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ABOUT US HOUSING CONSULTANTS
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US Housing Consultants is a national Affordable Housing Consulting Firm based in New Hampshire with staff throughout the country. US Housing Consultants was **founded in 2006** performing services for multifamily and affordable housing owners, managers, developers, and investors:



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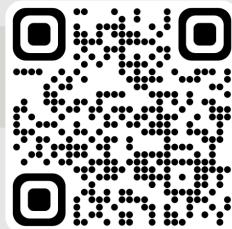


About Your Manual



The manual is also available in a field guide version

[https://go.us-hc.com/
NSPIRE-Field-Guide](https://go.us-hc.com/NSPIRE-Field-Guide)



Sign up to be notified of updates to
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UNDERSTANDING NSPIRE STANDARDS



01

- 1.2. Applicability
- 1.3. NSPIRE and Its Predecessors

UNDERSTANDING NSPIRE STANDARDS

A New Direction and New Standards

National Standards for the Physical Inspection of Real Estate or NSPIRE. NSPIRE is the successor inspection protocol of the Uniform Physical Condition Standards (UPCS) and the Housing Quality Standards (HQS).

- Both UPCS & HQS were sunset as of 9/30/23.

A New "Decent, Safe, & Sanitary"

NSPIRE Changed the requirement at 24 CFR 5.703 from "Decent, Safe, and Sanitary" to "**Functionally adequate, operable, and free of health and safety hazards**"

1.2 Applicability

In January 2021, HUD released an administrative notice which indicated which programs were changing to NSPIRE once the demonstration program ends.

These programs will use NSPIRE as their inspection standard but only Multifamily HUD and Public Housing will be inspected by REAC.

Housing Program	HUD Office	Current Regulation.	Current Standards
HOPWA	CPD	24 CFR 574.310(b)	HQS
Shelter Plus Care	CPD	24 CFR 582.305(a)	HQS
HOME Program	CPD	24 CFR 92.504(a)	UPCS
Supportive Housing Program (SHP)	CPD	24 CFR 583.300(b)	HQS
Housing Trust Fund	CPD	24 CFR 93.301	UPCS
Continuum of Care	CPD	24 CFR 578.75 (b)	HQS
Emergency Shelter Grants	CPD	24 CFR 576.403	HQS
Project-Based Section 8	Multifamily	24 CFR 5	UPCS
HUD FHA Financing	Multifamily	24 CFR 200	UPCS
Section 202/811	Multifamily	24 CFR 800	UPCS
Rural Housing 515/Section 8	Multifamily	24 CFR 884.217(d)	UPCS
Section 8 HAP Program	Multifamily	24 CFR 886	UPCS
Public Housing	PIH	24 CFR 902	UPCS
Housing Choice Voucher	PIH	24 CFR 982	UPCS
Project-Based Vouchers	PIH	24 CFR 983	UPCS
Low-Income Housing Tax Credits	N/A	24 CFR 5.703	UPCS

1.2 Applicability Tax Credit Changing to NSPIRE

Unlike Multifamily, Public Housing, and HUD CPD Programs, there has not been an official notice regarding a change for LIHTC monitoring. However, the existing **Treas. Reg 1.42-5 (Monitoring Reg)** directly references 24 CFR 5.703, which currently defines the UPCS Inspection Protocol. Once the final notice is published, the NSPIRE standards will be posted at 24 CFR 5.703, which sunset UPCS and replaced it with NSPIRE.

1.2 Applicability Delays on CPD Programs

HOME, HTF, HOPWA, ESG, and CoC programs now have until October 1, 2024, to comply with the new inspection standards. The previous deadline was October 1, 2023.

HUD says it is taking this action “**to allow jurisdictions, participants, and grantees additional time to incorporate HUD’s NSPIRE standards specific to their own programs and the flexibility to transition to NSPIRE under their own timelines.**”

HUD points out that while the NSPIRE final rule applies to HOME of HTF funds committed on or after October 1, 2023, participating jurisdictions and grantees are not required to fully implement changes in the NSPIRE rule until October 1, 2024.

1.2 Applicability

Delays on CPD Programs

This notice also indicates that HUD will soon release an additional subset of NSPIRE standards for HOME and HTF programs, meaning that these programs will need to also meet additional standards. HUD REAC promises to release this new subset of standards in the coming months.

1.3 NSPIRE and Its Predecessors

- **Housing Quality Standards (HQS)** was created in 1979 and was used on voucher programs and several HUD Community Planning and Development (CPD) Programs. It uses the HUD Form 52580 and utilizes a Pass or Fail Model
- **Uniform Physical Condition Standards (UPCS)** was enacted in 1999 for Multifamily HUD and Public & Indian Housing. It was adopted by LIHTC in 2008 and HOME and HTF in 2012. It uses a severity rating to generate a risk rating and statistical analysis from a sample of buildings and units

1.3 What Are the Fundamental Differences Between NSPIRE and Its Predecessors?

Risk Based Inspections vs. Results Based Inspections

1.3 What Are the Fundamental Differences Between NSPIRE and Its Predecessors?

- Integrates habitability requirements into NSPIRE, such as requirements for a kitchen, bathroom, and other basic fixtures.
- Integrates fire and life safety standards found in International Building Code(IBC), International Fire Code (IFC/Code Commission(ICC)

1.4 NSPIRE Inspectable Areas

 **Outside**

 **Inside**

 **Dwelling Units**

1.4 NSPIRE Inspectable Areas

Building

Area

Standard

Deficiency

**Location/
Notes**

1.5 NSPIRE Severity Ratings

LT Life Threatening

24 Hours
HCV Fail

SEV Severe

24 Hours or
30 Days
HCV Fail

MOD Moderate

30 Days
HCV Fail

LOW Low

60 Days
HCV Pass

1.5 NSPIRE Severity Ratings



202



56



91



323

"Low" has replaced "Pass with Comments" for HCV

Inspecting Only the "Built Environment"

NSPIRE Deficiencies are focused on the "built environment" - e.g. the building and unit components installed by the property owner/by design.

They do not focus on:

- Normal wear and tear issues
- Minor cosmetic issues
- Issues better resolved by Landlord/Tenant relationship
- Tenant Hazards That Only Affect Their Personal Living Environment
- Long term capital needs/minor deferred maintenance

Units in Property	NSPIRE Sample
1	1
2	2
3	3
4	4
5	5
6	6
7	6
8	7
9	8
10	8
11-12	9
13-14	10
15-16	11
17-18	12
19-21	13
22-24	14
25-27	15

Units in Property	NSPIRE Sample
28-30	16
31-35	17
36-39	18
40-45	19
46-51	20
52-59	21
60-67	22
68-78	23
79-92	24
93-110	25
111-120	26
121-166	27
167-214	28
215-295	29
296-455	30
456-920	31
921+	32

1.7 NSPIRE Unit Sampling

Unit Sampling Has Been Modified Slightly, with the new maximum sample size of 32.

NSPIRE Scoring methodology no longer requires every building of the property to be inspected; instead, only those buildings that contain a unit in the inspection sample are to be inspected.

The inspection will also include **at least two non-dwelling area spaces**, with a priority on spaces that residents can access or will spend time in, in addition to those common areas within a building that includes sampled units.

1.7.2 Unit Sampling HOME & HTF Program

For HOME 24 CFR Part 92.504 (d)(1)(D) (D) Inspections must be based on a statistically valid sample of units appropriate for the size of the HOME-assisted project.

- For projects with one-to-four HOME-assisted units, participating jurisdictions must inspect 100 percent of the HOME-assisted units and the inspectable items
- For projects with more than four HOME-assisted units, the inspectable items for each building with HOME-assisted units and at least 20 percent of the HOME-assisted units in each building, but not fewer than four units in each project and one HOME-assisted unit in each building.

1.7.3 LIHTC Unit Sampling

For compliance reviews for the Low Income Housing Tax Credit (LIHTC) Program, unit sampling is governed by – Treas. Reg. 1.42-5.

- The minimum number of low-income units that must be included in the random samples on which an Agency conducts physical inspections or low-income certification review is the lesser of the applicable REAC number or 20 percent of the low-income units in the project, rounded up to the next whole number.

Units In Property	Sample	Units In Property	Sample
1	1	30-34	15
2	2	35-40	16
3	3	41-47	17
4	4	48-56	18
5-6	5	57-67	19
7	6	68-81	20
8-9	7	82-101	21
10-11	8	102-130	22
12-13	9	131-175	23
14-16	10	176-257	24
17-18	11	258-449	25
19-21	12	450-1,461	26
22-25	13	1,462-9,999	27
26-29	14		

1.8 NSPIRE Scoring Notice

HUD Published the NSPIRE scoring notice on March 24, 2023, it was then updated on June 30 and August 11, 2023.

The scoring methodology converts observed defects into a numerical score and sets a threshold for HUD to perform additional administrative oversight by establishing a level for when a property fails an inspection (less than 60 points) and when an enforcement referral is automatic or required (less than or equal to 30 points)

1.8.1 NSPIRE REAC Inspection Cycle and Ratings

For properties previously subject to UPSC, HUD intends to continue setting the maximum score to 100, failing score of 59 and below.

90-100 (3 Years)
80-89 (2 Years)
60-79 (1 Year)
31-59 (Fail)
0-30 (Fail) {DEC Referral}

1.8.2 NSPIRE Scoring Rounding

Rounding: Calculated scores will be rounded to the nearest whole number with one exception. For properties that score between 59 and 60, the score will be rounded down to 59.

1.8.3 NSPIRE Scoring Methodology

As expected, the NSPIRE scoring methodology is considerably easier to understand and work with than under UPSCS. HUD has developed the following table, which shall be applicable to all properties:

Severity Rating	Outside	Inside	Dwelling Units
Life Threatening	49.60	54.50	60.00
Severe	12.20	13.40	14.80
Moderate	4.50	5.00	5.50
Low (Advisory)	2.00	2.20	2.40

1.8.4 Failing Unit Score Adjustment

- Unit Score: If a property loses 30 or more points in the unit section, the final score will be the lesser of (a) 59 or (b) actual score.

1.8.3 NSPIRE Scoring Methodology

The equation for the score is follows:

$$\frac{\text{Quantity of Deficiencies In Area Section} * \text{Area Value}}{\text{Unit Sample}}$$

Example: Property has 20 Sampled Units, and 5 Life Threatening Issues in Units, it would be:

$$60 * 5 = 300 \div 20 = 15$$

Final Score= 100 - 15= 85

Sample Property			
Defect Severity Category	Total Number of Deficiencies		
	Outside	Inside	Units
Life Threatening	0	0	4
Severe	0	2	2
Moderate	0	3	2
Low	1	10	4
Total by Inspectable Area	1	15	12

Sample Prop			
Defect Severity Category	Total Number of Deficiencies		
	Outside	Inside	Units
Life Threatening	0 49.60	0 54.50	4 60.00
Severe	0 12.20	2 13.40	2 14.80
Moderate	0 4.50	3 5.00	2 5.50
Low	1 2.00	10 2.20	4 2.40
Total by Inspectable Area	1	15	12

Defect Severity Category	Outside	Inside	Units
Life Threatening	0.00	0.00	240.00
Severe	0.00	26.80	29.60
Moderate	0.00	15.00	11.00
Low	2.00	22.00	9.60
Total Score by Inspectable Area	2.00	63.80	290.20
Adjusted by Sample	0.10	3.19	14.51
	Final Score		82.20

Defect Severity Category	Outside	Inside	Units
Life Threatening	0.00	0.00	4x60= 240.00
Severe	0.00	26.80	2x14.8= 29.60
Moderate	0.00	15.00	2x5.5= 11.00
Low	2.00	22.00	4x2.4= 9.60
Total Score by Inspectable Area	2.00	63.80	290.20
Adjusted by Sample	0.10	3.19	14.51
	Final Score		82.20

$$.10 + 3.19 + 14.51 = 17.80$$

$$100 - 17.80 = 82.20$$

1.8.3 NSPIRE Scoring Methodology

How Does NSPIRE Scoring Compare to UPCS Scoring?

- High performing properties under UPCS generally perform the same or better
- Properties who achieved marginal scores by focusing on exterior and common issues will receive lower scores under NSPIRE.
- Mid range scores which were impacted by site conditions but had good unit conditions will generally see an improved score.

NSPIRE Scoring Methodology

Example # 1

Hattiesburg Meadows

UPCS Scoring					
#623371	"Hattiesburg Meadows"				
Area	Possible Points	Deductions	Pre H&S Points	H&S Deductions	Final Points
Site	20.40	0	20.4	0	20.4
Building Exterior	16.76	0.2	16.56	0	16.56
Building Systems	17.01	0	17.01	0	17.01
Common Areas	1.75	0.09	1.66	0	1.66
Units	44.09	4.59	39.5	3.72	35.78
					91.41

Example # 1

Hattiesburg Meadows

UPCS Scoring

#623371	"Hattiesburg Meadows"				
Area	Possible Points	Deductions	Pre H&S Points	H&S Deductions	Final Points
Site	20.40	0	20.4	0	20.4
Building Exterior	16.76	0.2	16.56	0	16.56
Building Systems	17.01	0	17.01	0	17.01
Common Areas	1.75	0.09	1.66	0	1.66
Units	44.09	4.59	39.5	3.72	35.78
					91.41

# Findings			
Life Threatening	Severe	Moderate	Advisory
0	2	0	0

Defect Severity Category	Issues	Outside	Issues	Inside	Issues	Units
Life Threatening	0	0.00	0	0.00	8	480.00
Severe	2	24.40	0	0.00	11	102.80

Findings

	Life Threatening	Severe	Moderate	Advisory
Site	0	2	0	0
Building Exterior	0	0	2	0
Building Systems	0	0	0	0
Common Areas	0	0	4	0
Units	8	11	5	0

Defect Severity Category	#Issues	Outside	#Issues	Inside	#Issues	Units
Life Threatening	0	0.00	0	0.00	8	480.00
Severe	2	24.40	0	0.00	11	162.80
Moderate	2	9.00	4	20.00	5	27.50
Low	0	0.00	0	0.00	0	0.00
Totals	4	33.40	0	20.00	0	670.30
Adjusted by Sample		1.52		0.91		30.47
Unit Sample	22				Total Deduction	32.90
					Final Score	59

Defect Severity Category	#Issues	Outside	#Issues	Inside	#Issues	Units
Life Threatening	0	0.00	0	0.00	8 * 60.00	480.00
Severe	2	24.40	0	0.00	11 * 14.80	162.80
Moderate	2	9.00	4	20.00	5 * 5.50	27.50
Low	0	0.00	0	0.00	0 * 2.40	0.00
Totals	4	33.40	0	20.00	0	670.30
Adjusted by Sample		1.52		0.91		30.47
Unit Sample	22				Total Deduction	32.90
					Final Score	59

1.8.5 NSPIRE Non-Scoring Deficiencies

The following issues will not be included in the scoring

1. Missing Handrails
2. Missing Guardrails
3. Call for Aid Cords
4. Carbon Monoxide Detectors
5. Smoke Alarms
6. Duplicate Defects

1.8.5.1 Duplicate Defects

In the NSPIRE Scoring Notice dated 7/7/23, HUD clarified that multiple deficiencies in the same location, cited in the same category/standard/deficiency will be recorded individually but will be scored one time per location.

HUD will continue citing a deficiency multiple times in all inspectable areas (i.e., Unit, Inside, Outside) but will deduct points once per inspected unit, inspected building, or Outside areas