

NAHP Update

Being Proactive Key to REAC Inspection Changes

BY JENNIFER JONES

EDITOR'S NOTE

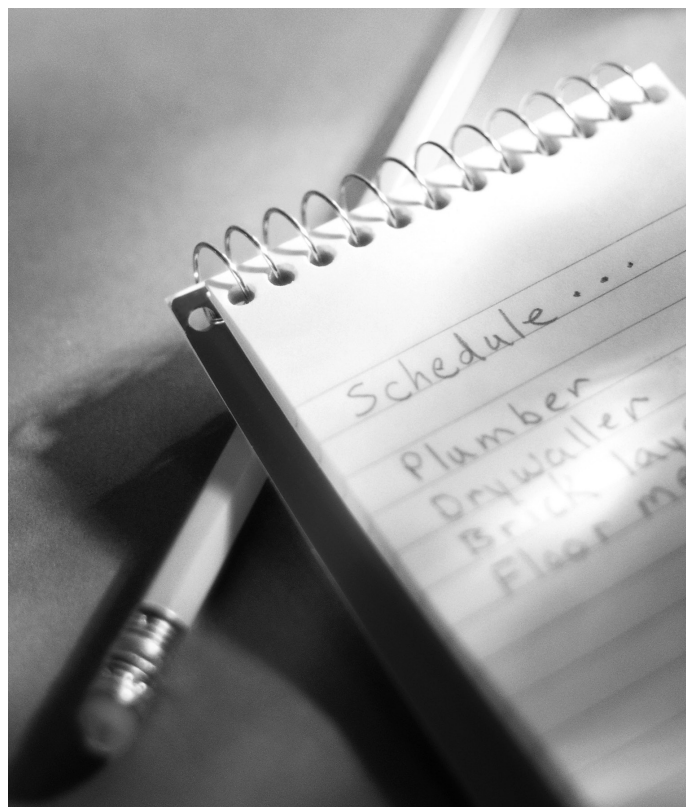
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If you wish to ensure the *NAHP Update* is delivered directly to your inbox, please make sure NAHMA has your updated email address. **Please send email updates to Jennifer Jones, communications manager, at jjones@nahma.org.**

In February, the Department of Housing and Urban Development (HUD) announced plans to overhaul its Real Estate Assessment Center (REAC) inspection notification time frame and protocols. The immediate change was a shortened notification period of a REAC inspection to a period of exactly 14 days that became effective in March. Previously, there was a 30-day window.

Under this change, if an owner/agent/landlord/housing authority declines the inspection or the inspection time frame, the property will receive an automatic score of 0. The property then has seven days to rectify the score by rescheduling the inspection. Otherwise, the 0 score is maintained. HUD said shortening the notification period was a way to ensure properties are being maintained on a year-round basis.

Later this year, HUD plans to roll out a two-year voluntary nationwide demonstration program to test new standards for inspecting and collecting information about the condi-



tion of most properties called the National Standards for the Physical Inspection of Real Estate (NSPIRE). HUD will continuously collect feedback and suggestions about the changes.

NSPIRE's focus is on the areas that impact residents. According to HUD, this model includes more objec-

tive standards, value-added inspection protocols and scoring elements that are more defensible and less complex. Inspectors will spend more time in units and the overall results will better identify substandard properties. For more on the demonstration, visit https://www.hud.gov/program_offices/public_indian_housing/reac/nspire.



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BEING PROACTIVE KEY TO REAC INSPECTION CHANGES, continued from page 1

BE PROACTIVE WITH RESIDENTS

Noel Gill, executive vice president of Northwest Real Estate Capital Corp. (NWRECC), said that as of the end of May, five of the company's properties have been inspected under the shortened notification window. And even though the demonstration program has not begun yet, Gill said their inspection scores saw a bigger emphasis on the units. NWRECC, based in Boise, Idaho, owns or manages properties in Alaska, Arizona, Idaho, Montana, Nevada, Oregon, Utah and Wyoming.

"One of the things everyone was concerned about was the weighting of the inspection scoring," Gill said. "Units are the highest weight in your score and they are the places where you have the least amount of control when a tenant is in there."

Gill said his on-site managers were surprised by how much of the overall score was effected by the unit inspections, but otherwise they did not have any problems with the shortened inspection notification window. In fact, of the five properties inspected, the scores were either the same as the previous score or slightly higher.

One of the reasons, Gill said, is because his company is proactive with its residents.

"The problem is, you don't know what is going on in the unit if the residents



don't report a problem," Gill said. To that end, he said on-site staff perform three unit inspections a year, with the first taking place within 30 days of moving in. Staff also routinely reinforces the residents' responsibilities as to the care of the unit.

"Every time we are in a unit to make a repair, staff tells the residents of the expectation of unit upkeep," Gill said. "It creates long-term accountability."

Despite the REAC inspection overhaul, NWRECC has not seen a need to make any changes to its operations. He said being proactive and interactive within the residential com-

munities works for them.

"We haven't changed anything. We've always had a preventative maintenance program and done seasonal work on our buildings, sites and common areas," Gill said. "And our maintenance staff has been able to do pre-REAC inspections themselves. Checking the units to make sure the smoke detectors have batteries, there are no holes in the walls, the socket covers are in place."

Gill said the communities typically provide residents three-days' notice of an upcoming REAC inspection.

Even though accommodating the shortened notification period has not been a



problem, Gill did say there was one instance where having the 30-day notice could have made a difference in a score.

"We had a significant point reduction from unit damage," Gill said. "I have to say, if we had 30 days, we could have fixed the damage before the inspection."

The routine yearly inspections and regular communication with residents about their responsibilities has had an added bonus of making it easier for the communities to collect the charges for resident-caused unit damages.

"For us, we know that before a resident moves out, we collect 80% of the damage."

"ONE OF THE THINGS EVERYONE WAS CONCERNED about was the weighting of the inspection scoring. Units are the highest weight in your score and they are the places where you have the least amount of control when a tenant is in there."

es. After they move out, we collect less than 3% of the damages," Gill said.

BE PROACTIVE WITH HUD

The company is also proactive with its local HUD field offices. For example, Gill said they have a property where the owner is doing parking lot repairs, window replacements and replacing the roof; however, the work does not qualify as a major rehabilitation and therefore is not eligible to delay a REAC inspection. Nevertheless, NWRECC has reached out to the local HUD field office to ask if any unscheduled inspections could be put off until after the completion date.

"We're taking that approach to let them know of major repairs," he said. "We don't know if it will work, but we're trying to take the proactive approach

and hopefully our account executive can postpone any unscheduled inspections that come up."

Under REAC inspection guidelines released in March, HUD asset managers can delay an inspection, upon request, for a major rehabilitation with a total cost of \$15,000 per unit, a HUD approved repair plan, a presidential disaster declaration and "other emergency," such as a fire or water damage occurred that was beyond the owner's control that effects more than 30% of the units during the period an inspector or HUD is trying to schedule an inspection.

For ongoing updates on changes to REAC, visit NAHMA's Emerging REAC Issues webpage, <https://www.nahma.org/agencies/emerging-reac-issues/>. **NU**

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To find out about the latest affordable housing data and research releases from PD&R, subscribe to receive email updates and check out *The Edge*, PD&R's online magazine.



NAHMA Is Helping Transform Lives Through Literacy

Even though schools are out for summer, learning is a lifelong journey. In the spirit of furthering that educational journey, the National Affordable Housing Management Association (NAHMA) is assisting affordable housing residents by promoting adult literacy and connecting them to a free app for improving reading and English skills. The app is available for download until Aug. 31. You can help spread the word by simply distributing flyers available on the Transforming Lives Through Literacy webpage under the About Us tab at nahma.org.

More than 36 million adults in the U.S. lack basic English literacy—that's nearly one in six—yet only 5% have access to educational services. Low literacy impacts the well-being of individuals, families and communities. Help NAHMA change that.

Improving literacy rates can boost labor productivity, cut billions of dollars in national health care costs and help break the cycle of poverty for families in every state.

This effort is a result of NAHMA being named one of 24 finalists selected as a milestone award winner in the first phase of the Adult Literacy XPRIZE Communities Competition. As a milestone winner,



The literacy app is free, self-supported, self-paced, and it can be downloaded at <https://abc.xprize.org/ac5588> until Aug. 31.

NAHMA moved onto the second phase, which consists of promoting the download and use of the free adult literacy learning app.

"NAHMA is thrilled to have been named one of the winners in phase 1 of the XPRIZE adult literacy competition," Kris Cook, CAE, NAHMA executive director, said. "We are uniquely situated to reach out to the low- to moderate-income Americans who are residents of affordable rental housing that are working hard to improve the financial status of their families. We believe they will be interested in taking advantage of the literacy app to improve their reading and English skills, since the app is free, self-supported and self-paced."

To help NAHMA succeed in promoting adult literacy and demonstrating that housing is a platform for success, please distribute the English and Spanish flyers throughout your companies, communities and to on-site staff who can:

- Post the flyers on community bulletin boards or other visible locations
- Provide the flyers as handouts at special events at properties, such as English as a second language and financial literacy classes
- Include the flyers or information from them in community newsletters
- Send the flyers in broadcast emails to residents

The free literacy app is self-supported and self-paced

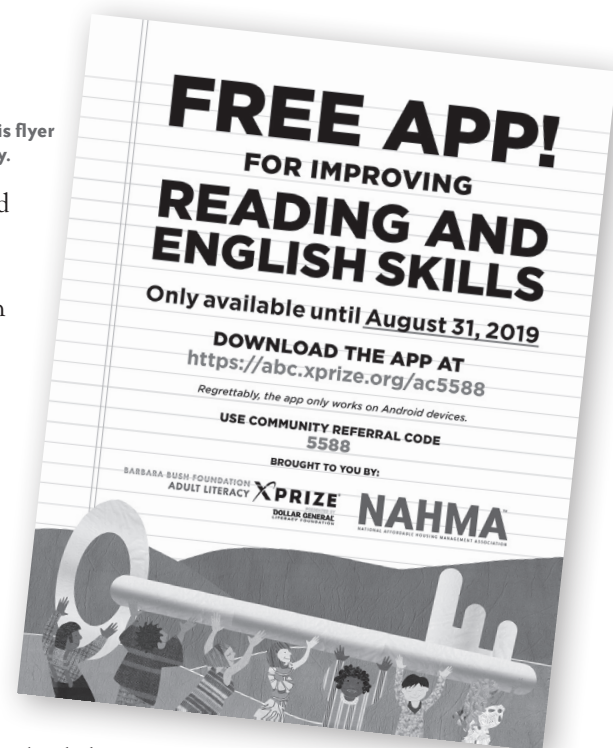
Help distribute this flyer in your community.

and is intended for all ages—from middle school through seniors—who may want to find better work, advance their education, help their children with homework or read stories with grandchildren. The

app can be downloaded at <https://abc.xprize.org/ac5588> until Aug. 31. The literacy app is available for Android devices only.

With research showing that 77 percent of Americans now own a smartphone, the competition aims to dramatically change the way the U.S. meets the needs of the 36 million adults with low literacy skills, by tackling the largest obstacles to achieving basic literacy—access, retention and scale.

The Communities Competition continues the momentum of the \$7 Million Barbara Bush Foundation Adult Literacy XPRIZE presented by the Dollar General Literacy Foundation, which recently culminated with the announcement of two grand prize winners. In this second phase, the Communities Competition incentivizes organizations, communities and individuals to recruit adult learners to download and use



the apps developed by four of the finalist teams in the Adult Literacy XPRIZE. Each app demonstrated literacy gains in participating learners, who took a pre- and post-test in a 12-month field test in 2018. "The Communities Competition is a one-of-a-kind effort to scale the impact of the Adult Literacy XPRIZE and transform lives through literacy," said Shlomy Kattan, executive director of the Adult Literacy XPRIZE. "The passion, dedication and thoughtfulness of these competing communities is critical to reaching learners from diverse geographies and backgrounds. We have an array of teams, from educational institutions, to nonprofits, NGOs, government agencies, corporations, and individuals who are all critical to our goal of empowering adult learners to take learning in their own hands." —JJ NU



Teamwork Makes the Community Work

NAME: Theresa Stelmach, CPO, FHC, NAHP-p

MANAGEMENT COMPANY: The Community Builders

POSITION: Community Manager

Theresa Stelmach was attending college in the evenings when she was hired as an assistant manager for an affordable housing property in 2003. She went on to earn her associate degree in business management, along with several industry related certifications from NAHMA, IREM, Grace Hill, TCB and real estate trainings. Now, she is the community manager of Stillwater Heights Housing—a low-income housing community for seniors in Harrisville,

R.I.—a position she has held for the last eight years.

“I like helping people by providing them with affordable housing where they feel safe and can enjoy their retirement. I like managing the property and making sure the units are full, money comes in, bills are paid, and the property is well maintained. I like the fact that I’m not doing the same thing every day,” Stelmach said. “As a manager, there are a lot of different tasks and you never get bored. I run the property with a maintenance supervisor and part-time resident services coordinator. We function well as a team. We all care about the residents and the property, and we work at the same goals. Communication and respect are key. I like it when my staff questions my

decision and provides input. I am open to and appreciate their suggestions.”

Even after all these years, Stelmach said there are times the residents can be her biggest challenge. In those cases, she and her team work with the seniors to make sure they stay in compliance with the Department of Housing and Urban Development and house rules.

“We can’t control everything that goes on, but we try our best to make a peaceful environment where all residents feel safe,” she said.

Despite the ups and downs, she enjoys her work so much, Stelmach said she hopes to stay at Stillwater until she retires. She also encourages others to follow in her footsteps, offering the following advice: “Prioritize

your work so the property runs well and continue to take classes to enhance your knowledge and skills. It’s nice attending trainings and hearing from other managers what works for them. Don’t be afraid to call another manager for input.”

When she is off the clock, Stelmach enjoys being outdoors walking, camping, kayaking, biking, hiking, snowshoeing and working in her yard. Stelmach also does yoga and occasionally shoots at the gun club with her husband of 34 years. The couple have two daughters, two sons-in-law and four grandchildren.

“Managers have a lot of responsibility and the job is very demanding. Do your best, prioritize, work well with your staff, stay calm and be open to suggestions,” she said. —JJ NU

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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