

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

Real Estate Assessment Center (REAC) at Minnesota NAHRO Duluth, MN

Presented by Tara Radosevich

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Introduction



- HUD's National Standards for the Physical Inspection of Real Estate (NSPIRE) replaces the Uniform Physical Condition standards (UPCS) and Housing Quality Standards (HQS) in HUD regulations
- The NSPIRE final rule:
 - Revised 24 CFR Part 5 Subpart G Physical Condition Standards and Inspection Requirements
 - Replaced the term "UPCS" in the regulations and associated guidance
 - Re-defined the term "HQS" to be synonymous with HUD's Part 5 Subpart G regulations

Note: HUD's section of the Code of Federal Regulations (CFR) is Title 24 and is often referenced as 24 CFR



NSPIRE Upcoming Milestones

FY2023

Spring

Publish Final NSPIRE Rule, with effective date of July 1, 2023

Completed May 11, 2023 V

Ongoing training

Summer

Publish final Standards, Administrative procedures & Scoring notices

Completed June 22, June 30 & July 7

Implement resident feedback from Pilot – June 30, 2023

Public Housing inspections commence – **On Track, began Aug. 10, 2023**

Ongoing training

Fall

Multifamily Housing, Vouchers, CPD effective & compliance date – October 1, 2023 – **On Track**



Final Rule & Standards



HUD published a proposed rule in January 2021 and NSPIRE standards for public comment in June 2022 with comments due August 2022. On May 11, 2023, HUD published the final NSPIRE rule that introduced changes to inspections for the Public Housing and Multifamily Housing programs. The rule and standards seek to:

- Require the same health and safety standards for all HUD housing portfolios, including privately owned properties where HUD-assisted residents reside (e.g., vouchers)
- Specify the manner and timeframe for the remediation of health and safety deficiencies for three categories of health and safety defects with specific remediation timelines, and align HOTMA Life-Threatening
- Require an annual self-inspection and reporting requirement for public and Multifamily housing program properties
- Outline the NSPIRE framework including standards and administrative processes such as appeals and enforcement for REAC-performed inspections
- Revise the approach to scoring of REAC-performed inspections

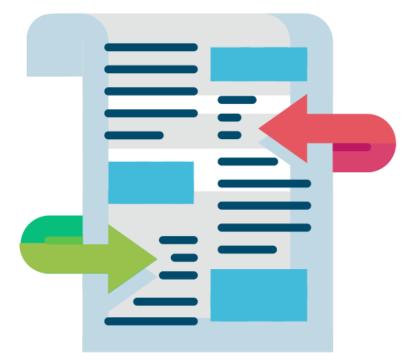


New Items in the Final Rule



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. Some new items to take note of include the following:

- Standards review process at least every 3 years
- "Affirmatives" in regulation (e.g., 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 but collected only if score <60
- Administrative referrals to the DEC for scores 30 and below, or two successive scores <60





Changes from UPCS to NSPIRE



Mastering the NSPIRE standards will require learning a new framework

More Emphasis on:

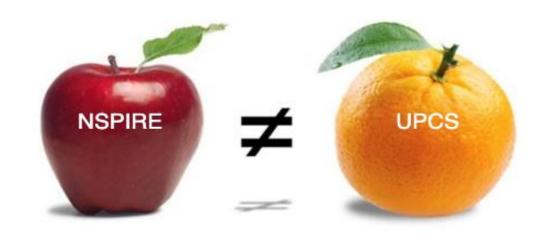
- Health, safety, and functional defects
- Areas that impact residents their units

Less Emphasis on:

- Condition and appearance defects
- Inspectable areas outside units

Objective Deficiency Criteria

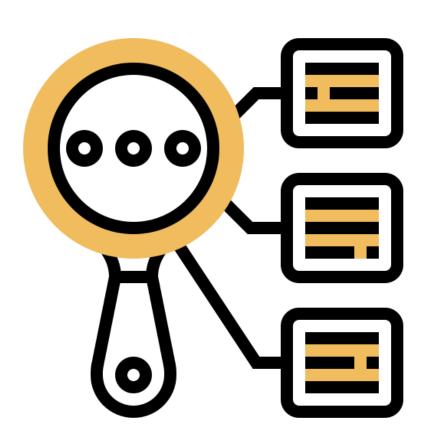
- Criticality levels do not exist within NSPIRE
- Removed subjective deficiency criteria based on feedback





Standards Notice





The Standards Notice details inspectable items at HUD-assisted and Multifamily-insured properties. This includes a classification of which conditions are considered life-threatening, severe, moderate, or low-risk by item and inspectable area. HUD will subsequently update these Standards through future Federal Register notices at least once every 3 years with an opportunity for public comment and feedback.

- Published on June 22, 2023
- Full Standards Notice found on the <u>Federal Register</u>



Watch the Standards Videos









Administrative Notice



HUD published the NSPIRE Administrative notice on June 30, 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



Scoring Notice



The NSPIRE Scoring Notice outlines how HUD will sample and score Public and Multifamily housing properties for an inspection. The Scoring Notice is a critical step in HUD's mission to improve conditions in HUD assisted housing by aligning and consolidating inspection regulations used to evaluate HUD housing across multiple programs.

- Like the final Standards Notice, the scoring methodology will also be updated once every 3 years with an opportunity for public comment
- Published on July 7, 2023
- Full Scoring Notice found on the <u>Federal Register</u>





Provisions Retained for Voucher Programs



- Allowance for "inspection criteria variations", e.g.
 - Local housing codes;
 - Local climatic or geographic conditions
 - Other provisions that meet or exceed performance requirements, as determined by HUD
- Inspectable areas include the subsidized unit, items and components within the primary and secondary egress, servicing common areas, and systems that serve the unit
- Allowance for HUD-approved alternative inspection procedures
 - Considering to allow PHAs to retain HQS for up to one year after NSPIRE compliance date





What is the Same? Changing? New?



What is the Same

- Majority of inspectable items remain mostly unchanged
- Life threatening H&S deficiencies require 24-hour repair timeframe
- Continued assessment on deficiencies in H&S and function and operability

What is Changing?

- Transitioned from 5 distinct inspectable areas to 3: outside, inside, and unit
- Removed non-H&S items such as overgrown vegetation, non-security/safety fence damage, damaged trim, common area paint deterioration (post 1978 properties), exterior caulking damage, scratched counter tops
- Prioritizes resident health and safety and physical assets over cosmetic deficiencies Compilation Bulletin and Non-Industry Standards (NIS) does not apply to the NSPIRE standards
- The final NSPIRE Standards Notice was published to the NSPIRE website and the Federal Register on 6/23 – outlines all changes in summary

What is New

- 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
- Revised H&S classifications and timeframes

 increased urgency to 24-hour repair for
 life threatening and severe items and 30-day repair for moderate deficiencies
- Affirmative habitability requirements to include requiring a food storage area, permanently installed light fixtures, hot and cold water, cooking appliance, and others
- Certain items will not be scored for the first 12 months of NSPIRE Inspections following the 2023 go-live



H&S Determinations



Life Threatening



Deficiencies that, if evident in the home or on the property, present a high risk of death or severe illness or injury to a resident.

Severe



Deficiencies that, if evident in the home or on the property, present a high risk of permanent disability, or serious injury or illness, to a resident; or the physical security or safety of a resident or their property would be seriously compromised.

Moderate



in home or on property, present a moderate risk of an adverse medical event requiring a healthcare visit; cause temporary harm; or if left untreated, cause or worsen a chronic condition that may have long-lasting adverse health effects; or that the physical security or safety of a resident or their property could be compromised.

Low



Deficiencies critical to habitability but not presenting a substantive health or safety risk to residents.



Inspectable Areas

NSPIRE

Unit

A "Unit" of housing refers to the interior components of an individual dwelling, where the resident lives.

Inside

"Inside" refers to the common areas and building systems within the building interior and are not inside a unit. This could include interior laundry facilities, workout rooms, etc.





Outside

"Outside" refers to the building site, building exterior components, and any building systems located outside of the building or unit. This includes things like sidewalks, parking lots, and retaining walls.



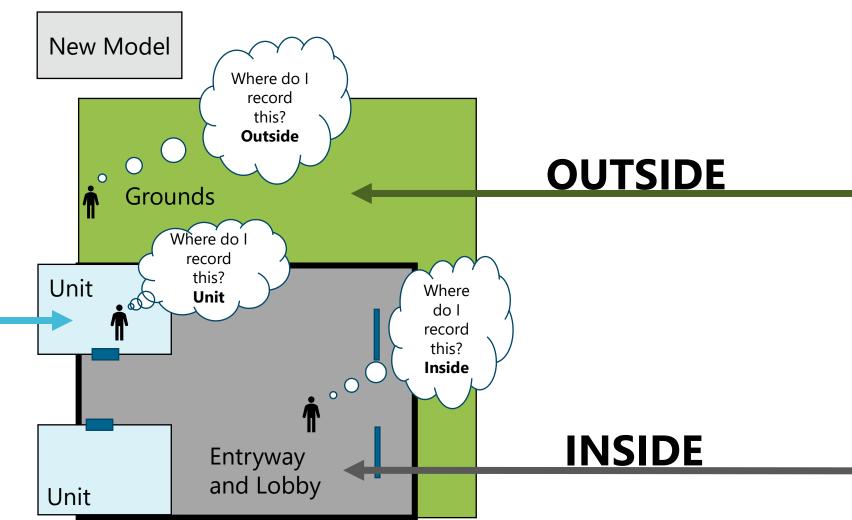


Inspectable Areas Cont.



The model below illustrates the appropriate inspectable areas, which includes the unit, inside, and

outside areas.



UNIT



Core Health & Safety Focus



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





Addressing Fire Safety



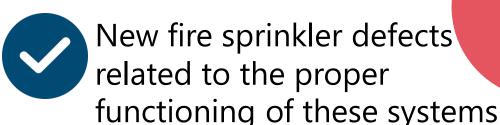
NSPIRE improves fire safety standards in several ways from UPCS



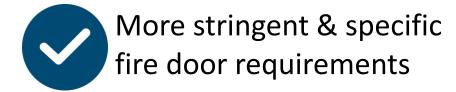


Permanent heating source requirement

Prohibition of unvented space heaters



GFCIs, AFCIs, CO alarms, dryer exhaust, and electrical outlets







NSPIRE conforms with (NFPA 72)

 NFPA 72 is the preeminent national standard for smoke alarms and fire and existing Housing Quality Standards for vouchers align with this standard

NSPIRE Smoke Alarm Standards Conform with 2019 NFPA 72 Requiring:

At least one working smoke alarm installed on every level of property

At least one working smoke alarm installed outside every sleeping area

At least one working smoke alarm installed inside each sleeping area

 Lack of conformance with the NSPIRE smoke alarm standard requires mitigation within 24 hours

Within two years new NFPA 72 fire safety requirements will be in effect

• Example, fire alarms without sealed batteries will need to be fully replaced





Properly functioning heating systems are critical to maintain healthy unit temperatures and prevent fires in public housing

Housing Opportunity through Modernization Act directed HUD to set minimum temperature standards

- PIH Notice 2018-19 set a minimum heating temperature standard for public housing
- The PIH notice set 68 degrees, which is carried over into NSPIRE

Forthcoming NSPIRE Standards Notice will contain the heating source and space heater requirements





Properly functioning fire doors are critical to slow the spread of an active fire in buildings

Fire doors have been addressed in NSPIRE with a standard specific to fire doors

Under UPCS fire doors were inspected and cited with other non-fire doors

The fire door standard details the specific function, operability and structural integrity requirements for fire doors

Defects and deficiency criteria will be based on research and discussions with fire safety professionals





Properly functioning fire sprinklers are critical for the suppression of fires

Current NSPIRE
version has
additional defects
and criteria

- Deficiency criteria is more detailed and objective
- New deficiency for obstruction of the spray area
- Some deficiencies have elevated severity levels



Additional Fire Safety Items



New Electrical Life Safety Deficiencies include:

Ground Fault Circuit Interrupters

Arc Fault Circuit Interrupters

Properly Wired Outlets

Grounded Outlets



Addressing Water Safety



Water safety was introduced through the NSPIRE Proposed Rule

HUD recognizes the EPA is the government agency tasked with testing and measuring water quality

HUD is considering collecting information on local water outages or water quality alerts

HUD is considering recording observations of lead water service lines in HUD assisted properties



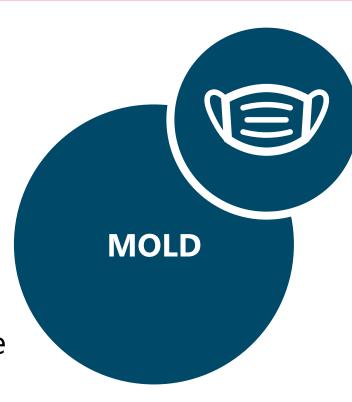


Addressing Mold & Moisture



NSPIRE takes a comprehensive approach to mold and moisture

- Objective and measurable mold deficiency criteria that recognizes different severity levels
- The current mold standard also contains a deficiency for ventilation or dehumidification of bathrooms
- The most recent leak standard contains multiple deficiencies with specific criteria to capture a broad range of plumbing and environmental leaks
- NSPIRE is considering requiring the use of moisture meters and recommending the use of infrared cameras during inspections

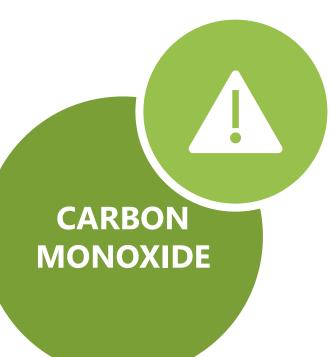




Carbon Monoxide Alarms



- Transitioning from a survey question to an enforceable standard
- 2021 Consolidated Appropriations Act included a statutory requirement for CO alarms to be installed with the requirements of the 2018 International Fire Code
 - Effective date of requirement is December 27, 2022
 - Chapters 9 & 11 of the 2018 IFC contain the specific installation requirements & are available free online
- REAC notice published December 27, 2022 for the implementation of the CO requirements within UPCS before the NSPIRE final rule is published and effective
- Decision tree for CO installation guidance published to NSPIRE website December 27, 2022



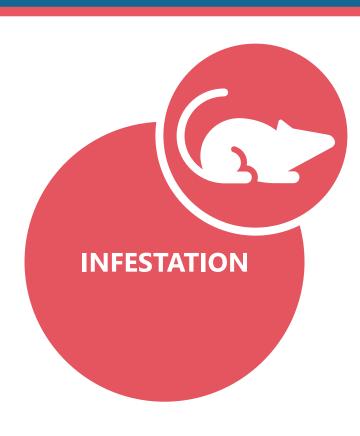


Addressing Infestation



NSPIRE infestation standards are changing

- Objective deficiency criteria
 - Specific observed numbers of pests result in different severity levels
- REAC is considering alternative correction options and longer time frames for properties using industry best practices
 - An example of best practices would be integrated pest management





Addressing Lead-Based Paint



NSPIRE will has a different approach than UPCS

- Current lead-based paint standard
 - Incorporates requirements from HUD's Lead Safe Housing Rule regulations for the voucher program
 - In buildings constructed before 1978, inspector will perform a visual assessment for deteriorated paint in units with children under age 6
 - NSPIRE does not replace HUD's safe lead requirements





Affirmative Requirements – Kitchen and Bathroom



The table below contains affirmative habitability requirements (new standards/defects) for the kitchen and bathroom:

Standard		New Affirmative Requirement (Deficiency)
Bathtub and Shower	\rightarrow	Bathtub or shower cannot be used in private
Cabinet and Storage	\Rightarrow	Food storage space is not present
Cooking Appliance	\Rightarrow	Primary cooking appliance is missing
Food Preparation Area	\Rightarrow	Food preparation area is not present
Lighting – Interior	\Rightarrow	At least one permanently installed light fixture is not present in the kitchen and bathroom
Refrigerator	\Rightarrow	Refrigerator is missing
Sink	\rightarrow	 Cannot activate or deactivate hot and cold water Sink is missing or not installed within the primary kitchen



Affirmative Requirements (Cont.)



Standard		New Affirmative Requirement (Deficiency)
Carbon Monoxide Alarm	\Rightarrow	Carbon monoxide alarm is missing, not installed, or not installed in a proper location
Heating, Ventilation, and Air Conditioning	→	 The inspection date is on or between October 1 and March 31 and 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. The inspection date is on or between October 1 and March 31 and the permanently installed heating source is working and the interior temperature is 64 to 67.9 degrees Fahrenheit. Unvented space heater that burns gas, oil, or kerosene is present. 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.
Guardrail		Guardrail is missing or not installed
GFCI/AFCI – Outlet or Breaker	→ ⇒	An unprotected outlet is within six feet of a water source
Handrail		Handrail is missing
Minimum Electrical and Lighting	→	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.
Smoke Alarm		Smoke alarm is not installed where required



NSPIRE Standards Webpage



You can find the standards on the NSPIRE Standards web page:

This web page provides:

- Ability to view the standards and download:
 - Single standards
 - All standards in a zip file
- Guidance for navigating the standards

Final Standards

STANDARDS	Inspectable area(s) standard applies to:			
STANDARDS	Unit	Inside	Outside	
Address and Signage Standard			Y	
Bathtub and Shower Standard	Y	Y		
Cabinet and Storage Standard	Y	Y		
Call-for-Aid System Standard	Y	Y		
Carbon Monoxide Alarm Standard	Y	Y		
Ceiling Standard	Y	Y		
Chimney Standard	Y	Y	Y	

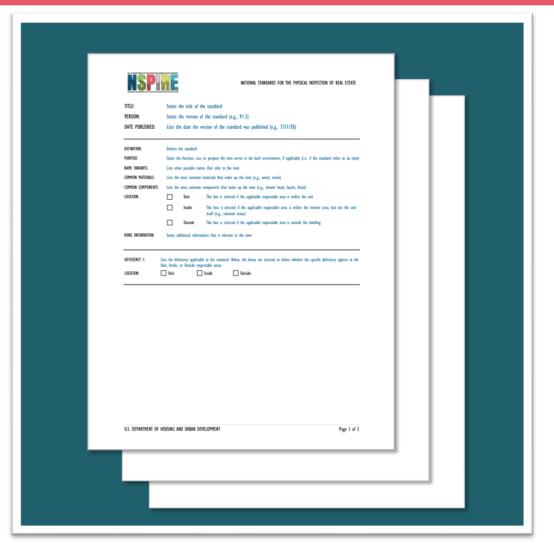


NSPIRE Standards Template Guide



To help inspectors, quality control reviewers, and other stakeholders understand the terminology and layout of the NSPIRE standards, HUD developed a standards template guide to provide:

- Terminology
- Layout of the standards
- An overview of each component section of a standard, from front to back

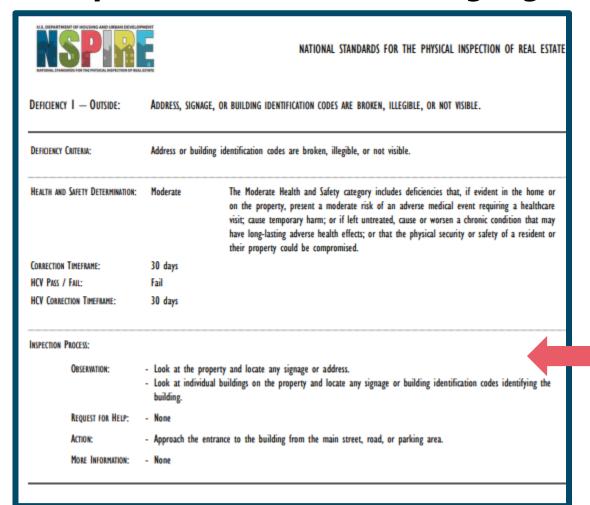




Deficiencies - Inspection Process



Example Standard: Address, Signage



Each deficiency includes an Inspection Process section:

- Observation
- Request for Help (e.g., from resident or POA)
- Action
- More Information



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



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)



<u>Call-for-Aid:</u> 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





Defect Examples



	Outside	Inside	Unit
Life- Threatening	Gas dryer exhaust ventilation system has restricted airflow.	Structural system exhibits signs of serious failure.	Natural gas, propane, or oil leak.
Severe	Leak in sewage system.	A sharp edge that can result in a cut or puncture hazard is present.	Entry door cannot be secured.
Moderate	Trip hazard on walking surface.	Garage door does not open, close, or remain open or closed.	Sink is not draining.
Low	Water runoff is unable to flow through the site drainage system.	Refrigerator component is damaged such that it impacts functionality.	A passage door component is damaged, inoperable, or missing and the door is not functionally adequate.



NSPIRE Defect Severity Values



 The Defect Severity Values table shown below is the backbone of the scoring model

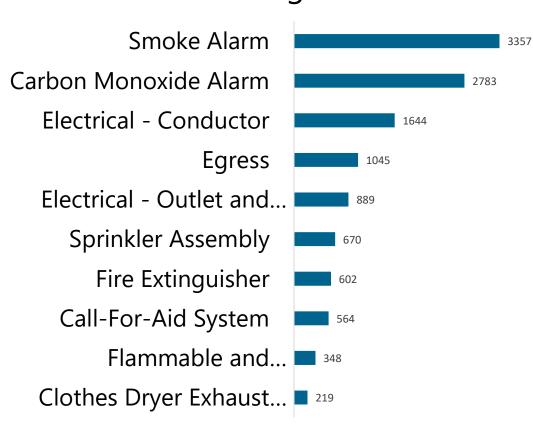
	Outside	Inside	Unit
Life-Threatening	49.6	54.5	60
Severe	12.2	13.4	14.8
Moderate	4.5	5	5.5
Low	2	2.2	2.4



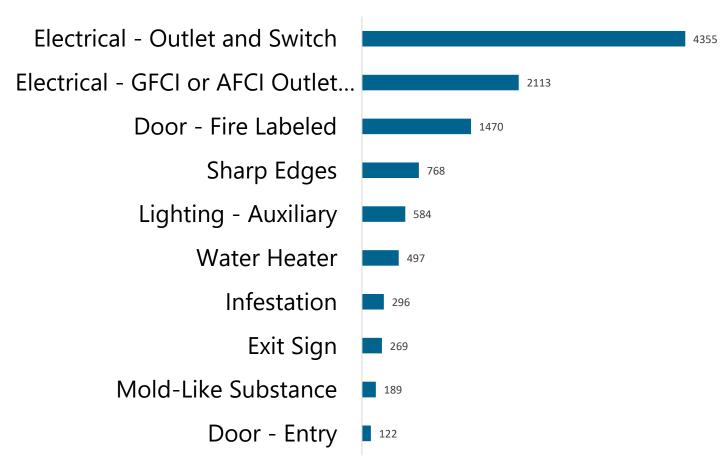
Top Defects Based on Demonstration



Top 10 Most Occurring Life Threatening Defects



Top 10 Most Occurring Severe Defects





Public Housing Agency (PHA) New Responsibilities



As a result of the upcoming changes, some adjustments have been made to the responsibilities that PHA agents will need to keep in mind:

Property Profile Verification

30 to 90 days prior to the inspection

- The PHA receives an email request to verify property profile and point of contact information.
- The PHA reviews the property profile information and coordinates with the FO to update outdated information in PIC.
- The PHA responds to the email with POC information to include the representative that will be present at the inspection.
- The property locates and has the property's systems and equipment certifications, rent roll, lead-based paint verification disclosure forms and inspection reports ready prior to inspection, as applicable.



Technical Review Request

45 days from the inspection report release date

- The PHA can submit a Technical Review request and supporting documentation within the 45 days.
- The PHA submits the Technical Review and documentation in the system.

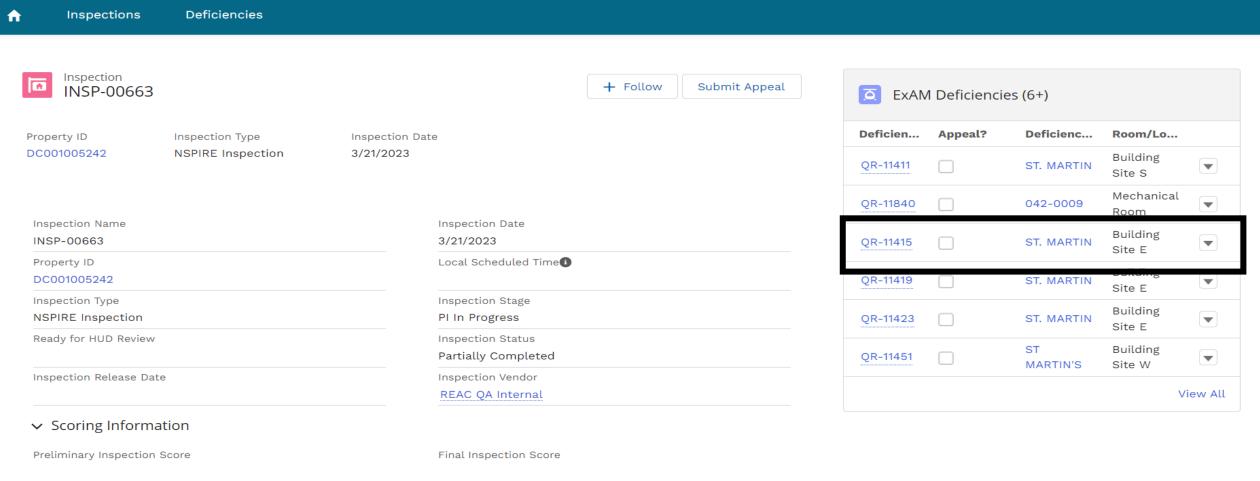


NSPIRE Community Portal – Inspection View



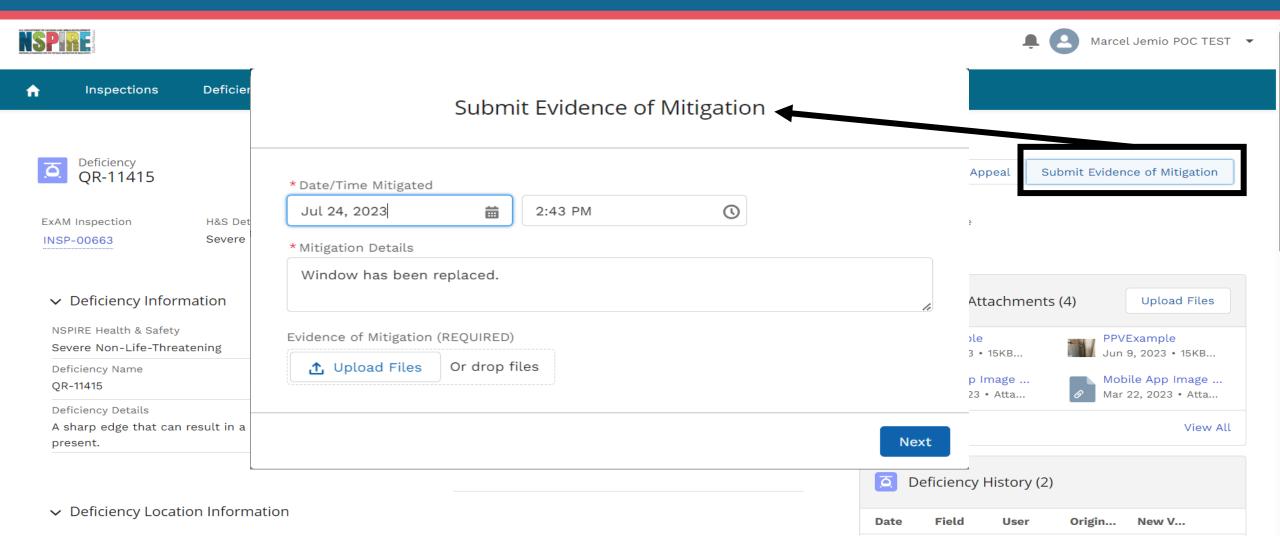








NSPIRE Community Portal – Deficiency and Submit Evidence View North





NSPIRE Field Office Portal – Deficiency View



