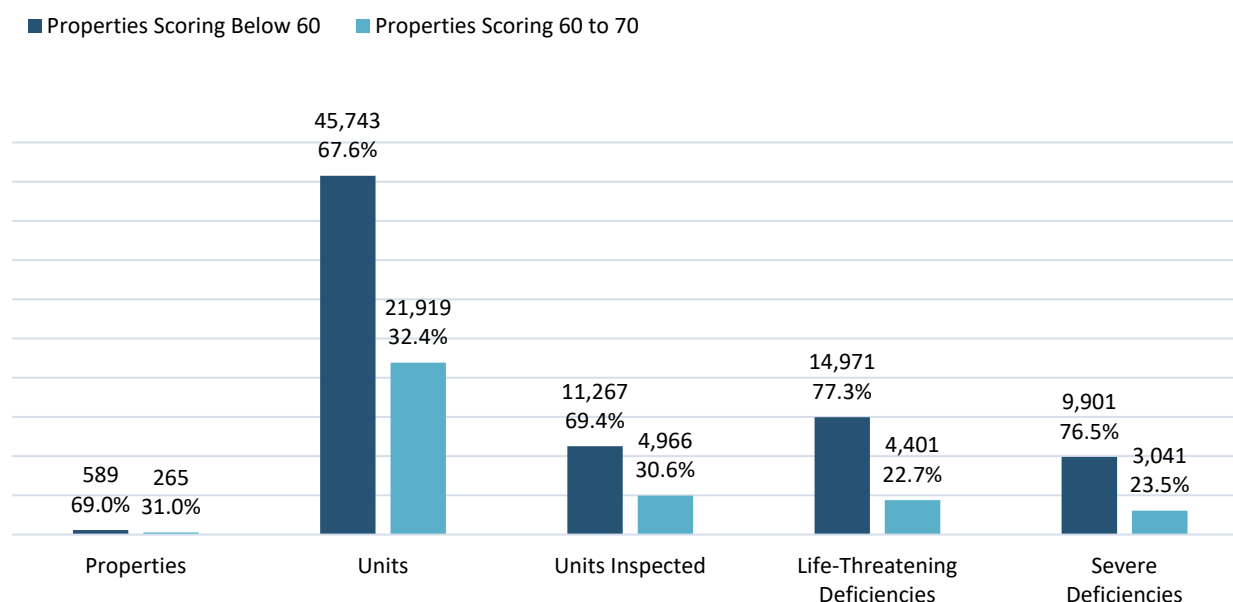
See Table 4 below for a side-by-side comparison of Multifamily Housing properties scoring below 60 and 60 to 70.

Table 4. Comparisons of Multifamily Housing Program Properties Scoring 70 or Below

Comparison	Properties Scoring Below 60	Properties Scoring 60 to 70
Number of Developments	589	265
Total Buildings	6,619	2,137
Number of Buildings Inspected	4,212	1,471

Figure 4 provides an overview of HUD's NSPIRE inspection results for Multifamily Housing properties scoring 70 or below from March 1, 2025, to February 28, 2026.

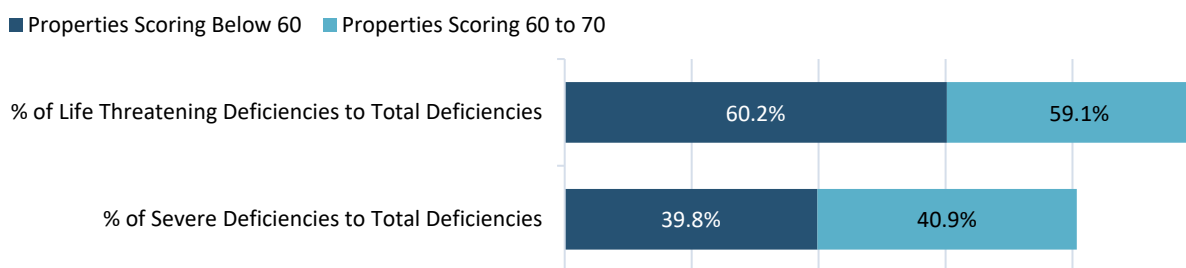
Figure 4. NSPIRE Inspection Outcomes for Multifamily Housing Properties Scoring 70 or Below



Properties scoring below 60 make up 69.0 percent of the inspected Multifamily Housing properties, including 77.3 percent of all life-threatening deficiencies. Most of the life-threatening and severe deficiencies are concentrated among properties scoring below 60.

Although properties with scores below 60 have more deficiencies, the proportion of life-threatening (60.2 percent) and severe (39.8 percent) deficiencies is similar to that of properties scoring 60 to 70 (59.1 percent and 40.9 percent, respectively). This indicates the difference between the two groups lies primarily in the number of deficiencies. See Figure 5.

Figure 5. Deficiencies in Multifamily Housing Properties Scoring 70 or Below as a Percentage of Total Deficiencies



Multifamily Housing Distribution of Life-Threatening and Severe Deficiencies Across High-Incidence States

We found geographic differences among the multifamily properties. Five states accounted for 30.3 percent of the 32,314 life-threatening and severe deficiencies identified across the 589 Multifamily Housing properties scoring 70 or below. The top 3 States of Texas, North Carolina, and Ohio combined made up 20.1 percent of total deficiencies for all Multifamily Housing properties scoring 70 or below. See Table 5.

STATE SNAPSHOT

Five States accounted for **30.3% of all life-threatening and severe deficiencies** identified in Multifamily Housing properties scoring 70 or below

Table 5. Five States with the Most Deficiencies in Multifamily Housing Properties Scoring 70 or Below

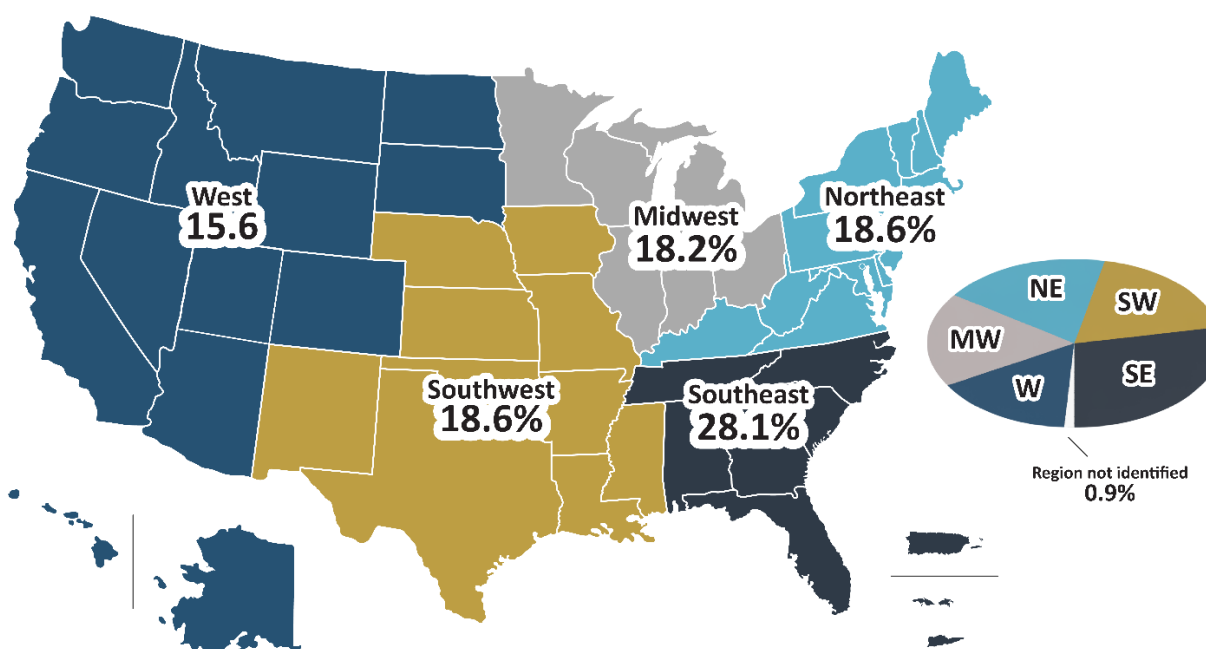
State	Number of Properties Inspected	Below 60	60 to 70	Total Deficiencies	Percentage of Total Deficiencies ¹³
		Life-Threatening and Severe Deficiencies	Life-Threatening and Severe Deficiencies		
Texas	55	1,753	674	2,427	7.5%
North Carolina	47	2,039	186	2,225	6.9%
Ohio	56	1,273	558	1,831	5.7%
Florida	44	1,295	442	1,737	5.4%
Georgia	39	1,336	237	1,573	4.9%
Totals	241	7,696	2,097	9,793	30.3%

Multifamily Housing divides properties into five distinct regional groups. Table 6 and Figure 6 show that the Northeast and Southeast regions accounted for over 46.0 percent of all 32,314 life-threatening and severe deficiencies identified across the 589 Multifamily Housing properties scoring 70 or below.

¹³ This is the percentage of the total 32,314 life-threatening and severe deficiencies identified across the 854 multifamily housing properties scoring 70 or below. The percentages were rounded.

Table 6. HUD Regional Counts of Deficiencies for Multifamily Housing Properties Scoring 70 or Below

Multifamily Regions	Number of Properties Inspected	Life-Threatening Deficiencies	Severe Deficiencies	Total Deficiencies	Percentage of Total Deficiencies ¹⁴
Southeast	208	5,254	3,828	9,082	28.1%
Southwest	138	3,331	2,681	6,012	18.6%
Northeast	203	3,921	2,079	6,000	18.6%
Midwest	157	3,849	2,048	5,897	18.2%
West	141	2,820	2,227	5,047	15.6%
Region not identified	7	197	79	276	0.9%
Totals	854	19,372	12,942	32,314	100.0%

Figure 6. HUD Regional Percentages of Deficiencies for Multifamily Housing Properties Scoring 70 or Below

¹⁴ This is the percentage of the total 32,314 life-threatening and severe deficiencies identified across the 854 multifamily housing properties scoring 70 or below. The percentages were rounded.

Projected Impact of Scoring Habitability Items on Public Housing and Multifamily Housing Inspection Scores

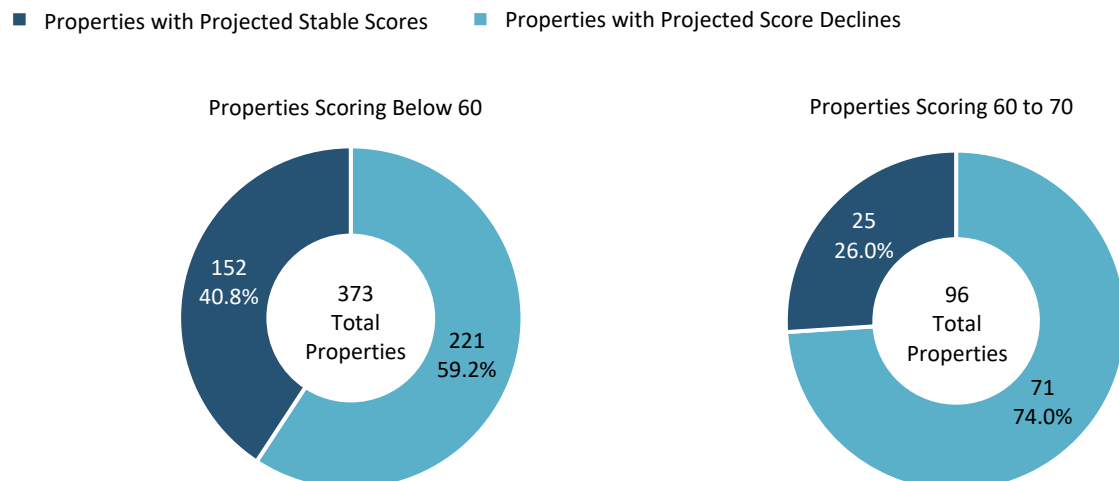
Beginning October 1, 2026, HUD will begin applying score deductions for six habitability items, which were previously reviewed but excluded from scoring.¹⁵ PIH leaders interviewed as part of this evaluation indicated that the scoring of these items will impact the final score, which is expected to reduce final inspection scores across all properties.

The anticipated impact of scoring the six habitability items was reflected in the HUD data provided in the “final projected score.” We compared the current final inspection and unit-threshold scores with the projected inspection and unit-threshold scores for the public housing and Multifamily Housing properties that received a current final inspection score below 70. Our analysis shows that inspection scores are expected to decline for both programs. However, the available data does not show which specific deficiencies are driving those changes. See Figures 7 and 8.

Projected Impact of Scoring Habitability Items on Inspection Scores for Public Housing

Based on our analysis of the HUD data provided, the current final scores for 221 (59.2 percent) public housing properties currently scoring below 60 are projected to decline. Similarly, 71 (74.0 percent) public housing properties with current final scores of 60 to 70 are projected to experience score decreases. See Figure 7.

Figure 7. Projected Inspection Score Changes for Public Housing Properties Scoring 70 or Below

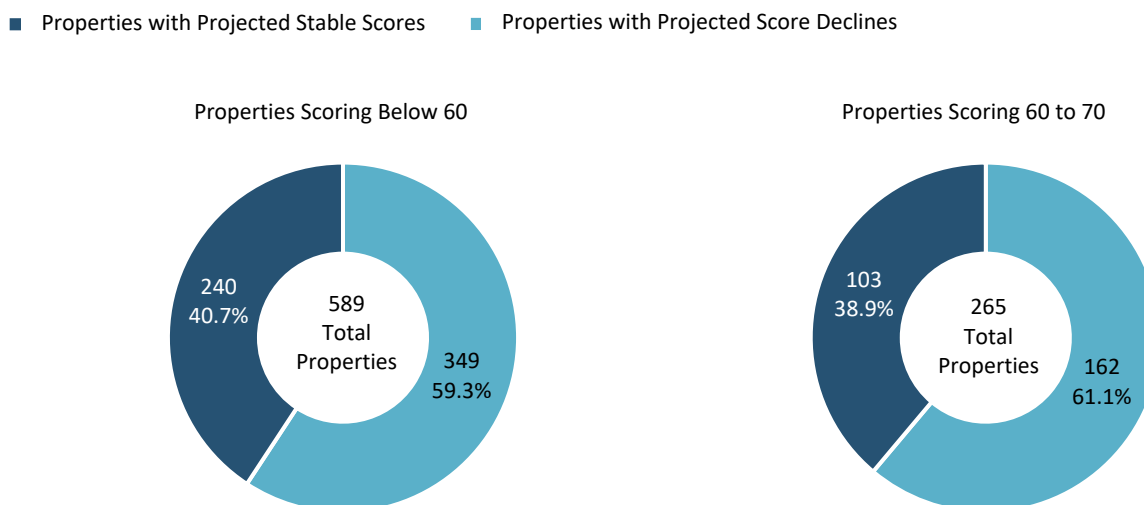


¹⁵ See footnote 8 for listing of the habitability requirements effective October 1, 2026.

Projected Impact of Scoring Habitability Items on Inspection Scores for Multifamily Housing

Based on our analysis of the HUD data, the current final scores for 349 (59.3 percent) Multifamily Housing properties currently scoring below 60 are projected to decline. Similarly, 162 (61.1 percent) Multifamily Housing properties with current final scores between 60 to 70 are projected to experience score decreases. See Figure 8.

Figure 8. Projected Inspection Score Changes for Multifamily Housing Properties Scoring 70 or Below



HUD's Oversight and Management of NSPIRE Inspections

HUD's REAC inspects the physical condition of public housing and Multifamily Housing properties to ensure they meet NSPIRE standards. HUD's Offices of PIH and MFH use inspection scores to assess the health, safety, and habitability of HUD's public housing and Multifamily Housing properties. FHA-insured lenders are responsible for hiring their own inspectors and uploading the inspection results to HUD's NSPIRE system.

Any property can request a technical review of the initial inspection results and score. The technical review process allows a property to have points restored for verifiable reasons, including HUD or inspector error, adverse conditions beyond their control, modernization work in progress, and conflicts with state or local code. A request for a technical review of initial inspection results must be submitted electronically in the NSPIRE system. REAC must receive it no later than the 45th calendar day following the day HUD provides the initial inspection report to the property.¹⁶

All properties that score 30 or Less under the NSPIRE standards are subject to administrative review by HUD. Properties that score under 60 in two successive inspections may be subject to administrative review. These properties may have health and safety hazards that merit immediate correction and reporting, and in some cases, evaluation by HUD's Departmental Enforcement Center (DEC).¹⁷

¹⁶ HUD regulations at 24 CFR 5.711(d)

¹⁷ HUD regulations at 24 CFR 5.711(i)

PIH's Office of Field Operations (OFO) provides guidance and oversight for the PIH field offices. Field offices serve as primary points of contact for PHAs, public housing residents, applicants, and interested parties. The field offices also provide technical assistance to PHAs and monitor and evaluate their performance. PIH leaders interviewed as part of this evaluation indicated that PIH resumed onsite oversight of PHAs in early 2026. Previously, onsite oversight had been restricted since February 2025 due to budgetary constraints except for emerging health and safety issues.

For Multifamily Housing properties, field office staff such as HUD Account Executives or Asset Managers are notified of inspection scores and provide oversight. MFH reviews a property's risk rating which includes the REAC inspections score. If a property fails an inspection or is deemed a property of concern, the local field office staff assigned to the property steps in to provide assistance, issue violation notices, and require corrective action plans. Field office staff conduct periodic on-site visits including on-site inspections.

HUD Staffing Has Been Reduced and Contracts Have Been Impacted

From March 1, 2025, to February 28, 2026, both PIH and MFH experienced significant changes in staffing related to REAC inspection work. We also noted there were no contract cancellations during that period. Due to the limited amount of time to complete this review, we could not fully assess the impact of these staffing reductions on HUD's oversight of failing and near-failing properties. However, we found that both PIH and MFH made progress in ensuring inspections occur for all properties.¹⁸

Public and Indian Housing Workforce Reduction

For PIH, data showed public housing staffing related to REAC inspection work went from 93 to 72, a decrease of 21 staff (22.6 percent) during the period with: four retiring and 17 accepting the Deferred Resignation Program¹⁹ but not retiring. The General Schedule (GS) grades where staffing decreased ranged from GS-9²⁰ to GS-15.²¹ The GS-13²² grade had the most significant decrease of 12 staff (57.1 percent of the total departed staff). There were seven GS occupational series where staffing was reduced. The occupational series with the most significant decrease was the 0828-Construction Analyst series which reduced by 9 staff (42.9 percent of the total departed staff). See Table 7.

INSPECTION WORKFORCE METRICS

PIH staffing
reduced by 21
employees (22.6%)

PIH leaders interviewed as part of this evaluation described the staffing departures as detrimental and that the staffing reductions were not just about the numbers, but the loss of institutional knowledge as well. PIH leaders also stated there was not an effective transfer of knowledge between the departing staff and remaining staff due to the speed at which staff departed. While hiring in PIH is currently limited to critical hires, such as financial analysts and engineers, PIH leaders acknowledged that rebuilding needs to happen.

¹⁸ We will be issuing a separate report in the coming weeks related to the timing of NSPIRE inspections.

¹⁹ According to OPM, the Deferred Resignation Program was offered beginning January 25, 2025, as an option for Federal employees to depart the federal government with additional time and financial flexibility to plan for their future. The program was offered to all full-time federal employees, subject to certain exclusions.

²⁰ GS-9 is a mid-level Federal position typically requiring a master's degree or specialized experience.

²¹ GS-15 is the highest of the paygrades in the GS pay scale. It is generally reserved for top-level positions such as supervisors, high-level technical specialists, and top professionals holding advanced degrees.

²² GS-13 is a senior-level Federal position for experienced technical specialists or first-line supervisors.

Table 7. PIH Staffing Losses by GS Level and Occupational Series

Occupational Series	Official Position Title	GS 09	GS 13	GS 14	GS 15	Total by Occupational Series
0301	Management Information Specialist		1			1
0340	Program Manager				2	2
0343	Management and Program Analyst		1			1
0560	Budget Analyst		1			1
0801	Supervisory/General Engineer		1	2		3
0828	Construction Analyst	1	8			9
1101	Assessment Manager/Real Estate Analyst			4		4
Totals		1	12	6	2	21

Multifamily Housing Programs Workforce Reduction

For MFH, data showed multifamily housing staffing related to REAC inspection work went from 1,151 to 841, a decrease of 310 staff (26.9 percent) during the period with: 170 retiring, 137 accepting the Deferred Resignation Program but not retiring, and 3 terminations. The GS grades where staffing decreased ranged from GS-5²³ to GS-15. The GS-13 grade had the most significant decrease of 151 (48.7 percent of the total departed staff). There were 13 GS occupational series where staffing was reduced. The occupational series with the most significant decrease was the 1101-General Business and Industry series which reduced by 209 staff (67.4 percent of total departed staff). This series includes position titles such as account executive, underwriter, troubled asset specialist, and branch chief. See Table 8.

INSPECTION WORKFORCE METRICS

MFH staffing
reduced by 310
employees (26.9%)

MFH leaders interviewed as part of this evaluation described being continually challenged with the recent staffing reduction. Further, MFH leaders explained that the ideal range of properties for an Account Executive was 60—80 and that currently they are each servicing over 100. Similarly, MFH leaders explained for Resolution Specialists the ideal range is 30—40 troubled properties, and the average is now near 60.²⁴ When asked about knowledge transfer between departing and remaining staff, members were unsure how much debriefing was done. MFH leaders described their approach to challenges by issuing a streamlining memo to staff focused on customer service and have given the regional field offices a lot of latitude to how they address their local resource deficiencies.

²³ GS-5 is an entry-level Federal position.

²⁴ We did not validate the numbers provided in these statements.

Table 8. REAC Related Multifamily Housing Staffing Departures by GS Level and Occupational Series

Occupational Series	Official Position Title	GS 05	GS 07	GS 09	GS 11	GS 12	GS 13	GS 14	GS 15	Total by Occupational Series
0301	Various specialists and advisors				1		3	4	4	12
0303	Administrative Support/Housing Program Assistant	1	11							12
0341	Administrative Officer						2			2
0343	Management and Program Analyst		1	6	10	6	6	1	1	31
0344	Management Assistant		1	2						3
0399	Student Trainee	1								1
0828	Construction Analyst					1	16			17
1101	Various Business and Industry roles			3	21	40	101	34	10	209
1109	Grants Management Specialist						2			2
1160	Financial Analyst						7			7
1170	Realty Specialist						1			1
1171	Appraiser						12			12
1750	Instructional Systems Specialist						1			1
Totals		2	13	11	32	47	151	39	15	310

Operational Impacts of REAC Contract Changes

We obtained copies of HUD's contract changes related to REAC inspections covering the period from March 1, 2025, to February 28, 2026. There were three modifications: one was a unit cost change and two were exercising the one-year option with unit cost changes. There were no contract cancellations during our scope period.

Both PIH and MFH leaders interviewed as part of this evaluation stated there was a change to REAC contracted inspectors in February 2025.²⁵ Additionally, PIH leaders stated that during the fall 2025 government shutdown,²⁶ contracted inspections continued but HUD operations and oversight staff were not working. There are two national contractors that do all public housing inspections and approximately two-thirds of Multifamily Housing inspections. The remaining one third of Multifamily Housing inspections are on FHA-insured properties and are done through other vendor contracts paid directly by the lenders.

MFH leaders emphasized that their office does not have direct oversight over the inspections contracting process. MFH leaders explained if they are made aware of a concern at a property, they will do site visits and can require corrective actions or take enforcement action if necessary; however, site visits are subject to having available resources.

Recommendations

This memorandum does not contain any recommendations.

Management Response

On July 17, 2026, we provided HUD with a draft evaluation memorandum for review and comment. On July 22, 2026, the Assistant Secretary for Public and Indian Housing and the Deputy Assistant Secretary for Multifamily Housing Programs elected not to provide formal comments.

²⁵ February 2025 fell outside our scope period; therefore, we did not review the contract modification.

²⁶ From October 1 to November 12, 2025, the federal government of the United States was partially shutdown for 43 days, including HUD.

Appendix A – Examples of NSPIRE Deficiencies by Severity Level²⁷

Severity Category	Deficiency Types
Life-Threatening	- Carbon monoxide alarm was missing, not installed, or not installed in a proper location. - Electric or gas dryer transition duct was detached or missing. - Obstructed means of egress. - Outlet or switch was damaged and exposed electrical conductor. - Flammable or combustible items were on or within 3 feet of an appliance that provides heat for thermal comfort or a fuel-burning water heater. - Smoke alarm was not installed where required, obstructed, or does not produce an audio or visual alarm when tested. - Presence of mold-like substance at extremely high levels (over 9 sq. ft. in a room).
Severe	- Cooking range, cooktop, or oven did not ignite or produce heat. - Fire labeled door did not open. - An unprotected outlet was present within six feet of a water source. - Extensive mouse or cockroach infestation. - Blocked sewage system. - Presence of mold-like substance at high levels (over 1 sq. ft. but less than 9 sq. ft.) - Only 1 toilet was installed, and it is damaged or inoperable. - Temperature pressure relief (TPR) valve had an active leak or is obstructed, or relief valve discharge piping is damaged, capped, had an upward slope, or is constructed of unsuitable material.
Moderate	- Ceilings have an unstable surface. - Floor component(s) was not functionally adequate. - Foundation support post, column, beam, or girder is damaged. - Handrail was missing. - Air conditioning system or device is not operational. - Evidence of cockroaches. - A permanently installed light fixture was not secure. - Presence of mold-like substance at moderate levels was observed visually. - Stair tread was missing or damaged. - Interior wall had a loose or detached surface covering. - Window will not open or stay open.
Low	- A passage door component is damaged, inoperable, or missing and the door is not functionally adequate. - Sink component is damaged or missing and the sink is functionally adequate. - Toilet component is damaged, inoperable, or missing and it does not limit the resident's ability to discharge human waste.

²⁷ For full list of deficiencies, see https://www.hud.gov/sites/dfiles/PIH/documents/6092-N-05nspire_final_standards.pdf.