



National Standards for the Physical Inspection of Real Estate (NSPIRE)

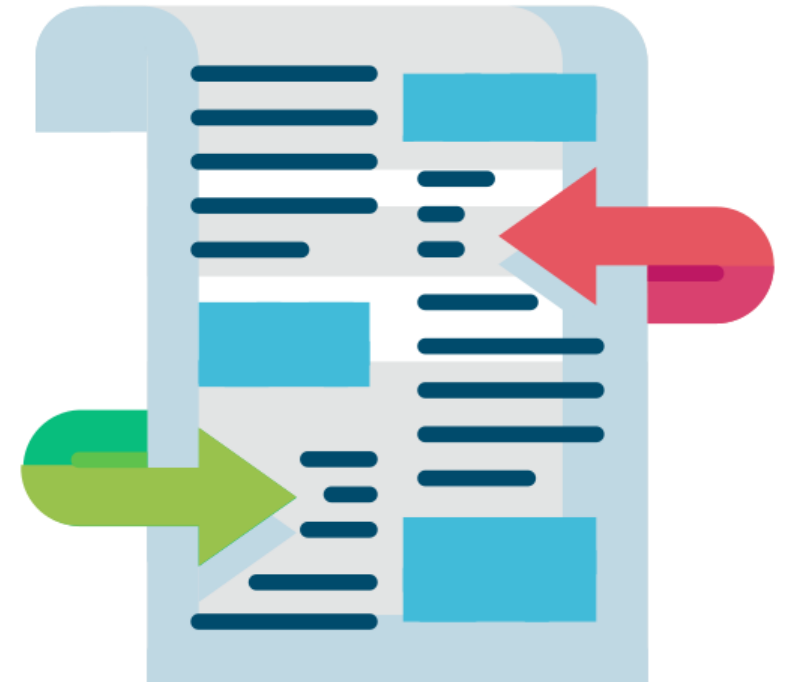
**Real Estate Assessment Center (REAC) at
National Affordable Housing Management
Association (NAHMA)**

March 8, 2024

New Items in the Final Rule

The final rule establishes a new approach to defining and assessing housing quality: The National Standards for the Physical Inspection of Real Estate (NSPIRE). This rule is part of a broad revision of the way HUD-assisted housing is inspected and evaluated. New items include:

- Inspection standards review process at least every 3 years
- Habitability and safety “affirmatives” in regulation (e.g., space, GFCI outlets, lighting, HVAC, water safety)
- Removed site and neighborhood requirements for HCV
- New nomenclature for health and safety deficiencies: Life-threatening, Severe, Moderate and Low
- Life-threatening and Severe deficiencies correction requirements
- Self-inspections for Public and Multifamily Housing programs: all units, annually and collected if score <60
- Administrative enforcement referrals to HUD’s Dept. Enforcement Center (DEC) for scores 30 and below, or two successive scores <60



Changes in Final Standards Notice



The final standards were published with changes considering feedback HUD received and additional testing in the field during the NSPIRE Demonstration. Major changes include:

- Addressing life-threatening and severe deficiencies within 24 hours and moderate deficiencies within 30 days
- Making the Smoke Alarm Standard consistent with the National Fire Protection Association (NFPA) Standard 72
- Creating a Fire Door Standard detailing the specific function, operability and structural integrity requirements for fire doors
- Requiring carbon monoxide alarms to be installed in compliance with the 2018 International Fire Code
- Setting minimum temperature requirements during the colder months and a permanent heating source
- Including criteria for when guardrails and handrails are required

- Establishing infestation deficiencies based on discrete levels of observations with clarification on citable pests
- Developing deficiencies based on observed mold conditions or elevated moisture levels measured using a moisture meter
- Including a deficiency for an enhanced visual assessment for deteriorated paint in units where children under 6 years of age reside to document potential lead-based paint hazards
- Including affirmative habitability requirements for bathrooms, kitchens, and other rooms utilized by residents (e.g. safe drinking water in kitchen and bathroom, space for food preparation and storage)

Administrative Notice

HUD published the NSPIRE Administrative notice on June 30th, 2023, which covers the process and operational requirements for Public housing and Multifamily Housing assisted properties covered by the final rule. The Administrative notice includes:



- What to expect before, during, and after an inspection
- Policies and procedures for properties participating in inspections
- Submitting evidence of deficiency correction, submitting technical reviews, administrative review, and other administrative requirements associated with the final NSPIRE rule
- Outlines roles and responsibilities for HUD's REAC, HUD field office staff, and property representatives from PHAs and Property Owners and/or Agents (POAs)
- Requirements for inspectors performing inspections for REAC under contract

Before the Inspection

To prepare for NSPIRE inspections, PHAs and POAs must ensure current and accurate building and unit information, property contact information, and required certificates in relevant systems. They will be contacted by REAC 30-90 days prior to the inspection for necessary information via NSPIRE. Any required modifications should be made at least 30 days before the scheduled inspection.

Certificate Collection



Current building system or occupancy certificates (e.g., fire suppression, elevator, boiler), if applicable or required by the jurisdiction

Lead Paint



Most recent lead-based paint evaluation or evidence of exemption for buildings constructed before January 1, 1979

During the Inspection



Inspectors follow REAC protocols during NSPIRE inspections:



Property representatives must escort inspectors



Property representatives should not dispute inspection findings



Units inspected are randomly selected or recommended by resident councils/tenant organizations



Consultants monitoring REAC inspectors may be banned



Access must be provided to all units for inspection



Inspectors can halt inspections if issues arise and provide a report of any severe deficiencies

After the Inspection



Inspectors will notify about Life-Threatening and Severe conditions, requiring correction within 24 hours



Full NSPIRE report containing scores and deficiencies sent within 15 business days



PHAs/POAs must make necessary corrections and conduct self-inspections within the given timeline



Additional requirements potentially given if referred for Administrative Review



Technical reviews available to appeal inspection findings



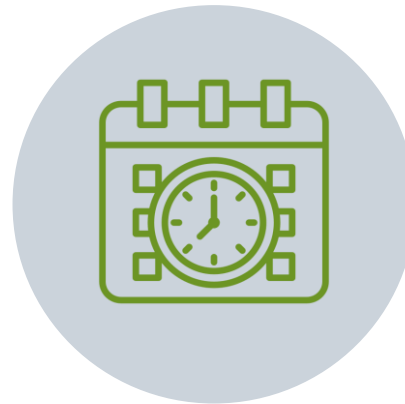
Inspection results must be made available to residents

Timeline and Evidence of Correction

Deficiencies under NSPIRE Standards require correction within 24 hours for Life-Threatening and Severe cases, 30 days for Moderate, and 60 days for Low deficiencies.



PHAs and POAs must provide evidence of deficiency corrections, which can include work orders, invoices, or photos that match HUD's evidence

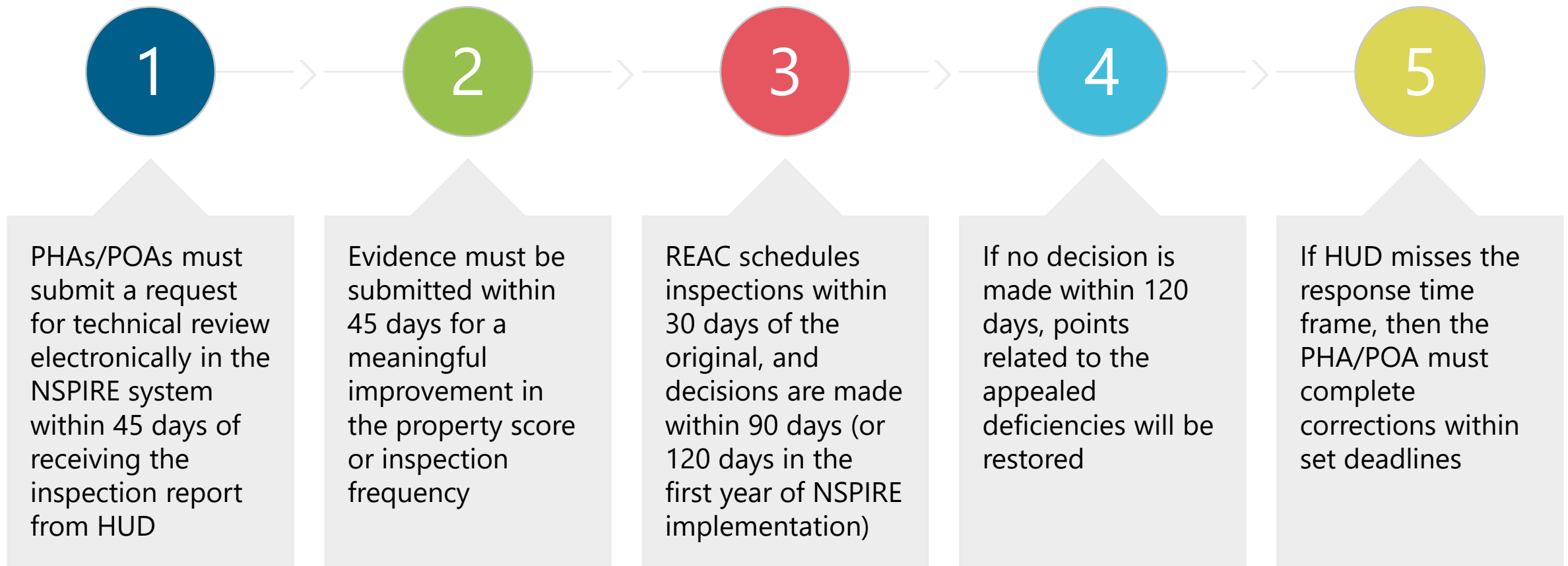


If a correction exceeds the allowable time, a timeframe must be provided for HUD approval, and the correction is considered completed only after resolving the deficiency



PHAs and POAs may address multiple deficiencies simultaneously but must provide accurate evidence to avoid penalties for false statements

Technical Review Process



Highlights in Final Scoring Notice



Deficiencies are scored based on two factors: severity and location



Deficiencies are weighed using a Defect Severity Value where the weight of the deduction for a given deficiency changes depending on both the location and the severity of the deficiency



New requirements in the rule will not be scored in the first 12 months of NSPIRE implementation



PHAs can expect to receive their full scored inspection report within 15 days and have 45 days to submit a request for a technical review for issues or errors

HCV Administrative Notice

- HUD posted a Federal Register Notice (88 FR 66882) on September 28, 2023, extending the NSPIRE compliance date for Voucher programs to October 1, 2024.
- HUD published the Administrative Notice (Notice PIH 2023-28) to implement NSPIRE for HCV and PBV (and by reference, Section 8 Moderate Rehabilitation) programs on September 29, 2023.
 - Details about the extended compliance date and time for PHAs to retain the HQS as their inspection standard until October 1, 2024.
 - Additional administrative procedures for implementing NSPIRE for the Voucher Programs.



Changes for Voucher Programs



- Site and Neighborhood requirements for the inspections have been removed
- New nomenclature for health and safety (H&S) deficiencies:
 - Life-threatening
 - Severe
 - Moderate
 - Low
- New "inspectable areas"
 - Unit
 - Inside
 - Outside
- More stringent standards for heating, GFCI/AFCI, electrical outlets, mold, infestation, and structural systems
- Enhanced standards for smoke alarms, CO alarms, fire doors, dryer exhaust, guardrails and handrails



Major Differences PH vs. HCV



- **Scoring:** Public housing (PH) is scored on a numeric scale, but Voucher programs remain pass/fail.
- **H&S Determinations:** Life-Threatening and Severe require 24-hour corrections in PH, but only Life-Threatening require 24-hour correction in Voucher programs. Also, Low requires 60-day correction in PH, but no correction requirement in Voucher programs.
- **Self-Inspections:** Required for PH but **no such requirement** for HCV, PBV, or Mod Rehab programs (24 CFR 5.707).
- **Reporting:** PH results are reported to HUD, but Voucher program results are not (except to the extent required by 50058 data).
- **Scope of Inspections:** Every unit, full inside, and the entire outside/exterior of development/property is subject to inspection in PH. Only the units occupied/assisted, or those to be occupied/assisted, and the inside common areas and outside/exterior areas servicing those units are inspected in the Voucher programs.
- **State and Local Codes:** PH must comply with state and local codes, but state and local codes are generally not part of the inspection for Voucher programs (unless approved as Variations for the PHA).
- **App for NSPIRE:** HUD's app for Voucher programs not planned to be a centralized program.

Core Health & Safety Focus

The eight focus areas are critical to the habitability and safety of residents







Defect Examples





	Outside	Inside	Unit
Life-Threatening	Gas dryer exhaust ventilation system has restricted airflow.	Structural system exhibits signs of serious failure.	Flammable or combustible material is on or near an ignition source.
Severe	A sharp edge that can result in a cut or puncture hazard is present.	Fire labeled door does not close and latch or self-close and latch.	Call-for-aid system is blocked.
Moderate	Trip hazard on walking surface.	Plumbing leak that allows for water intrusion in unintended areas.	Refrigerator component is damaged such that it impacts functionality.
Low	Water runoff is unable to flow through the site drainage system.	Auxiliary lighting component is damaged or missing.	Presence of mold-like substance at very low levels is observed visually.

Non-scored Deficiencies





Items that will not be scored until at least October 1, 2024 include:

-  **Fire Labeled Doors:** All Defects (*All locations*)
-  **Electrical – GFCI:** An unprotected outlet is present within six feet of a water source (*All locations*)
-  **Guardrail:** All Defects (*All locations*)
-  **HVAC:**
 - A. The inspection date is on or between October 1 and March 31 and:
 - a) The permanently installed heating source is working and the interior temperature is 64 to 67.9 degrees Fahrenheit. (*All locations*) or;
 - b) the permanently installed heating source is not working or the permanently installed heating source is working and the interior temperature is below 64 degrees Fahrenheit. (*All locations*)
 - B. The inspection date is on or between April 1 and September 30 and a permanently installed heating source is damaged, inoperable, missing, or not installed. (*All locations*)

-  **Interior Lighting:**
 - a. At least one (1) permanently installed light fixture is not present in the kitchen and bathroom. (*All locations*)
-  **Minimum Electrical and Lighting:**
 - a. At least two (2) working outlets are not present within each habitable room. OR At least one (1) working outlet and one (1) permanently installed light fixture is not present within each habitable room.

Non-scored Deficiencies

Items that will not be scored indefinitely include:

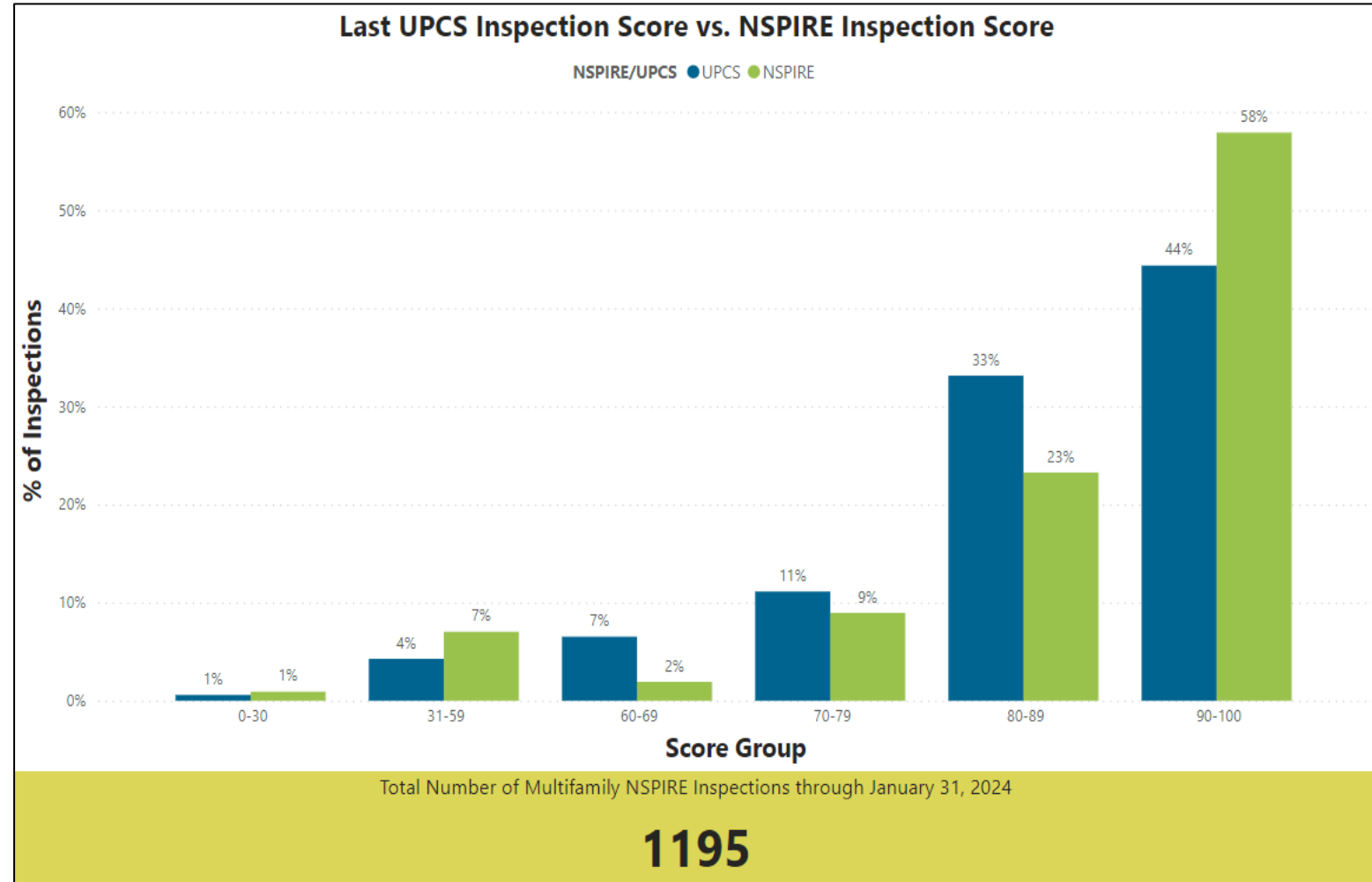
-  **Carbon Monoxide Device:** All Defects
-  **Smoke Alarm:** All Defects (including the new "Smoke Alarm is Obstructed" defect)
-  **Call-for-Aid:** System is blocked, or pull cord is higher than 6 inches off the floor. *All locations*
-  **Handrail**
 - A. Handrail is missing. *All locations*
 - B. Handrail is not installed where required. *All locations*



MFH – NSPIRE Score Distribution

Key Takeaways:

- For MFH to date, NSPIRE score **distribution hasn't diverged drastically** from UPCS
- MFH properties that had **performed well** under UPCS are **generally performing well** under NSPIRE
- **NSPIRE Scoring working as anticipated:** certain properties previously in the middle range of UPCS scores tend to get pushed toward a higher (90+) or lower (<59) NSPIRE score depending on the number of critical health and safety conditions

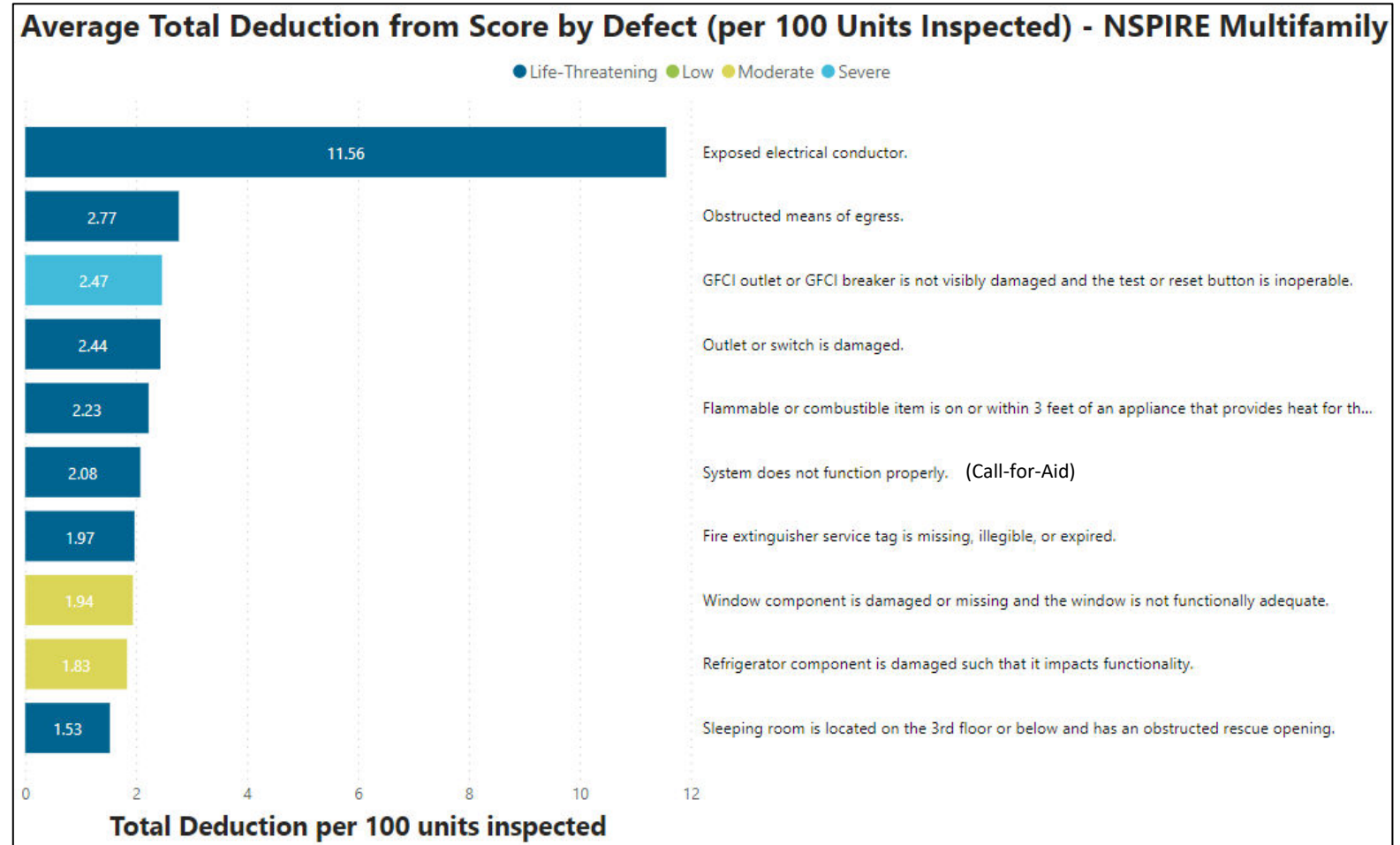


*Chart shows MFH NSPIRE Scores compared to the previous UPCS scores *at that subset of properties* (1,195 properties)

MFH – Top 10 – Score Deduction

Key Takeaways:

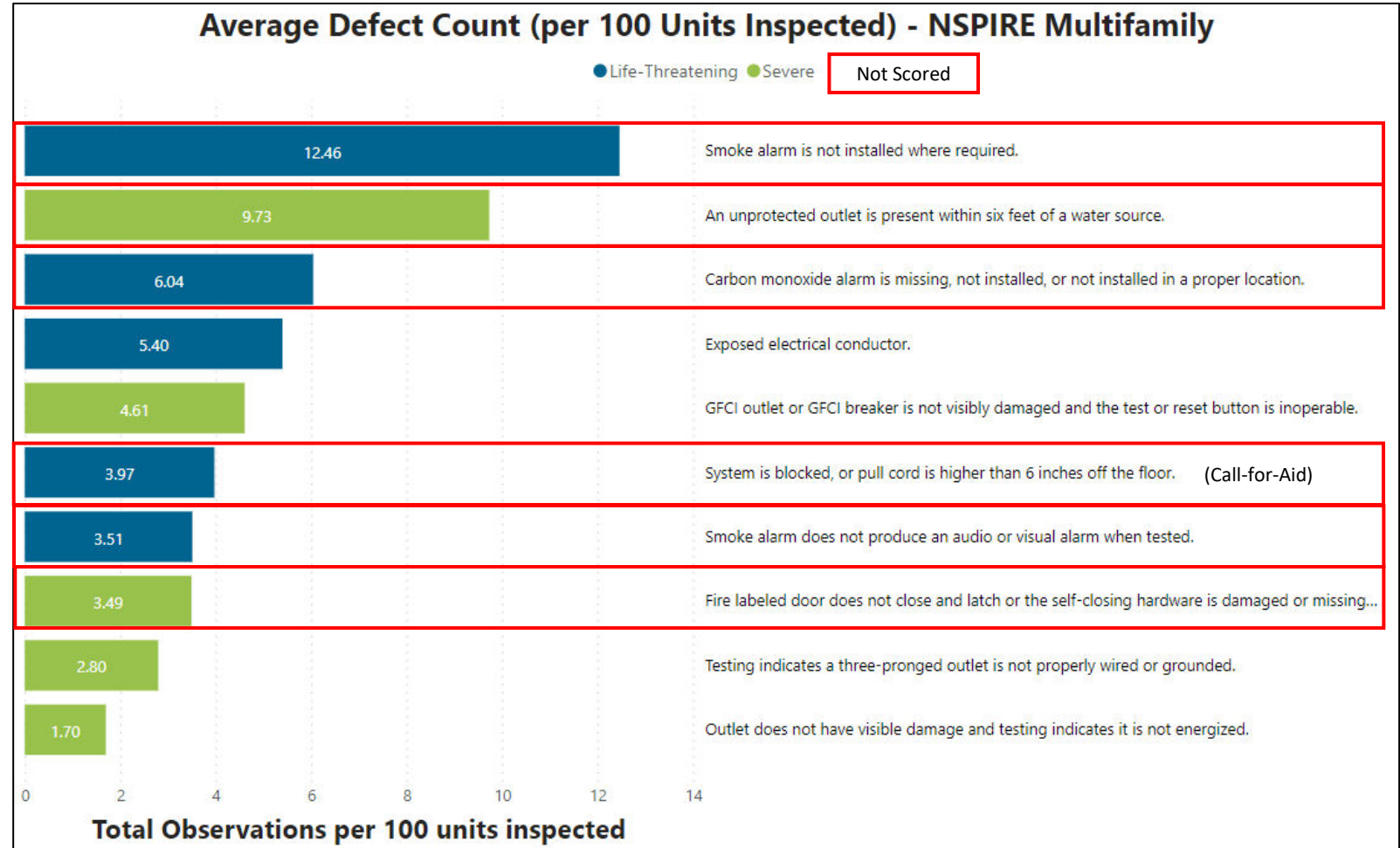
- The largest overall score deduction under NSPIRE is attributable to the ***Exposed electrical conductor*** defect, with a total deduction **more than four times greater** than the next highest defect
- In total, **Electrical, Egress, and Fire Safety** defects impacted NSPIRE scores **more than other types of defects**



MFH – Top 10 – Defect Count (LT and Severe)

Key Takeaways:

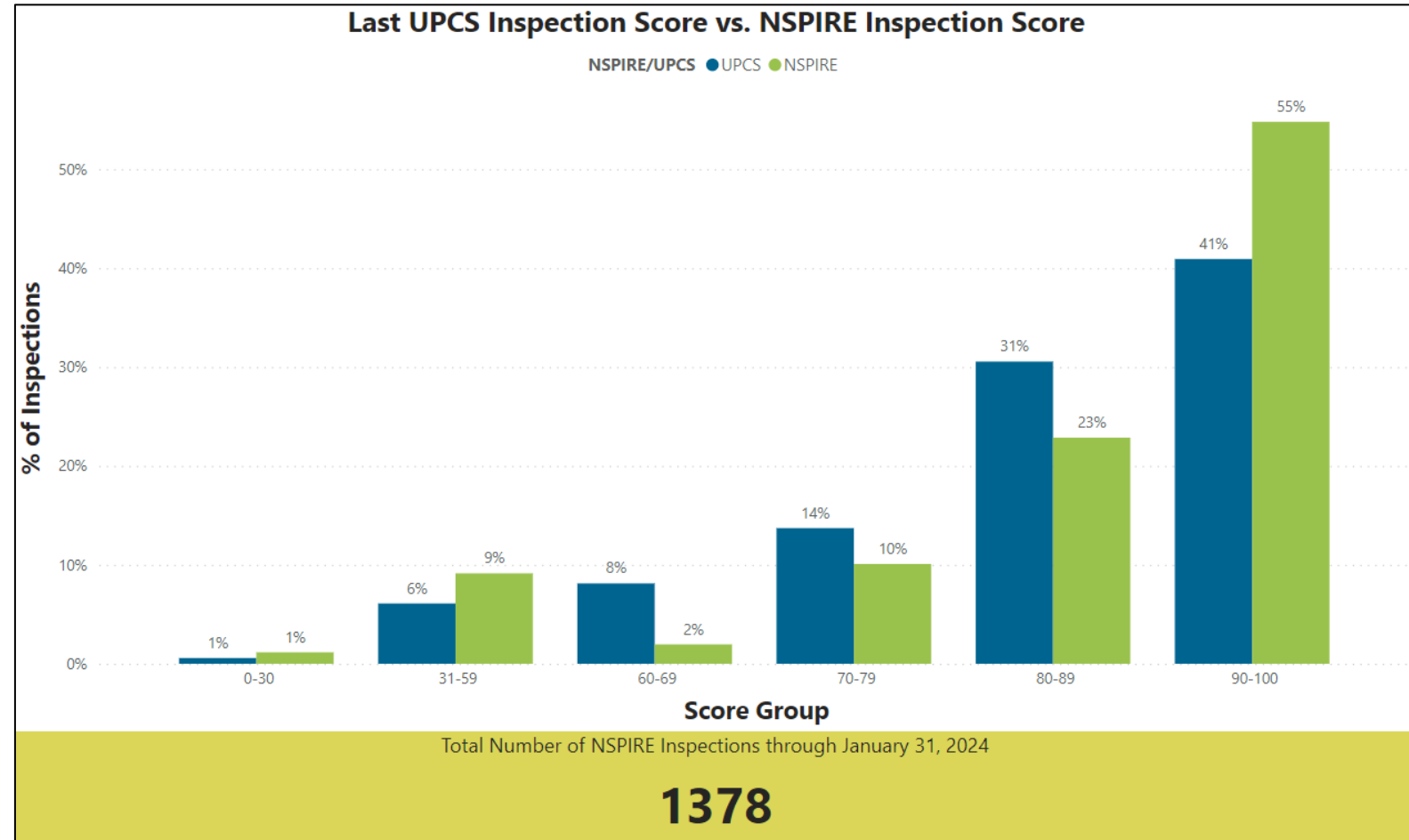
- Some Life-Threatening and Severe defects that are currently exempt from scoring (emphasized in red) are the most heavily cited; **score isn't the whole story**
- While the *Exposed electrical conductor* defect has the highest total Score Deduction of all defects it is **only the third most cited** Life-Threatening Defect



Overall NSPIRE Score Distribution

Key Takeaways:

- NSPIRE score **distribution hasn't diverged drastically** from UPCS
- **Properties that had performed well** under UPCS are generally **maintaining their good standing** under NSPIRE
- **NSPIRE Inspection process working as designed:** properties mired in the middle range of UPCS scores tend to get pushed to a high (90+) or low (<59) NSPIRE score depending on the number of critical health and safety conditions



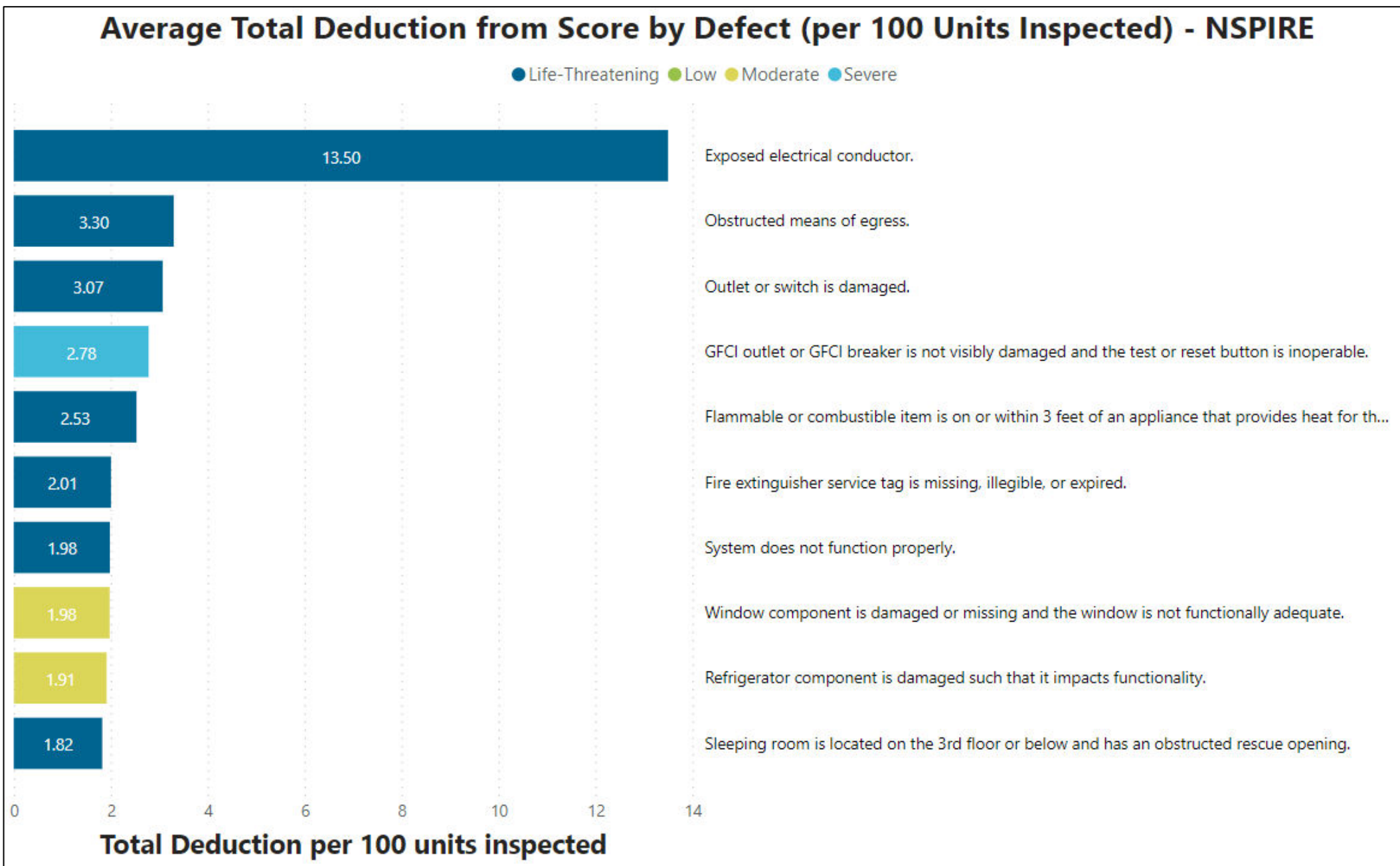
*Chart shows MFH NSPIRE Scores compared to the previous UPCS scores *at that subset of properties* (1,378 properties)

Overall – Top 10 – Score Deduction

Key Takeaways:

- The largest overall score deduction under NSPIRE is attributable to the ***Exposed electrical conductor*** defect, with a total deduction **more than four times greater** than the next highest defect
- In total, **Electrical, Egress, and Fire Safety** defects impacted NSPIRE scores **more than other types of defects**

Overall – Top 10 – Score Deduction



NSPIRE & Resident Engagement



Resident Engagement Initiative as a multi-channel engagement strategy



The word "NSPIRE" is written in large, bold, colorful letters. Each letter contains a stylized house icon. The colors of the letters are: N (blue), S (green), P (red), I (grey), R (yellow), and E (blue).

NSPIRE

Questions and Feedback

NSPIRE@hud.gov or search for "HUD NSPIRE" found on HUD.gov

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