

Chapter 7

National Standards for the Physical Inspection of Real Estate

The Department of Housing and Urban Development (HUD) has mandated that Public Housing Authorities (PHAs) adopt the National Standards for the Physical Inspection of Real Estate (NSPIRE) as the new approach to defining and assessing housing quality. The purpose of NSPIRE is to strengthen HUD's physical condition standards and improve HUD oversight through the alignment and consolidation of the inspection regulations used to evaluate "HUD housing," across multiple programs including AHFC-Owned Housing, Project Based Vouchers, Sponsor Based Rental Assistance, Housing Choice Vouchers, Section 8 Multifamily, and Section 8 Moderate Rehabilitation.

HUD Regulation – 24 CFR 5.701

- (a) **Scope.** This subpart applies the National Standards for the Physical Inspection of Real Estate standards to the following HUD programs:
- (1) All Public Housing programs (programs for housing assisted under the U.S. housing Act of 1937 other than section 8 of the Act);
 - (2) The Housing Choice Voucher program under section 8(o) of the U.S. Housing Act of 1937, part 982 of this title and the Project-Based Voucher program under section 8(o)(13) of the Act and the regulations at 24 CFR part 983 (referred to in this part as the HCV and PBV programs, or HCV and PBV housing);
 - (3) All project-based Section 8 programs
- (b) **Conflicts.** The regulations in this subpart may be supplemented by the specific regulations for the HUD-assisted programs listed in paragraph (a) of this section. The program-specific regulations may address the frequency of inspections, who performs the inspections and whether alternative inspections are available given the statutory and regulatory framework for the program. When there is a conflict between the regulations of this subpart and the program-specific regulations, the program-specific regulations govern.
- (c) **HUD housing.** For purposes of this subpart, the term "HUD housing" means the types of housing listed in paragraph (a) of this section.



AHFC will conduct inspections for all programs utilizing the National Standards for the Physical Inspection of Real Estate (NSPIRE).

Refer to the National Standards for the Physical Inspection of Real Estate standards handbook” to find the requirements and explicit directions to conduct inspection.

The inspector's primary role is to ensure that NSPIRE requirements are being met. The inspector must thoroughly inspect all aspects of the property (unit, inside and exterior), while documenting deficiencies and conditions.

1. Inspectable Areas

NSPIRE Inspections are organized into three “Areas”; Inside, Outside, and Unit. The “Outside” areas include components on the grounds, parking areas, exterior amenities, and structural components such as walls, foundations, and roofing. The “Inside” area includes common interior locations such as hallways, stairs, offices, and community rooms, as well as centralized building mechanical such as HVAC, domestic hot water, and fire safety. “Unit” housing refers to the interior components of an individual unit.

2. NSPIRE Ratings

Each inspection standard and deficiency in NSPIRE includes a “ Pass or Fail Rating”. Additionally, the ratings are used to determine the amount of time repairs are due. The ratings used in this standard are as follows:

2.A Life Threatening

The Life-Threatening category includes deficiencies that, if evident in the unit or on the property, present a high risk of death to a resident.

2.B Severe

The Severe category includes deficiencies that, if evident in the unit 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.

2.C Moderate

The Moderate Health and Safety category includes deficiencies that, if evident in the unit or on the 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.

2.D Low

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

3. Required Inspections

AHFC conducts the following types of inspections as needed. AHFC will not make any housing assistance payments if the contract unit does not meet the NSPIRE, unless the landlord corrects the defect within the period specified by AHFC. AHFC will conduct these inspections through in-person or remote video methods.

3.A Initial Move-In Inspection

A Move-In inspection is required prior to the start of assistance to ensure the unit is in compliance with NSPIRE Standards.

3.B Regular Inspections

HUD approved the following modification of the Housing Quality Standards (HQS) policy through Moving to Work Initiative 2010-5 HQS Inspections. This was activated by the Board of Directors Resolution 09-10 on April 23, 2009. Title II of Division L of Public Law 113-76, 128 Stat. 5, approved January 17, 2014 (HUD's 2014 Appropriation Act) allowed HUD to change the requirement for an annual inspection of units assisted under a HAP Contract (*Federal Register*, June 25, 2014). As AHFC is already utilizing a Moving to Work exception to the annual requirement, no additional changes were made to policy.

AHFC will inspect all units under lease at least biennially (every other year) to confirm that the unit continues to meet HQS. Select programs are excluded on this Move to Work exception and AHFC inspect those units at least annually to confirm that unit continues to meet HQS. See Exhibit 7-5.

AHFC is required to perform an inspection in each unit, interior and exterior on a regular basis.

3.C Special Inspections

A special inspection may be requested by the family or a third party as a result of problems identified with a unit between regularly scheduled inspections. These inspections will be scheduled when the alleged violations constitute a serious habitability impediment to the unit or where the violation constitutes a serious threat to the value and integrity of the property.

3.C.1. Quality Assurance Inspections

A sample of units will be inspected to ensure that HQS are being enforced correctly and uniformly by all inspectors. See Chapter 12 to determine the number and types of units to be inspected.

AHFC may conduct Quality Assurance (QA) inspections to determine the condition of the unit and to ensure AHFC staff are properly documenting the condition of a unit. Periodically, families may also be inspected by the U.S. Department of Housing and Urban Development, insurance agencies, state agencies, and other AHFC departments. AHFC will attempt to give as much notice as possible, however, units are typically selected at random on the day of the inspection.

3.C.2. Voucher Homeownership Program

AHFC has elected not to perform annual HQS inspections of the home. AHFC reserves the right to conduct an HQS inspection before continuing to provide yearly homeownership assistance. This was activated by the Board of Directors Resolution 09-27. See Exhibit 7-7

3.C.3. Move-Out Inspections

AHFC does not conduct a move-out inspection. The landlord and family are encouraged to follow the Uniform Residential Landlord and Tenant Act (Alaska Statute 34.03) regarding move-out procedures.

4. Inspection Notice

AHFC will schedule inspections in writing using *NSPIRE Inspection* (form V69). As a courtesy, owners will be mailed a copy of the form to advise them of inspection dates and times. See Exhibit 7-1 for inspection scheduling.

5. Elevated Blood Levels (Voucher Programs)

AHFC Central Office staff will obtain annually from local health agencies the names and addresses of children with identified Elevated Blood Levels (EBL) and must annually match this information with the names and addresses of families who are assisted in the Housing Choice Voucher program.

If a match occurs, AHFC must determine whether local health officials have tested the unit for lead-based paint. If the unit has lead-based paint, AHFC must require the landlord to treat the lead-based paint. If the landlord does not complete the corrective actions required by this section, the family must be issued a voucher to move.

AHFC must keep a copy of each inspection report for at least three years. If a dwelling unit requires testing, or if the dwelling unit requires treatment of chewable surfaces based on the testing, AHFC must keep the test results indefinitely and, if applicable, the landlord certification of treatment. The records must indicate which chewable surfaces in the dwelling units have been tested and which chewable surfaces in the units have been treated. If records establish that certain chewable surfaces were tested or tested and treated in accordance with NSPIRE, such chewable surfaces do not have to be tested or treated at any subsequent time.

6. Reasonable Accommodation

If a family requires a Reasonable Accommodation in order to participate in the inspection process, follow the guidelines in Chapter 1. Staff may also see Chapter 1 if a family requires additional assistance with the Initial Move-In Inspection due to Limited English Proficiency (LEP). A family requiring a Reasonable Accommodation or assistance under the LEP Plan should make their request in advance to avoid delaying the move-in inspection.

7. Documentation

The inspector will use form HUD-52580 *Inspection Checklist*. Staff is encouraged to use the short version of the form for recordkeeping. See Exhibit 7-1 for directions to complete the form. The long version of the form has detailed instructions, see Exhibit 7-2 Field Guide.

Staff will use the *National Standards for the Physical Inspection of Real Estate (NSPIRE) Results First Notice* (form V14_1) to document items needing correction in the unit. These three-part forms allow AHFC to give a list of correctable items to both the family and the landlord at the conclusion of the inspection. Staff may use a generic three-part speed memo if additional space is needed to document correctable items. A copy will be sent to the landlord if not present at the inspection. When a re-inspection is required, AHFC will schedule the re-inspection appointment using the Housing Quality Standards Inspection (form V69).

The *National Standards for the Physical Inspection of Real Estate (NSPIRE) Second Notice* (form V14_2) will notify the landlord that the corrections were not made timely and that housing payments will be abated as well as any deadlines and actions necessary to bring the unit back into compliance with HQS and the HAP. If the landlord fails to bring the unit back into compliance with the HQS within the timeframe indicated on the *National Standards for the Physical Inspection of Real Estate (NSPIRE)* (form V14_2),

staff will send the *Termination of Lease and Housing Assistance Payment (HAP) Contract* (form V09) to the landlord.

Staff will send the *National Standards for the Physical Inspection of Real Estate (NSPIRE)* form V14_2) to notify landlords if the NSPIRE has passed and the payments will resume.

Forms

V14_1 National Standards for the Physical Inspection of Real Estate (NSPIRE) First Notice

V14_2 National Standards for the Physical Inspection of Real Estate (NSPIRE Second Notice

V69 National Standards for the Physical Inspection of Real Estate Scheduling Notice

V69r National Standards for the Physical Inspection of Real Estate Rescheduled Notice

V69_2 National Standards for the Physical Inspection of Real Estate Final Notice

V19tl Termination of Lease and Housing Assistance Payment (HAP) Contract

Administrative Desk Manual

DM 7 Common Inspection Kit

DM 7-3 Remote Video Inspection

Numbered Memo

25-25 Implementation of the National Standards for the Physical Inspection of Real Estate (NSPIRE) For Voucher Programs