RENTAL HOUSING ASSISTANCE

HUD Should Strengthen Physical Inspection of Properties and Oversight of Lead Paint Hazards

Statement for the Record by Daniel Garcia-Diaz, Director, Financial Markets and Community Investment
Why GAO Did This Study

As of the end of 2018, roughly 4.4 million low-income households were served by HUD’s three largest rental assistance programs. HUD has responsibilities for ensuring that housing units provided under these programs are decent, safe, sanitary, and in good repair, as well as for identifying and addressing lead paint hazards in these units.

GAO issued reports in March 2019 (GAO-19-254) on HUD’s physical inspections of HUD-assisted properties and in June 2018 on lead paint hazards in the public housing and voucher programs (GAO-18-394). This statement is based on these two reports and discusses prior GAO findings on (1) REAC inspections and inspector oversight and (2) lead paint hazards. For the March 2019 report, GAO reviewed HUD documents and data related to REAC’s physical inspection process. For the June 2018 report, GAO reviewed HUD documents and information related to its compliance efforts, performance measures, and reporting.

In March 2019, GAO made 14 recommendations to HUD to improve the physical inspections process and oversight of inspectors. In June 2018, GAO made six recommendations to HUD to improve compliance monitoring processes, inspection standards, and performance assessment and reporting on lead reduction efforts in federally assisted properties. HUD generally agreed with these recommendations. As of November 2019, HUD officials had identified planned steps to implement most of these recommendations but had not fully addressed them.

What GAO Found

The Department of Housing and Urban Development (HUD) plays an important role in providing decent and safe housing for households receiving federal rental assistance. However, HUD needs to improve its physical inspection program and its efforts to identify and address lead paint hazards in federally assisted housing. To that end, GAO made 20 recommendations on these issues in its March 2019 and June 2018 reports.

Physical inspections of properties. HUD’s Real Estate Assessment Center (REAC) is responsible for conducting physical inspections of HUD-assisted properties. Despite longstanding processes to inspect properties and take action against owners who do not address physical deficiencies, HUD continues to find some properties in poor physical condition and with life-threatening health and safety issues. In a March 2019 report, GAO identified a number of areas in which HUD needed to improve its physical inspection process and oversight of inspectors, which could help ensure the health and safety of those who live in HUD-assisted properties. For example, REAC had not conducted a comprehensive review of its inspection process since 2001, although new risks to the process have emerged since then. A comprehensive review could help REAC identify risks and ensure it meets the goal of producing reliable inspections.

In addition, REAC uses contractors to inspect properties; these contract inspectors are trained and overseen by HUD staff known as quality assurance inspectors. However, GAO found REAC lacked formal mechanisms to assess the effectiveness of its training program for contractor inspectors and for HUD employees responsible for monitoring and overseeing contract inspectors. And, unlike professional inspection organizations, REAC does not have continuing education requirements. Formal mechanisms to assess the effectiveness of its training program and requirements for continuing education could help REAC ensure its program supports development needs of inspectors and that inspectors are current on any changes in policy or industry standards.

Lead paint hazards. GAO also identified a number of areas in which HUD could improve its efforts to identify and address lead paint hazards to protect children from lifelong health problems. Lead paint hazards (such as dust containing lead and chips from deteriorated lead-based paint) are the most common source of lead exposure for U.S. children. In a June 2018 report, GAO identified shortcomings in HUD’s compliance monitoring and enforcement, inspection standards, and performance assessment and reporting for lead-reduction efforts. For example, HUD’s monitoring efforts relied in part on public housing agencies to self-certify compliance with lead paint regulations. Additionally, the lead inspection standard for the voucher program is less strict than that for the public housing program. As a result, children living in voucher units may receive less protection from lead paint hazards than children living in public housing. Furthermore, GAO found that HUD did not track the number of lead-safe housing units in the voucher or public housing programs. Therefore, HUD may not be fully aware of the extent to which children have been living in unsafe units.
Chairman Clay, Ranking Member Stivers, and Members of the Subcommittee:

I am pleased to submit this statement on the Department of Housing and Urban Development’s (HUD) efforts to ensure that households receiving federal rental assistance live in decent and safe housing. As of the end of 2018, HUD provided assistance to roughly 4.4 million low-income households through its three largest rental assistance programs: the Housing Choice Voucher (2.2 million), public housing (1 million), and project-based rental assistance (1.2 million) programs.\(^1\) The Secretary of Housing and Urban Development has stated that the department has no higher calling than to make certain that taxpayer-supported housing is healthy for vulnerable families to live in. To ensure decent and safe housing, HUD performs regular physical inspections and enforces lead paint regulations for HUD-assisted housing.\(^2\) In recent reports, we have found weaknesses in HUD’s execution of its responsibilities in both of these areas.

HUD’s Real Estate Assessment Center (REAC) is responsible for conducting physical inspections of multifamily and public housing properties. However, despite longstanding processes to inspect properties and take action against owners who do not address physical deficiencies, HUD continues to find some properties that are in poor physical condition and with life-threatening health and safety issues. Members of Congress, the HUD Inspector General, and media reports have raised concerns about properties that may receive inspection scores

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\(^1\)The Housing Choice Voucher program provides subsidies for eligible households to rent a unit in the private rental market. Public housing is government-owned housing for eligible households. Both programs are administered by state and local public housing agencies. Under project-based rental assistance, HUD enters into contracts with private property owners under which they agree to rent their housing to eligible low-income tenants. Assistance under HUD’s project-based rental assistance program is tied to specific units rented to eligible low-income families. Throughout this statement, we use “multifamily properties” to refer to multifamily properties that receive rental subsidies from HUD’s project-based rental assistance or other similar programs, have mortgages that are insured or held by HUD, or both.

\(^2\)For example, HUD’s physical condition standards require all HUD housing to be decent, safe, and sanitary. See generally 42 U.S.C. §§ 1437a, 1437d, 1437f and 1437z-1. Additionally, HUD’s primary lead paint regulation for federally owned or assisted housing is the Lead Safe Housing Rule. See Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance, 64 Fed. Reg. 50140 (Sept. 15, 1999) (codified as amended in 24 C.F.R. pt. 35).
that are not a true representation of their physical condition. For example, in 2015, Eureka Gardens, a multifamily housing complex in Jacksonville, Florida, received a passing score on its REAC inspection but was later found to have physical deficiencies consistent with a much lower score.

In addition, concerns have been raised by members of Congress and the HUD Inspector General that HUD-assisted properties may not comply with lead paint regulations. Although lead-based paint was banned for residential use in 1978, hazards still exist in millions of homes. Lead paint hazards (such as dust containing lead and chips from deteriorated lead-based paint) are the most common source of lead exposure for U.S. children. Lead exposure can cause serious, irreversible cognitive damage that can impair a child for life. Young children are at greater risk of being exposed to lead because they often crawl on the floor, have frequent hand-to-mouth activity, and may ingest nonfood items.

Questions exist about HUD’s ability to identify and address lead paint hazards. False certifications by some public housing authorities (PHA) that their properties comply with HUD’s lead paint regulations continue to be a problem. For example, a New York City Department of Investigation report found that the New York City Housing Authority failed to conduct required lead inspections, knowingly filed false certifications of compliance with HUD, and failed to put adequate systems in place to confirm the accuracy of lead certifications before they were made. After a federal investigation, in January 2019 New York City and the New York City Housing Authority settled with HUD, agreeing to increased oversight and funding to remediate the issues.

This statement is based primarily on two previously issued GAO reports: a March 2019 report on HUD’s inspection standards and a June 2018

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3 The City of New York Department of Investigation, DOI Investigation Reveals NYCHA Failed to Conduct Mandatory Lead Paint Safety Inspections for Four Years (New York, N.Y.: Nov. 14, 2017).

report on lead paint hazards in HUD-assisted housing. Specifically, this statement discusses HUD’s efforts related to its (1) physical inspection process and oversight of inspectors and (2) processes for monitoring and enforcing compliance with lead paint regulations in its rental assistance programs and measuring and reporting on its lead efforts. Our March 2019 report made 14 recommendations to HUD to improve the inspections program. Our June 2018 report made six recommendations to HUD to strengthen its efforts to monitor compliance with lead paint regulations and report on lead-safe housing units within the voucher and public housing programs.

For our March 2019 report, we reviewed HUD documents and data related to REAC’s physical inspection process, use of contract and quality assurance inspectors, and enforcement processes and interviewed HUD officials. For our June 2018 report, we reviewed HUD documents and information related to its compliance efforts, performance measures, and reporting and interviewed HUD officials. More details on our methodologies can be found in the two reports on which this statement is based. For this statement, we updated the status of recommendations from those reports, as of November 2019, by interviewing HUD officials and reviewing documents HUD provided about its efforts to implement these recommendations.

We conducted the work on which this statement is based 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 based on our audit objectives. We believe that the evidence obtained


6Our June 2018 report on lead paint in housing has a total of nine recommendations. The remaining three recommendations relate to our review of HUD’s lead grant program, which competitively awards lead hazard control grants to state and local jurisdictions. The grant program is intended to help jurisdictions identify and control lead hazards in low-income private housing and therefore is not included in the scope of this statement.
Multiple Aspects of the REAC Inspection Program Have Weaknesses

Our March 2019 report identified a number of areas in which HUD needs to improve its physical inspection process and its oversight of inspectors, which could help better ensure the health and safety of households that live in HUD-assisted properties. These areas include conducting a comprehensive review of the inspection process; incorporating sampling error as part of determining inspection frequency and enforcement actions; tracking whether inspections are conducted by their expected date; enhancing the process and practices related to selecting, training, and evaluating inspectors; and ensuring that new quality control policies and procedures are implemented.

Comprehensive Review of REAC Inspection Process

We found that REAC had not conducted a comprehensive review of its inspection process since 2001, although new risks to its process have emerged since then. For example, REAC staff have raised concerns that some property owners have taken advantage of the scoring system and others have misrepresented the conditions of their properties. Specifically, because more points are deducted for deficiencies on the property site than for deficiencies in a dwelling unit, some property owners prioritize site repairs over unit repairs. Additionally, some property owners attempt to cover up, rather than address, deficiencies—such as by using mulch on a building exterior to hide erosion. REAC staff also have raised concerns about property owners employing current or former REAC contract inspectors to help prepare for an inspection, sometimes by guiding owners to repair just enough to pass inspection rather than comprehensively addressing deficiencies. REAC also continues to find that some contract inspectors conduct inspections that do not meet REAC’s quality standards.

Furthermore, REAC fundamentally changed the entities that conduct inspections. In 1998, REAC employed a few large inspection companies to conduct the inspections. However, in 2005, REAC introduced the reverse auction program and opened up the inspection process to a larger number of small businesses, which resulted in a change in the composition of inspectors. We found that without a comprehensive review, REAC cannot determine if it has been meeting the goal of producing inspections that are reliable, replicable, and reasonable.

We recommended that REAC conduct a comprehensive review of the physical inspection process, and HUD agreed with this recommendation.
In November 2019, HUD officials told us that they recently completed a comprehensive review of the physical inspection process. In supporting documentation, HUD stated that the current model was insufficient for evaluating HUD-assisted housing when compared to modern expectations of housing quality, and that there is now a need to focus more on health and safety of residents and less on asset preservation and condition and appearance items. We have been assessing HUD’s recent review to determine whether it is has fully addressed our recommendation.

We also found that REAC may not be identifying all properties in need of more frequent inspections or enforcement actions because it does not consider sampling errors of the inspection scores. For large properties, REAC inspects a statistical sample of the property’s units and buildings rather than all of them. The results for the sample are then used to estimate a score that represents the condition of the entire property. HUD takes enforcement action for multifamily properties with a score below 60. However, sampling introduces a degree of uncertainty, called sampling error, which statisticians commonly express as a range associated with numerical results. For example, for a property that scored 62 on its physical inspection, due to sampling error, the range associated with this score could be between 56 on the lower bound and 68 on the upper bound. REAC would consider this a passing score that requires an annual inspection and no enforcement action, although the lower bound fell below 60.

REAC previously calculated sampling errors but ceased doing so in 2013, according to REAC officials, in part because of a lack of resources and also because they believed there was no need to calculate them. Based on our analysis of REAC inspection data, HUD could have taken enforcement actions against more properties if REAC had taken sampling errors in inspection scores into account. For example, from fiscal years 2002 through 2013, about 4.3 percent of inspections of multifamily and public housing properties had an inspection score of 60 or slightly above 60 but had a lower bound score under 60. Without considering sampling errors when determining whether enforcement action is needed, REAC will not identify some properties that may require more frequent inspections or enforcement actions.

We recommended in our March 2019 report that REAC resume calculating the sampling error associated with the physical inspection score for each property, identify what changes may be needed for HUD to
use sampling error results, and consider those results when determining whether more frequent inspections or enforcement actions would be needed. HUD neither agreed nor disagreed with this recommendation. However, since our report was issued, HUD said that by September 30, 2020, REAC planned to include the standard error calculations in the next version of its scoring software for physical inspections. REAC officials also stated that a task team concluded that the use of sampling error likely would have no impact on any individual enforcement action. However, REAC’s statement appears to contradict its own policies because inspection scores alone are used to determine whether some properties are referred for potential enforcement actions. We will continue to monitor REAC’s actions regarding this recommendation, including how it uses sampling error results to make decisions about properties.

Selecting, Training, and Evaluating Inspectors

In our March 2019 report, we also found that REAC lacked formal mechanisms to assess the effectiveness of its training program for contractors hired to inspect properties (contract inspectors) and for HUD employees responsible for monitoring and overseeing contract inspectors (quality assurance inspectors). Unlike professional inspection organizations, REAC does not have continuing education requirements. Formal mechanisms to assess the effectiveness of its training program could help REAC ensure that its program supports the development needs of inspectors. Furthermore, requiring continuing education could help REAC ensure that inspectors are current on any changes in REAC’s policies or industry standards. We also found weaknesses in REAC’s process for evaluating the performance of inspectors, which could hinder its ability to ensure the quality of inspections.

We made a number of recommendations related to the selection, training, and performance evaluation of inspectors. Specifically, we recommended that HUD take the following actions:

- Follow through on REAC’s plan to create a process to verify candidate qualifications for contract inspectors—for example, by calling references and requesting documentation from candidates that supports their completion of 250 residential or commercial inspections.
- Develop a process to evaluate the effectiveness of REAC’s training program—for example, by reviewing the results of tests or soliciting participant feedback.
• Revise training for quality assurance inspectors to better reflect their job duties.

• Develop continuing education requirements for contract and quality assurance inspectors.

• Review performance standards for quality assurance inspectors and revise them to better reflect the skills and supporting behaviors that quality assurance inspectors need to effectively contribute to REAC’s mission.

HUD agreed with these recommendations, and we have been evaluating actions it has taken in response to them since our report was issued. For example, in November 2019, HUD officials said that they were moving toward a model of contracting with larger firms to conduct physical inspections of properties. In this model, HUD plans to put the first level of responsibility on the contractor to do its own due diligence on inspector candidates, and the contractor would be required to review 25 verifiable prior inspections completed by each inspector candidate. A REAC official then would be expected to select a sample of the candidate’s inspections to review.

In response to our recommendation about revising training for quality assurance inspectors, REAC said that it recently began requiring a minimum of 8 hours of continuing education annually for all quality assurance staff. As of November 2019, REAC had not yet provided us with information about the subject matter of that training. Since our report was issued, REAC also developed continuing education requirements for contract and quality assurance inspectors, which it said will be required beginning in January 2020. In addition, REAC has developed updated performance standards for quality assurance inspectors, which REAC officials said were under review. REAC considers the new standards to be more aligned with the job responsibilities of quality assurance inspectors.

Meeting Target Dates for Inspections

We also found that REAC did not always meet its schedule for inspecting multifamily properties or track progress toward meeting scheduling requirements. REAC did not meet its schedule for about 20 percent of multifamily property inspections from calendar years 2013 through 2017. On average, REAC conducted inspections for these properties about 6 months past the targeted date. REAC staff told us that there may be legitimate reasons for not conducting an inspection according to the targeted date. For example, the Office of Multifamily Housing, which
REAC also does not track its progress toward meeting its requirement for inspecting multifamily properties within prescribed time frames.

REAC’s inability to adhere to the inspection schedule could hinder the Office of Multifamily Housing’s ability to monitor the physical condition of properties on a timely basis and take enforcement actions when warranted. Furthermore, the lack of a mechanism to track REAC’s progress toward meeting its requirement for inspecting multifamily properties hinders its ability to determine what factors have contributed to delays in conducting the inspections. In our March 2019 report, we recommended that REAC track on a routine basis whether it conducts inspections of multifamily housing properties in accordance with federal guidelines for scheduling, as well as coordinate with the Office of Multifamily Housing to minimize the number of properties that can cancel or reschedule their physical inspections. HUD partially agreed with this recommendation.

Since our report was issued, REAC officials told us that REAC developed an electronic spreadsheet to better track information about its inspections, and they expect information technology enhancements that would automate the tracking of information about these inspections to be deployed by September 1, 2020. HUD’s Office of Multifamily Housing also issued a memorandum in March 2019 that provides guidance on when a field office may approve an owner’s request to delay an inspection. We will continue to monitor HUD’s actions related to this recommendation.

Implementing New Quality Control Policies and Procedures

In our March 2019 report, we found that REAC had yet to implement policies and procedures for its Quality Control group, which was formed in 2017. REAC created the Quality Control group to standardize quality assurance inspector reviews by conducting more frequent oversight and looking for trends across all quality assurance inspectors, according to a Quality Control official. In November 2018, Quality Control developed a mission statement that says that the primary goal of the group is to improve the consistency of inspections. Also in November 2018, Quality Control developed procedures for reviewing quality assurance inspectors, which include processes for conducting field reviews of completed
inspections, criteria for acceptable inspections, and processes for providing feedback. An official from the group told us both its mission and procedures have not been implemented, in part because Quality Control staff repeatedly have been occupied with other special projects. Without finalizing and implementing its policies and procedures for reviewing quality assurance inspectors, Quality Control may not be able to provide consistent reviews of quality assurance inspectors, which could affect the quality of inspections and the feedback and coaching that quality assurance inspectors provide to contract inspectors.

We recommended that REAC ensure that Quality Control’s policies and procedures for overseeing quality assurance inspectors are implemented, and HUD agreed with this recommendation. Since our report was issued, REAC has begun to implement this recommendation by clarifying in writing the roles, responsibilities, and objectives of the Quality Control group, including how the group plans to support changes in REAC’s inspection program. In determining the status of our recommendation, we will look for evidence that the group has been consistently implementing its policies and procedures.

Other Recommendations and Actions HUD Has Taken

In addition, our March 2019 report made several other recommendations regarding the physical inspection process and oversight of inspectors. These recommendations addressed

- documenting the sampling methodology for the inspection process,
- designing and implementing an evaluation plan for assessing the effectiveness of REAC’s pilot program for staffing inspections in hard-to-staff geographic areas,
- implementing internal HUD recommendations,
- implementing a plan for meeting management targets for reviews by quality assurance inspectors, and
- reporting to Congress on why the agency has not complied with a Consolidated Appropriations Act requirement.

HUD generally agreed with these recommendations. While HUD has taken some steps, it had not fully addressed them as of November 2019. We have been assessing the actions HUD has taken and will continue to monitor HUD’s progress toward implementing these recommendations.
HUD has been undertaking significant changes to the REAC physical inspection program. In a Federal Register notice published on August 21, 2019, HUD said it was soliciting comments on a proposed voluntary demonstration of a new physical inspection process, called the “National Standards for the Physical Inspection of Real Estate.” According to HUD officials, the new inspection model is intended to address issues of inspections not always identifying health and safety conditions and properties with poor unit conditions passing inspections, among other things. HUD officials have said that a transition to the new model may take 2 years or more. HUD also has been taking steps to replace its reverse auction program with a program in which large contractors will be responsible for conducting physical inspections. We will continue to monitor HUD’s actions regarding the recommendations, as well as HUD’s activities more broadly related to implementing a new inspection model. Full implementation of the recommendations, even as the inspection program undergoes changes, can help REAC to ensure that properties are decent, safe, sanitary, and in good repair.

Our June 2018 report identified a number of areas in which HUD needs to improve its efforts to identify and address lead paint hazards and protect children in low-income housing from lifelong health problems. Among other issues, we identified shortcomings in compliance monitoring and enforcement, inspection standards, and performance assessment and reporting.

Our June 2018 report noted that HUD began taking steps in 2016 to monitor how PHAs comply with lead paint regulations. These steps included tracking the status of lead inspection reports for public housing properties and PHA-reported information about cases of children with elevated blood lead levels living in voucher and public housing units. However, we also identified several limitations with HUD’s monitoring efforts. For example, HUD relies in part on PHAs self-certifying their compliance with lead paint regulations, but investigations found that some

PHA officials may have falsely certified that they were in compliance. Also, on-site compliance reviews performed by HUD staff can be used to determine if PHAs are in compliance with these regulations, but HUD performs a limited number of these reviews annually. In fiscal year 2017, HUD conducted these reviews at less than 2 percent of the roughly 4,000 PHAs. Finally, HUD does not have data readily available on the physical condition of the roughly 2.5 million voucher units or these units’ compliance with lead paint regulations because the individual PHAs keep these data.

These limitations in HUD’s monitoring suggest that HUD may not be fully aware of the extent to which children may live in unsafe units. As a result, we recommended that HUD establish a plan to mitigate and address risks in its lead paint compliance monitoring processes. These actions could further strengthen HUD’s oversight and keep PHAs accountable for ensuring that housing units are lead-safe. HUD agreed with the recommendation. As of November 2019, HUD officials told us the agency had taken steps to implement the recommendation, including requiring PHAs to submit appropriate documentation regarding public housing units’ compliance with lead paint regulations and updating an internal checklist for on-site compliance reviews that HUD staff conduct. We will continue to monitor HUD’s progress in response to our recommendation.

Our 2018 report also found that HUD did not have detailed procedures to address PHA noncompliance with lead paint regulations or to determine when enforcement decisions might be needed. HUD staff stated that they address PHA noncompliance through ongoing communication and technical assistance. However, HUD has not documented specific actions staff should perform when deficiencies are identified. Furthermore, in response to our requests for information on enforcement actions taken, HUD was able to provide information on only one enforcement action, which dated from 2013. As a result, we recommended that HUD develop and document procedures to ensure staff take consistent and timely steps to address issues of PHA noncompliance with lead paint regulations. HUD generally agreed with the recommendation. As of November 2019, HUD officials told us procedures were in draft form and under internal review and were not expected to be finalized until spring 2020. HUD officials noted that the draft procedures could help HUD staff decide when an enforcement action might be appropriate, including determining how long PHAs have to resolve noncompliance.
We also found that HUD’s Lead Safe Housing Rule requires a stricter lead inspection standard for public housing than for voucher units. For public housing, inspectors must conduct a risk assessment that includes testing paint chips and dust for the presence of lead paint. For voucher units, inspectors conduct a visual assessment that includes looking for deteriorated paint or visible surface dust but does not include any testing of paint chips or samples. As a result of the different inspection standards in the two programs, children living in voucher units may receive less protection from lead paint hazards than children living in public housing. According to agency officials, HUD does not have the statutory authority to require the more stringent inspection in the voucher program. In our June 2018 report, we recommended that HUD request authority from Congress to use the stricter lead inspection standard in the voucher program as indicated by analysis of health effects for children, the impact on landlord participation in the program, and other relevant factors.

In August 2018, HUD officials told us that they planned to convene a working group to design and conduct a statistically rigorous study on the impact of risk assessments to help decide whether to support statutory change for greater flexibility in strengthening inspection standards for pre-1978 units under the voucher program. Such an analysis could be useful in evaluating the potential benefits and risks of a change in the voucher program, and we will continue to monitor the progress made by the working group. As of November 2019, HUD officials told us they were working on a demonstration proposal to test an alternative inspection standard in the voucher program. The officials noted that details of the demonstration proposal were not currently available. Separately, we have ongoing work reviewing possible changes in the inspection standard for

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8For public housing units, if an inspection identifies lead-based paint, PHAs must perform a risk assessment that includes an inspector testing for the presence of lead paint by collecting and testing samples of paint chips and surface dust and typically using a specialized device (an X-ray fluorescence analyzer) to measure the amount of lead in the paint. For voucher units, HUD requires PHAs to ensure that trained inspectors conduct visual assessments to identify deteriorated paint and visible surface dust for housing units inhabited by a child under 6 years old but does not require them to test paint chips or dust samples to determine the presence of lead.

9HUD disagreed with a recommendation in a draft of our June 2018 report that it should request authority from Congress to use a specific, stricter inspection standard. We revised the recommendation for the final report to allow HUD greater flexibility to amend its current inspection standard as indicated by analysis of health effects for children, the impact on landlord participation in the program, and other relevant factors.
the voucher program. This work started in September 2019 and will include an in-depth review of the impact a change in the inspection standard may have on the cost and length of time of inspections, as well as the impact on landlords and families participating in the voucher program.

Our June 2018 report also identified weaknesses in HUD’s performance assessment of and reporting on its lead-safety efforts. We found that HUD had taken limited steps to measure, evaluate, and report on the performance of its programmatic efforts to ensure that housing is lead-safe. First, HUD lacked comprehensive goals and performance measures for its lead-reduction efforts. We found that HUD did not track the number of housing units in the voucher or public housing programs that were lead-safe. At the time of our report, HUD officials told us that the agency did not have systems to count the number of housing units made lead-safe in these two programs. HUD had begun discussing whether existing databases could be used to count lead-safe housing units but did not provided us with details at that time. Second, HUD had not formalized plans and did not have a time frame for evaluating the effectiveness of its lead paint regulations. Third, it had not complied with annual statutory reporting requirements and last reported on its lead efforts in 1997. We noted that by improving its measurement of whether its housing is lead-safe and evaluating and reporting on its efforts, HUD will be better positioned to inform Congress and the public about its progress toward ensuring that housing is lead-safe for residents.

As a result of these findings, we recommended that HUD develop performance goals and measures, including a measure to track its efforts to ensure that housing units in its rental assistance programs were lead-safe. Additionally, we recommended that HUD finalize plans for evaluating the effectiveness of its lead paint regulations. Finally, we recommended that HUD complete statutory reporting requirements and make the reports publicly available. HUD generally agreed with these recommendations.

In August 2018, HUD told us that it would use existing data systems to begin to establish a baseline for reporting lead-safe housing units in its rental assistance programs. As of November 2019, HUD officials told us they still were exploring whether current data systems could be used to count the number of lead-safe housing units in HUD’s rental assistance programs. According to HUD officials, for public housing, HUD has made progress in counting housing units that have been made lead-safe using
funds from the Lead-Based Paint Capital Fund Program. However, officials told us data will not be available until spring 2020. To evaluate the effectiveness of lead paint regulations, in November 2019 HUD officials told us they planned to use data from the forthcoming update to the American Healthy Homes Survey to better estimate the prevalence of lead paint hazards in federally assisted housing. However, officials told us the findings from the updated survey likely would not be available until summer 2020. With respect to complying with statutory reporting requirements, in November 2019, HUD officials told us they planned to issue a report to Congress on the agency’s lead efforts in early 2020. We will continue to monitor HUD’s efforts to implement these recommendations.

In summary, it is essential to strengthen HUD’s oversight and keep PHAs accountable for ensuring that housing units are lead-safe because children continue to test positive for lead while living in HUD-assisted housing. As of November 2019, HUD officials told us they continue to learn of confirmed cases of children testing positive for lead while living in HUD-assisted housing because PHAs are required to record the cases in a HUD database. We maintain that improvements to the areas noted in this statement today will help HUD better protect children from lifelong health problems.

Chairman Clay, Ranking Member Stivers, and Members of the Subcommittee, this concludes my statement for the record.

10The purpose of the Lead-Based Paint Capital Fund Program is to help PHAs identify and eliminate lead paint hazards in public housing. The 2017 Consolidated Appropriations Act made $25 million available for competitive grants to PHAs to evaluate and reduce lead-based paint hazards in public housing.

11In 2017, HUD began to record information from PHAs on children with elevated blood lead levels residing in HUD-assisted housing. The database is known as the Elevated Blood Lead Level Tracker. According to HUD staff, this tracker was created to help HUD monitor PHA compliance with new requirements noted in a January 2017 amendment to the Lead Safe Housing Rule. See Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance, 82 Fed. Reg. 4151 (Jan. 13, 2017). In a March 2018 report to Congress, HUD noted that children who live in HUD-assisted housing continue to test positive for lead. See the Department of Housing and Urban Development, Office of Public and Indian Housing and Office of Lead Hazard Control and Healthy Homes, Report to Congress: HUD Oversight of the Lead Safe Housing Rule for the Public Housing and Housing Choice Voucher Programs (March 2018).
If you or your staff have any questions about this statement, please contact Daniel Garcia-Diaz, Director, Financial Markets and Community Investment, at (202) 512-8678 or garciadiazd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this statement are Beth Faraguna and Andy Pauline (Assistant Directors), Cory Marzullo (Analyst in Charge), Rachel Batkins, Carl Barden, Charlene Calhoon, Rudy Chatlos, Jeff Harner, Jill Lacey, Lisa Moore, Marc Molino, José Peña, Rhonda Rose, Jessica Sandler, Jennifer Schwartz, Tyler Spunaugle, and Nina Thomas-Diggs.
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