

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**Office of Public and Indian Housing**  
**Operational Performance Evaluation and Risk Assessments**

**SUMMARY OF RESOURCES**

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2023 Appropriation	-	-	-	-	-	-
2024 Annualized CR	-	-	-	-	-	-
2025 President's Budget	50,000	-	-	50,000	50,000	20,000
Change from 2024	50,000	-	-	50,000	50,000	20,000

**PROGRAM PURPOSE**

The Operational Performance Evaluation and Risk Assessments (OPERA) account would support residents of HUD housing by funding financial, physical, operational and other risk-based assessments across Public Housing, Multifamily Housing, FHA-insured Residential Health Care Facilities, and other HUD rental housing portfolios covered by the National Standards for the Physical Inspection of Real Estate (NSPIRE). In limited circumstances, OPERA would fund inspections in Housing Choice Voucher (HCV) rental housing as well. OPERA would support activities to optimize assessments and property performance, including enhanced risk management through more robust data analytics, inspector training, and financial analyses.

**BUDGET OVERVIEW**

The 2025 President’s Budget requests \$50 million for the Operational Performance Evaluation and Risk Assessments (OPERA) Fund.

The Budget request supports an extensive array of critical activities integral to enhancing housing programs. These activities encompass a diverse range of tasks, including performing, analyzing, scoring, and evaluating up to 20,000 inspections under the NSPIRE program for Public Housing and Multifamily programs. Additionally, it involves scoring financial assessments for approximately 7,000 Public Housing properties and 30,000 Multifamily properties. A pivotal aspect of this allocation supports program-related travel and technical training for inspectors and auditors that will ensure more consistent and higher-quality physical assessments. Complementing these efforts are quality assurance measures and risk-based follow-up reviews of all assessments.

Funding for these programs under the current system comes from a direct set-aside within the Public Housing Fund as well as funds from PBRA, Housing for the Elderly, Housing for Persons with Disabilities, Federal Housing Administration contract funds, and the Housing for the Elderly and Disabled Liquidating account. The administrative complexities of combining disparate sources of funding leads to delays and increased costs when procuring and executing critical evaluation and assessment services. The current funding structure is inconsistent with the alignment of inspection standards across HUD rental housing assistance programs through NSPIRE, the already existing and long-time alignment of annual financial statement charts of accounts and submissions across HUD’s rental housing assistance programs, and the REAC office’s long-standing history of inspecting and assessing properties and units across multiple housing portfolios and accounts.

The new OPERA set-up, first proposed in the 2024 President’s Budget, would replace all these sources with a single source of funding for all inspections. This account would streamline funding and operations for inspections, break down silos, and improve HUD’s data collection and analytics. OPERA would help the Department better understand and address assessment results and trends, which is critical to keeping residents safe.

This program aligns with HUD 2022-2026 Strategic Objectives 2B: *Improve rental assistance to address the need for affordable housing* and 4B: *Strengthen Environmental Justice*.

## JUSTIFICATION

The requested \$50 million will enable HUD to conduct up to 20,000 inspections under the NSPIRE program and complete financial assessments for 7,000 Public Housing properties and 30,000 Multifamily properties.

Moreover, OPERA would expand upon the traditional physical and financial inspection model by including analytics for all assessment types, deriving new insights to determine, predict, and proactively tackle risks across HUD housing programs. The data analytics initiative would evaluate data not previously available to Real Estate Assessment Center (REAC), such as resident engagement in the inspection process, expanded stakeholder surveys, third-party data sets, and new data linkages – financial, physical, neighborhood, and environment. Collectively, the analytics would shape a comprehensive risk assessment to better assess resident health and safety, as well as the long-term viability of the housing portfolio.

Lastly, attention is directed towards improving REAC Operations and Assessment Support Activities to effectively handle the increased scale and complexity of data involved in these critical operations.

In addition to funding NSPIRE inspections in 2025, these funds would enable HUD to conduct better oversight for the HCV and Project-Based Voucher (PBV) programs and any follow-up needed for Public and Multifamily housing. Under the NSPIRE rule, HUD now requires that Public Housing Agencies (PHAs) provide results of their self-inspections to the Department in certain high-risk circumstances, and analysis of these reports requires additional HUD resources. Additionally, when self-inspections provide evidence that units’ physical conditions may jeopardize residents’ health and safety, the Department must also conduct its own inspections of voucher-leased units.

### Key Assumptions

HUD included the following assumptions in its estimate for the Budget:

- Funding for up to 20,000 physical inspections and the necessary support contracts for Public Housing and Multifamily properties in 2025. (Note: REAC must purchase inspections 3 to 6 months ahead of time, so it is normal to procure inspections in advance of the first half of the subsequent fiscal year to avoid a backlog.)
- Increased re-inspections in the first three years (2024-2027) of using the NSPIRE standards, evaluating new items and achieving quality assurance goals.
- Increased inspection time due to increased unit sampling under NSPIRE.
- Inspection costs increase due to inspector shortages, inflation, and increased program requirements (e.g., additional training, professional conduct requirements).
- Additional expertise in more complex physical standards and conditions (e.g., mold and moisture assessment, pest infestation).

- This level of funding only supports administrative costs necessary to enable assessments.
  - This does not include salaries and expenses (S&E); the PIH 2025 S&E Budget highlights the S&E funding estimates required to support the REAC reorganization and execution of OPERA.
  - This does not include major Information Technology (IT) system funding.

### **Performance Indicators, and Other Evidence**

The Budget proposes that OPERA develop new performance measures aligned to program outcomes that will be reported in 2026. These measures are currently under consideration and may include:

- Improved identification of underperforming and at-risk properties;
- Unit-level physical, financial, and operational performance and risks, particularly for health and safety issues, determined through data analytics; and
- Timely procurement of inspections and reduction in the number of properties not successfully procured for inspection.

### **Stakeholders**

REAC has been using human-centered design and customer experience principles for the design and improvement of its products and services to deliver digital experiences and interactions. Outreach includes listening and workshop sessions with residents and external housing providers. REAC will continue incorporating resident input into the policy-making process for assessments and to better ensure residents' perspectives are considered. To update NSPIRE Standards, REAC will continue to engage public health experts, code development organizations, manufacturing and industry representatives, environmental advocacy groups, and rental industry professionals among other external professionals. The next update to NSPIRE standards will be developed in 2025, consistent with the regulatory commitment to update those standards at least every three years. REAC will also cultivate partnerships with other Federal Agencies and external organizations (e.g., State and local governments) to stay abreast of technology improvements and data exchange opportunities to improve the health and safety of HUD housing.

### **Operational Improvements**

REAC's assessments of housing properties and programs help HUD to ensure that affordable housing is safe, healthy, and financially sound; this cumulative impact helps further environmental justice.

- Improve Customer Experience: REAC will continue to include regular feedback from housing providers, industry groups, public health advocates, residents, and other customers to align the organization around data-driven insights. The resident engagement and feedback results will help inform property oversight.
- Strengthen Information Technology: IT investments will continue to modernize PIH's IT systems and infrastructure that began in 2021 (the 2021-23 PIH IT Performance Plans and associated funding), thereby strengthening information technology, cybersecurity, and data management. These IT solutions include enhancing the NSPIRE IT solution, modernizing IMS-PIC to the Housing Information Portal (HIP) and aligning systems with statutory and regulatory changes. HIP is slated to come online and be rolled out to more than 4,000 PHAs in 2024. OCIO and PIH began work in late 2023 on the new PIH Data Warehouse, which will enable REAC, PIH, and other stakeholders (e.g., Policy Development & Research) to do better data analysis of housing financial and management conditions to better predict and manage risk. Lastly, thanks to IT appropriations in 2023, OCIO and PIH have begun efforts to modernize the Enterprise Income Verification (EIV) system which will help HUD become

compliant with the Payments Integrity Information Act (PIIA) and improve the customer experience for prospective and existing residents of HUD-assisted rental housing.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2023 Budget Authority	2022 Carry over Into 2023	2023 Total Resources	2023 Obligations	2024 Annualized CR	2023 Carry over Into 2024	2024 Total Resources	2025 President's Budget
Operational Performance Evaluation and Risk Assessments	-	-	-	-	-	-	-	50,000
<b>Total</b>	-	-	-	-	-	-	-	<b>50,000</b>

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS**

**Legislative Proposals**

The 2025 Budget supports the following legislative proposal and will seek changes through the authorization process:

Prioritization of Federal Inspection Certification: In the absence of a national standard, HUD requests authorization to preempt State or local licensing requirements that might impede Federal employee inspectors in the performance of their duties. This would cover the ability of Federal personnel to collect or assess information on risks related to environmental, health, or other hazards impacting the built environment or residential use of such structures. REAC will promote healthy housing and environmental justice by developing, testing, and operationalizing inspection protocols for lead-based paint, mold and moisture, pest infestation, and radon. If authorized by a legislative provision, HUD will publish national standards for these environmental hazards in federally assisted housing and conduct assessments nationally, without the barrier of differing State or local licensing requirements.

**General Provisions**

The 2025 President’s Budget re-proposes the following general provision:

Physical Conditions Requirements: This general provision enhances HUD’s ability to exercise oversight within the PBRA program, allowing HUD to mandate corrective action, contract transfers, or change in management due to failure to meet physical condition standards. It has been updated to allow it to continue to function when HUD implements the new NSPIRE standards. (Sec. 214)

**APPROPRIATIONS LANGUAGE**

The 2025 President’s Budget includes the appropriations language listed below.

*For the Department's inspection and assessment programs, including travel, training, and program support contracts, \$50,000,000, to remain available until September 30, 2028: Provided, That unobligated balances, including recaptures and carryover, remaining from funds appropriated under the heading "Public Housing Fund" in prior Acts to support ongoing public housing financial and physical assessment activities shall be available for the purposes authorized under this heading in addition to the purposes for which such funds originally were appropriated.*

Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing

Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended).  
The amounts included for 2024 reflect the annualized level provided by the continuing resolution.