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About Quadel Consulting

- Quadel is a management and consulting firm recognized for its expertise in the Public Housing, Housing Choice Voucher (HCV), Moderate Rehabilitation, HUD subsidized multifamily and tax credit programs
- Since 1978, Quadel has provided an extensive range of technical assistance, training, consulting and program management services to public housing authorities (PHAs), state housing agencies, and also to private sector clients, including owners and managers of assisted housing, and private housing developers



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Welcome & Introductions



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Goals of the Course

- Gain a comprehensive understanding of NSPIRE, including standards, scoring, and administrative procedures
- Learn how to utilize HUD & Quadel-provided resources to efficiently and effectively manage NSPIRE at your agency
- Gain the knowledge necessary to properly prepare for and manage a HUD REAC inspection and impacts on SEMAP
- Learn how to access answers to questions that may come up after this course back at your agency



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Course Overview

✓ Introduction to PHAS

✓ Introduction to SEMAP

✓ Overview of NSPIRE

✓ The Standards

✓ Scoring Model

✓ Your Role in the PHAS Process

✓ Your Role in the SEMAP Process

✓ Administrative Procedures

✓ Review & Questions

✓ Available Resources

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Introduction to PHAS

[24 CFR Part 902 – Public Housing Assessment System](#)

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What is PHAS?

The Public Housing Assessment System (PHAS) is a management tool, utilized by the Department of Housing and Urban Development (HUD)

PHAS is used to assess and measure the performance of a public housing agencies (PHAs) to ensure safe, decent, and sanitary living conditions are provided to low-income individuals and families in affordable housing

HUD assesses and scores the performance of agencies through PHAS utilizing PHAS indicators

Enhance trust in public housing system

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PHAS Interim Rule

In February 2011, HUD announced the PHAS Interim Rule:

- The PHAS Interim Rule is the interim step before the finalization of permanent rules and serves as framework to implement and assess the performance of PHAs
- Components evaluated include physical condition, financial condition, management operations and other relevant performance indicators

The goals of the Interim Rule are:

- Better management and oversight of public housing
- Improved information about the operating costs of, and the performance of housing projects
- Reduced administrative reporting requirements for both PHAs and HUD
- Alignment of PHAs with asset management

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PHAS Indicators



Physical Condition- Physical Assessment Subsystem (PASS)



Financial Condition- Financial Assessment Subsystem (FASS)



Management Operations- Management Assessment Subsystem (MASS)



Capital Fund Program- CFP

<https://www.hudexchange.info/sites/onecpd/assets/File/PHA-Lead-the-Way-Understanding-PHAS.pdf>

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PHAS Indicator- PASS

PASS- Evaluates the overall condition of the PHA's designated inspectable areas through a physical inspection by HUD in accordance with HUD's NSPIRE standards

The PASS score is determined by a physical inspection conducted by a HUD inspector in accordance with HUD's National Standards for the Physical Inspection of Real Estate (NSPIRE) standards

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PHAS Indicator- FASS

FASS- Measures the financial condition of the AMP by scoring by using data pulled from the Financial Data Schedule (FDS) measuring the following sub indicators

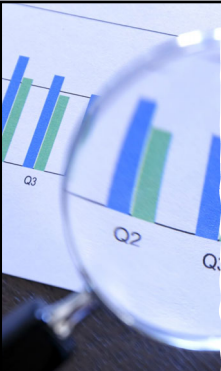
Quick Ratio (QR) – Measures liquidity and current assets. The maximum points assigned for this sub-indicator is 12 points

Months Expendable Net Ratio (MENAR) – Measures the adequacy of the financial reserves by determine the number of months of operation using the net available resources. The maximum points assigned for this sub-indicator is 11 points

Debt Service Coverage Ratio (DSCR) – Measures capacity to cover debt obligations through the ability to meet regular debt obligations. The maximum points assigned for this sub-indicator is 2 points

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PHAS Indicator- MASS

- MASS- Measures management operations of the AMP by scoring by using data pulled from the Financial Data Schedule (FDS) measuring the following sub indicators:
 - Occupancy- The higher the occupancy rate, the higher the score. The maximum points assigned for this sub-indicator is 16 points
 - Resident Accounts Receivable- Measures the amount of resident accounts receivable against resident revenue (i.e. rent paid). The maximum points assigned for this sub-indicator is 5 points
 - Accounts Payable- Measures total vendor accounts payable, both current and past due against total monthly operating expenses. The lower the ratio, the higher the score. The maximum points assigned for this sub-indicator is 4 points

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PHAS Indicator- CFP

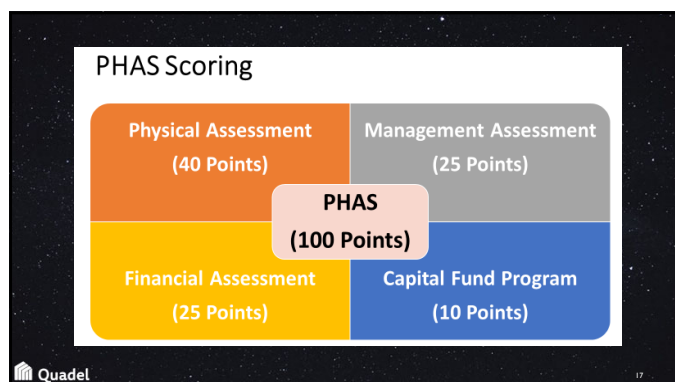
- CFP (Capital Fund Program)- Examines the period of time it takes a PHA to obligate CFP funds. Scores are assigned using data pulled from eLOCCS (Line of Credit Control System) measuring the following sub-indicators:
 - Fund Obligation – 5 points are assigned if the PHA obligated 90% of more of the CFP by the obligation end date with no sanctions
 - Occupancy Rate – Measures occupancy rate at fiscal year end after adjusting for HUD approved vacancies. A total of 5 points are assigned for a rate of 96% or greater. A total of 2 points are assigned for a rate of 93% but less than 96%. Zero points are assigned if the rate is less than 93%. If the PHA scored less than 5 points for Timeliness of Fund Obligation, the Occupancy Rate score is automatically zero

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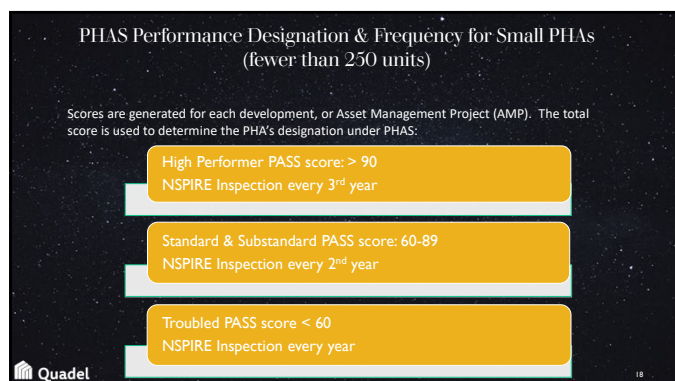
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**PHAS Performance Designation & Frequency for Small PHAs
(More than 250 units)**

Scores are generated for each development, or Asset Management Project (AMP). The total score is used to determine the PHA's designation under PHAS:

- High Performer PASS score: > 90
NSPIRE Inspection every 3rd year
- Standard PASS score: 80-89
NSPIRE Inspection every 2nd year
- Troubled PASS score: < 60
NSPIRE Inspection every year
- Troubled PASS score: < 60 or Capital Fund Troubled NSPIRE Inspection of ALL amps every year

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NSPIRE & PHAS 

- HUD will use the NSPIRE scoring methodology and associated property inspection scores to calculate the PHAS Physical Condition Indicator component of PHAS once a PHA's entire portfolio has been inspected under NSPIRE
- Until all properties with public housing units are inspected under NSPIRE, a PHA's physical condition indicator will continue to be based on the most recent UPCS scoring and unit-weighted average

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Intro to REAC 

- HUD's Real Estate Assessment Center (REAC) is a national management center that centralizes and standardizes the way HUD monitors and evaluates the physical condition and financial assessment of HUD properties
- The Department's REAC Team manages all activities related to PASS

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Slide 20

KCO Paragraph in Final Rule
Katie Carpenter, 2023-08-21T17:17:54.173

Slide 21

KCO This is from 2000. Haven't seen a newer version.
Katie Carpenter, 2023-08-21T17:57:25.849

PHAS Resources

- Code of Federal Regulations
 - [24 CFR Part 902 – Public Housing Assessment System](#)
- Understanding PHAS
 - [Understanding Public Housing Assessment System \(hudexchange.info\)](#)
- PHAS System Library
 - [Public Housing Assessment System | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

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Introduction to SEMAP

24 CFR Part 985 – Section 8 Management Assessment Program

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What is SEMAP?

- Measures the performance of Public Housing Agencies that administer the Housing Choice Voucher (HCV) Program
- Assesses whether HCV programs are helping eligible families afford decent rental units at the correct subsidy amounts
- Establishes an objective system to measure PHA performance in key areas to ensure program integrity and accountability
- Identifies PHA Management capabilities and deficiencies in order to target technical assistance more effectively
- Assists PHA's to assess and improve their own program operations

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SEMAP Indicators

-  There are 15 indicators with a varied point value for each
-  140 Points is the maximum point value that can be achieved
-  1/3 of the maximum point value is attributed to the inspection component of the HCV Program
-  There must be quality inspection protocols in order to reach High Performer Status

<https://www.hudexchange.info/sites/onecpd/assets/File/PHA-Lead-the-Way-Understanding-PHAS.pdf>

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The NSPIRE Protocol

Overview & Framework



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Changes from UPCS and HQS to NSPIRE

- Greater Emphasis on:
 - Health, safety, and functional defects
 - Areas that impact residents – their units!
- Less Emphasis on:
 - Condition and appearance defects (goodbye, Non-Industry Standard!)
 - Inspectable areas outside units
- Objective Deficiency Criteria
 - Criticality levels do not exist within NSPIRE
 - HUD has attempted to remove subjective deficiency criteria based on feedback

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Primary Goal of NSPIRE

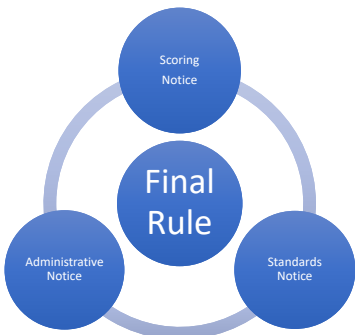
To ensure that all residents live in safe, habitable dwellings, the items and components located inside the building, outside the building, and within the units of HUD housing must be functionally adequate, operable, and free of health and safety hazards



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Policy

Final Rule & Subordinate Notices



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Final Rule

- Issued on May 11, 2023
- Effective on July 1, 2023, for Public Housing
- Responds to public comments on the draft rule
- Formally aligns expectations of housing quality and consolidation of inspection standards across HUD programs
- A broad revision of the way HUD-assisted housing is inspected and evaluated
- Establishes a new approach to defining and assessing housing quality
- Final Rule Linked [HERE](#)

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Final Standards Notice

- Issued on June 22, 2023
- Effective on July 1, 2023, for Public Housing
- Details inspectable items at HUD-assisted and Multi-family insured properties
- Commits HUD to review the standards and scoring methodologies at least every 3 years
- Incorporates all life-threatening conditions
- Standards Notice Linked [HERE](#)
- Final Standards – 3.0 – [Linked HERE](#)

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Final Scoring Notice

- Issued on July 7, 2023
- Effective on July 1, 2023, for Public Housing
- Establishes the NSPIRE physical condition scoring and ranking methodology to implement the Final NSPIRE Rule
- Outlines how HUD will sample Public and Multifamily housing properties for an inspection
- Emphasizes the health and safety of residents in the places they spend the most time: their homes
- Final Scoring Notice Linked [HERE](#)

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Administrative Notice

- Issued on June 30, 2023
- Effective on July 1, 2023, for Public Housing
- Cover the process and operational requirements covered in the Final Rule
- It includes what to expect before, during, and after a REAC inspection
- It contains policies and procedures for properties participating in an inspection, submitting evidence of deficiency correction, submitting technical reviews, administrative review, etc.
- Final Administrative Notice Linked [HERE](#)

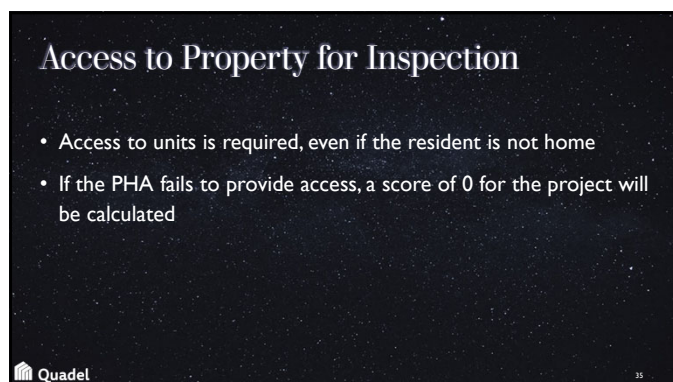
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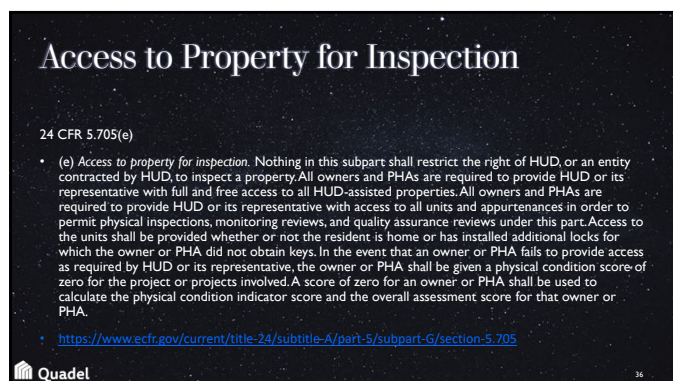
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Inspectable Areas

NSPIRE established the inspectable areas of a REAC inspection into three easily identified locations: Unit, Inside, and Outside

Unit	The interior components of an individual dwelling, where the resident lives
Inside	The common areas and building systems within the building interior, and not inside a unit (e.g. laundry facilities)
Outside	The building site, building exterior components, and any other building system located outside of the building or unit (e.g. sidewalks, parking lots)

Inspectable items include individual parts, such as walls, kitchens, bathrooms, and other things, to be inspected in an inspectable area

NSPIRE Inspectable Areas Factsheet Linked [HERE](#)

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Dwelling Unit

Unit, or "dwelling unit," of HUD housing refers to the interior components of an individual unit

Examples of components included in the interior of a unit may include the bathroom, call-for-aid (if applicable), carbon monoxide devices, ceiling, doors, electrical systems, enclosed patio, floors, HVAC (where individual units are provided), kitchen, lighting, outlets, smoke detectors, stairs, switches, walls, water heater, and windows

Under the NSPIRE scoring methodology, in-unit deficiencies are weighted more heavily; properties with in-unit deficiencies are more likely to fail inspections

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Inside Areas

"Inside" of HUD housing, "inside areas," refers to the common areas and building systems that can be generally found within the building interior and are not inside a unit

Examples of "inside" common areas may include, basements, interior or attached garages, enclosed carports, restrooms, closets, utility rooms, mechanical rooms, community rooms, day care rooms, halls, corridors, stairs, shared kitchens, laundry rooms, offices, enclosed porches, enclosed patios, enclosed balconies, and trash collection areas

Examples of building systems include those components that provide domestic water, electricity, elevators, emergency power, fire protection, HVAC, and sanitary services

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Outside Areas

"Outside," or "outside areas" refers to the building site, building exterior components, and any building systems located outside of the building or unit

Examples of "outside" components may include fencing, retaining walls, grounds, lighting, mailboxes, project signs, parking lots, detached garage or carport, driveways, play areas and equipment, refuse disposal, roads, storm drainage, non-dwelling buildings, and walkways

Components found on the exterior of the building are also considered outside areas, and examples may include doors, attached porches, attached patios, balconies, car ports, fire escapes, foundations, lighting, roofs, walls, and windows

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Inspection Types

There are three types of inspections under NSPIRE

Self-Inspections

Who: Property owners/management
What: All deficiencies reported to HUD
When: Once a year
Where: All units
Why: To gain a reasonable level of confidence in results & to ensure work orders are being generated.

Reasonable Assurance into Property's Condition

NSPIRE Inspections

Who: Contact Inspectors and public housing agencies
What: NSPIRE
When: Periodic inspections (1-3 years)
Where: High sample rate
Why: To gain a high level of confidence in results.

Reasonable Assurance into Property's Condition

NSPIRE Plus Inspections

Who: HUD Federal Inspectors
What: NSPIRE Plus
When: Requested, or triggered by poor conditions
Where: Highest sample rate
Why: To gain the highest level of confidence in results.

Exemplary Support to Enforcement and/or Sanctions

NSPIRE Resource Linked [HERE](#)

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Inspection Timeframes

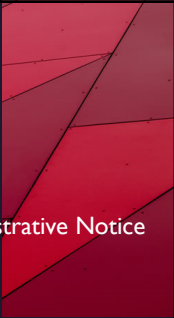
- For most properties, the frequency of an inspection will be determined by the date of the prior inspection and the score received based on the 3-2-1 rule:
 - Properties that score 90 points or higher will be inspected at least every 3 years
 - Properties that score over 80 (but less than 90) will be inspected every two years
 - Properties that receive less than 80 will be inspected annually
- Inspections will generally occur up to three months before or after the anniversary date
- Small and Rural PHAs will be inspected every 3 years
- Additional information can be found at [24 CFR 5.705\(c\)](#) and the [Administrative Notice](#)

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Preparing for a REAC Inspection

Additional details can be found in the [Administrative Notice](#)
Linked [HERE](#)





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Steps

	Property Verification & Document Collection	PHAs verify building and unit information, and property contact information in IMS/PIC, or successor system PHAs verify all information is up to date in the NSPIRE System
	Routine Inspection Scheduling	PHAs and FOs are alerted once REAC has scheduled an inspection with 28-day calendar notice
	Notify Residents of an Inspection as described in their lease	HUD suggests at least seven days notice through multiple communication methods
	Annual PHA Inspections or Self-Inspection	Ensures that properties are visited routinely, identifying maintenance and modernization needs, and generating work orders on a regular basis, rather than "just-in-time" repairs ahead of HUD-conducted inspections.

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Resident Feedback & Unit Recommendation

In advance of the inspection (approximately 180 days before and inspection), Residents' Groups will identify the dwelling units they would like to add to the inspection process, through an electronic system

Only Resident-recommended units that were randomly selected for the NSPIRE inspection sample will be scored or be part of the official property score

Once the information is received, the NSPIRE system will randomly select up to five recommended units to add to the scheduled NSPIRE inspection

Though, all Life-Threatening and Severe deficiencies identified must be corrected within 24 hours

Additional details can be found in the Administrative Notice

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During the REAC Inspection

Additional details can be found in the [Administrative Notice](#)
Linked [HERE](#)



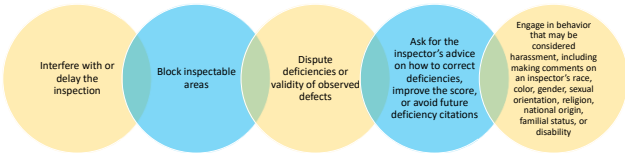
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During the inspection, the PHA should:

- Ensure REAC inspectors are performing inspections under the protocols established by REAC and in compliance with program requirements
- Escort the REAC inspectors during the inspection
- If the inspector is unable to enter a unit, the inspector should select another unit from a list of unit alternatives
- The PHA should attempt to provide access, if the resident does not seem to be home, but has been notified of the inspection as required in the lease

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During the inspection, the PHA should NOT:



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After a REAC Inspection

Additional details can be found in the Administrative Notice
Linked [HERE](#)



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After the REAC Inspection

After the inspection, the inspector will provide the property representative a list of Life-Threatening and Severe conditions that must be corrected at the end of each inspection day.

- Life-Threatening and Severe conditions must be corrected within 24 hours of receipt of notification of deficiencies
- Certification of correction must be submitted to HUD within 2 business days of receipt of notification of deficiencies

A full NSPIRE inspection report with all deficiencies and the score will be electronically provided within 15 business days.



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Submitting Evidence of Correction of LT & Severe Conditions [24CFR.5.711\(c\)](#)

- “Corrected” means the deficiency has been resolved or sufficiently corrected such that it no longer poses a severe health or safety risk, or that the hazard is blocked until permanent repairs can be completed
- Supporting evidence of deficiency correction can be, but is not limited to, work orders, invoices, and photographs



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Submitting Evidence of Correction of LT & Severe Conditions [24 CFR 5.711\(c\)](#)

- Evidence of deficiency correction will be submitted in HUD's NSPIRE system
- If permanent repair will take longer than the allowable time, the owner or PHA must provide HUD a timeframe for completing permanent repairs for HUD approval

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Timelines for Correcting Deficiencies

- Under the NSPIRE Standards, for the public housing and Multifamily housing programs, Life-Threatening and Severe deficiencies must be corrected within 24 hours
- The 24-hour timeframe commences immediately upon notification and does not pause for nonworking hours, including the weekend

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Timelines for Correcting Deficiencies

- Moderate deficiencies must be corrected within 30 days
- Low deficiencies within 60 days
- Repairs should be permanent fixes unless otherwise approved by HUD in writing, and not just temporary corrections to block a hazard

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Appeals & Technical Reviews

24 CFR 5.711

Scoring, ranking criteria, and appeals

<https://www.ecfr.gov/current/title-24/subtitle-A/part-5/subpart-G/section-5.711>



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What is a Technical Review?

PHAs may seek a technical review to appeal REAC inspection findings or score based on certain criteria that, if corrected, would result in significant improvement in the overall score of the property

The technical review process allows PHAs and Owners to have points restored for verifiable reasons, including HUD or inspector error, for adverse conditions beyond their control, modernization work in progress, and/or conflicts with state or local code.

REAC will not conduct a technical review of the inspection results based on a PHA or Owners' correction of conditions after the inspection.

Under the Final NSPIRE Rule, the regulations for technical review under align the Public Housing and Multifamily Housing programs regulations and remove the term "database adjustment" that was provided under the former UPCS provisions

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When to Request a Technical Review?



HUD or Inspector error.



Conflicts with state or local code.



Adverse conditions beyond your control, for example - if there are tenant-owned items cited in the inspection.



If a score did not consider renovations and modernization work is in progress.

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Basis for a Technical Review?

- An objectively verifiable material error must be present, or an adjustment to the score must be necessary, to allow for a technical review of inspection results.
 - It must exhibit specific characteristics and meet specific thresholds.
 - If corrected, would result in significant improvement in the overall score of the property (24 CFR 5.711(d)(5), an increase in a score for the property such that the new score crosses an administratively significant threshold such as increasing the property score 60 or above or change the inspection frequency).
- The basis for the technical review must not be due to the fault of the owner or PHA.

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What to Include in Technical Review?

- Relevant evidence that an objectively verifiable and material error occurred, or adverse conditions beyond the owner or PHA's control occurred, which if corrected will result in a significant improvement in the overall score of the property.
 - The burden of proof that an error or adverse condition occurred rests with the owner or PHA.
 - Expect that REAC will apply a rebuttal presumption that the inspection was conducted accurately.
- Objectively verifiable and relevant evidence could include: photos, written materials from objective source or subject matter expert, etc.

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Next Steps for HUD following Submission

1. A new inspection is undertaken if the inspection completed has significant anomalies or errors.
 - a) PHAs and Owners will be provided with at least a 14-day notice
2. A correction of the original inspection will occur; OR

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Next Steps for HUD following Submission

3. A new physical condition score will be issued

For all technical reviews that do not include undertaking a new inspection, REAC expects to issue a decision within 90 days of a complete application (120 days in the first year of NSPIRE).

PHAs or Owners that do not hear from REAC on the status of their appeal within 120 days will have all points relating to appealed deficiencies restored.

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Critical Timing of a Technical Review

- A request for a technical review of inspection results must be submitted electronically in the NSPIRE System.
- It must be received by the inspecting entity no later than the 45th calendar day following the day the inspection report is provided to the owner or PHA.

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Critical Timing of a Technical Review

- A copy of the appeal, should be sent to NSPIRERegulations@hud.gov
- A courtesy copy should be sent to the HUD Field Office Representative for the PHA or Owner.
- More information can be found in the Administrative Notice

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Corrective Action Plans

24 CFR 902.73(a)
PHAs with deficiencies
[https://www.ecfr.gov/current/title-24/subtitle-B/chapter-IX/part-902/subpart-G/section-902.73#p-902.73\(a\)](https://www.ecfr.gov/current/title-24/subtitle-B/chapter-IX/part-902/subpart-G/section-902.73#p-902.73(a))





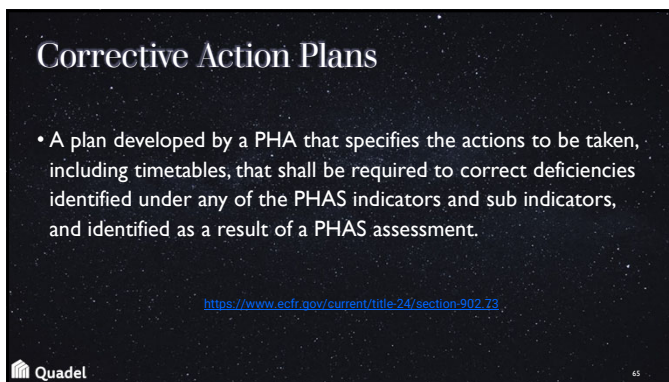
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Corrective Action Plans

- A plan developed by a PHA that specifies the actions to be taken, including timetables, that shall be required to correct deficiencies identified under any of the PHAS indicators and sub indicators, and identified as a result of a PHAS assessment.

<https://www.ecfr.gov/current/title-24/section-902.73>





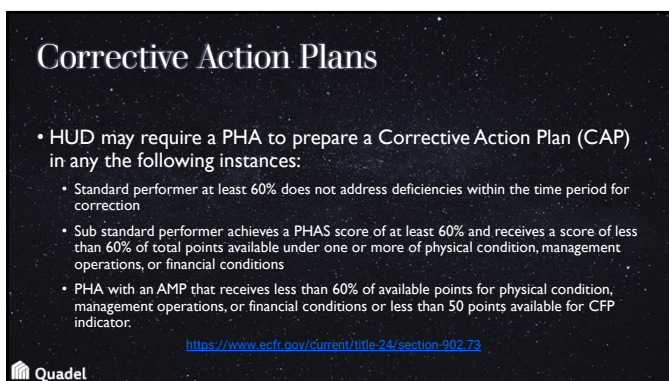
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Corrective Action Plans

- HUD may require a PHA to prepare a Corrective Action Plan (CAP) in any the following instances:
 - Standard performer at least 60% does not address deficiencies within the time period for correction
 - Sub standard performer achieves a PHAS score of at least 60% and receives a score of less than 60% of total points available under one or more of physical condition, management operations, or financial conditions
 - PHA with an AMP that receives less than 60% of available points for physical condition, management operations, or financial conditions or less than 50 points available for CFP indicator.

<https://www.ecfr.gov/current/title-24/section-902.73>





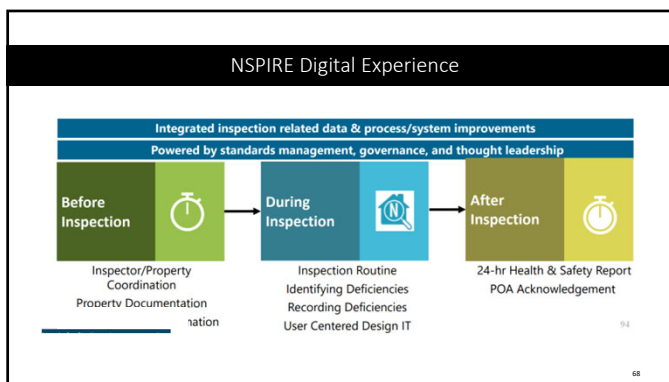
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NSPIRE IT System

Additional details can be found in the [Administrative Notice](#)
Linked [HERE](#)



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Tracking & Managing Inspections NSPIRE

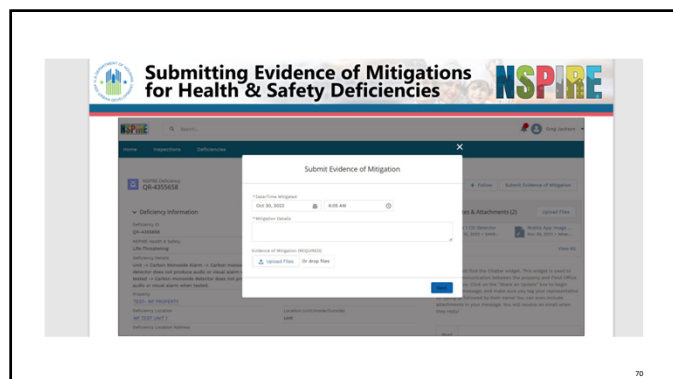
Details

Inspection Name: NSP-01000
Inspection ID: NSP-01000-001
Inspection Date: 4/1/2024
Inspector: [Name]
Property: [Name]
Inspection Type: [Type]
Inspection Status: [Status]

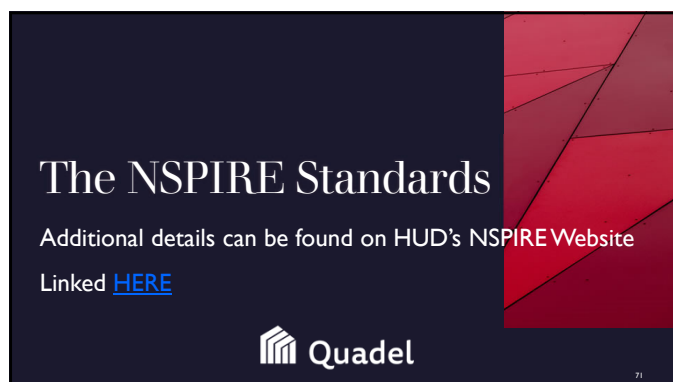
Deficiencies

Deficiency ID	Description	Severity	Status
1	Deficiency 1	High	Open
2	Deficiency 2	Medium	Open
3	Deficiency 3	Low	Open
4	Deficiency 4	High	Open
5	Deficiency 5	Medium	Open
6	Deficiency 6	Low	Open
7	Deficiency 7	High	Open
8	Deficiency 8	Medium	Open
9	Deficiency 9	Low	Open
10	Deficiency 10	High	Open

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Terms & Definitions

- For all NSPIRE terms & definitions, click [HERE](#)
- Bookmark this page to stay abreast of any HUD updates and additional information hyperlinked to terms.

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Important Terms & Definitions

HCV Pass/Fail

Units participating in the Housing Choice Voucher (HCV) programs do not receive a score for physical inspections, so deficiencies are indicated only as a pass or fail. Items that fail must be corrected per the guidelines in the regulations.

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Important Terms & Definitions

Rationale

A plainly written risk-based assessment that describes the harm or negative result that could occur if that issue were to be present at a property. It justifies why that issue is critical to housing quality. Rationales are developed using best practices from risk analysis frameworks that feature predominantly in the public health discipline to help all stakeholders understand the "why" or the "rationale" for each deficiency. By taking this approach, HUD can ground each standard in a clear and defensible explanation based in sound science.

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Important Terms & Definitions

Health and Safety Deficiency

A risk that poses potential danger to residents. Health and safety risks are broken down to two categories: moderate and severe. Moderate health and safety deficiencies are non-life threatening, and deficiencies identified as such require corrective action within 30 days. Severe health and safety risks are comprised of non-life-threatening (NLT) and life-threatening (LT) deficiencies. Severe NLT deficiencies must be corrected within 30 days in the Housing Choice Voucher (HCV) program and within 24 hours in other programs. All life-threatening deficiencies must be corrected within 24 hours.

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Important Terms & Definitions

Moderate Health and Safety Deficiency

The moderate health and safety category includes deficiencies that, if evident in the home 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.

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Important Terms & Definitions

Severe Health and Safety Deficiency

The severe health and safety category includes deficiencies that, if evident in the home or on the property, present a high risk of death, permanent disability, or serious injury or illness to a resident; or that the physical security or safety of a resident or their property would be seriously compromised.

Severe health and safety includes life-threatening and severe non-life-threatening categories.

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Important Terms & Definitions

Severe Non-Life-Threatening Deficiency

The severe non-life-threatening category includes 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.



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Important Terms & Definitions

Life Threatening Deficiency

The life-threatening category includes 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.



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How to Read the Standards

Learn how to read the NSPIRE Standards by clicking [HERE](#)



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Do you understand how to read the NSPIRE Standards?

FRONT MATTER

- Located at the beginning of the standard
- Provides high-level information, including terms and exceptions
- Describes attributes of the inspectable item
- Summarizes the defects that are citable as deficiencies

THE STANDARD

- Provides further detail on each applicable deficiency by its inspectable location(s), including, but not limited to:
 - Location
 - Criteria
 - Health and Safety Determination
 - Correction Timeframe
 - Rationale

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Template Guide & Structural Overview



NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE

TITLE: Scores the title of the standard

VERSION: Scores the version of the standard (e.g., V1.3)

DATE PUBLISHED: Lists the date the version of the standard was published (e.g., 1/1/20)

DEFINITION: Defines the standard

PURPOSE: Scores the function, use, or purpose the item serves in the built environment, if applicable (i.e., if the standard refers to an item)

NOTE TAGSETS: Lists other possible names that refer to the item

COMMON PICTURES: Lists the most common materials that make up the item (e.g., wood, steel)

COMMON COMPONENTS: Lists the most common components that make up the item (e.g., shower head, faucet, drain)

LOCATION:
☐ **Site** This box is selected if the applicable inspectable area is within the unit
☐ **Inside** This box is selected if the applicable inspectable area is within the interior area, but not the unit itself (e.g., common areas)
☐ **Outside** This box is selected if the applicable inspectable area is outside the dwelling

MORE INFORMATION: Scores additional information that is relevant to the item

DEFICIENCY I: Lists the deficiency applicable to the standard. Below, the boxes are selected to define whether the specific deficiency applies to the site, inside, or outside inspectable areas.

LOCATION:
☐ **Site**
☐ **Inside**
☐ **Outside**

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Let's Take a Closer Look!



Discuss deficiencies of interest and review the Standards as a group



The NSPIRE Standards can be found [HERE](#)

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NSPIRE Standards for Discussion

- Address and Signage
- Carbon Monoxide Standard
- Door – Fire Labeled
- Egress
- Electrical – GFCI or AFCI
- Exit Sign

- Guardrail
- Handrail
- HVAC
- Potential Lead-Based Paint
- Smoke Alarm
- Do you have others?


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Deficiency Rationales

- Under NSPIRE, all deficiencies are critical and must tie back to a rationale, which is a clear explanation of the potential risk a defect presents
 - They describe the harm or negative result that could occur if that issue were to be present at a property
 - They provide a clear and defensible explanation based on sound science


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Deficiency Rationales

- Health & Safety make up most of the NSPIRE deficiency rationales as they are focused on the most critical elements that impact resident safety and habitability
- Additional rationale examples: function & operability, condition & appearance, maintenance, structural


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Deficiency Rationales, continued

Code	Category	Description
R1	Health	Could affect resident's mental, or physical, or psychological state
R2	Safety	Resident could be injured due to condition
R3	Sanitary	Special sub-set up health hazards related to hygiene
R4	Security	Resident cannot control access to unit or property
R5	Privacy	Limits the resident's reasonable expectation of privacy in unit.
R6	Usability or Operability of Fixtures	Resident is unable to use certain fixtures, features, or appliances
R7	Increased Monetary Impact to Resident	Resident would incur additional costs due to condition

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Deficiency Rationales, continued

Code	Category	Description
M1	Corrective Maintenance	
M2	Routine Maintenance	
M3	Preventative Maintenance	
M4	Capitol Cost	
M5	Increased Monetary Impact to HUD	
M6	Structural	
PP1	Market Appeal	

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Health & Safety Determinations

			
Life Threatening Present a high risk of death, severe illness, or injury	Severe Present a high risk of permanent disability, serious injury or illness	Moderate Present a moderate risk of an adverse medical event, cause temporary harm, or worsen a chronic condition	Low Critical to habitability but not presenting a substantive health or safety risk

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Core Health & Safety Focus

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



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Fire Safety

- ☐ Implementation of National Fire Protection Association (NFPA) 72:
 - ☐ 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 bedroom
- ☐ Minimum temperature requirement
- ☐ Permanent heating source requirement
- ☐ Prohibition of fuel burning unvented space heaters
- ☐ New fire sprinkler defects related to the proper functioning of these systems
- ☐ GFCIs, AFCIs, CO alarms, dryer exhaust, and electrical outlets
- ☐ More stringent and specific fire door requirements

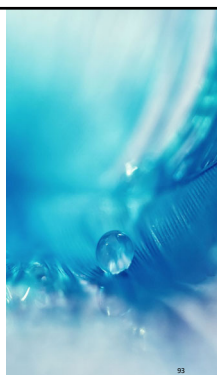


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Water Safety

- ☐ HUD will not inspect for water quality per se
- ☐ This is solely for the purpose of data collection and will not be scored
- ☐ The NSPIRE safe drinking water component only entails:
 - ☐ visual inspection for lead service lines and
 - ☐ assessment (via an information request, not physical inspection) if there has been a water outage or water alert and the response, if an outage or alert has occurred.



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Infestation

- ❑ For Life Threatening or Severe pest infestations, PHAs should identify a pest control inspector that is trained in Integrated Pest Management and initiate activities as described in [PIH Notice 2007-12](#)
- ❑ Initiation of an appropriate pest management plan meets the requirement for correction
- ❑ Ongoing implementation of an appropriate pest management plan (i.e., a pest management plan documented and initiated prior to the inspection) will also satisfy this condition
- ❑ Additional information may also be found in the Admin Notice



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Lead-Based Paint

- ❑ The standard includes a deficiency that incorporates an enhanced visual assessment for deteriorated paint where there is a child under 6 years of age residing in the unit
- ❑ This additional evaluation does not replace or supplant the PHAs responsibilities under the Lead Safe Housing Rule
- ❑ Where the property is considered target housing, and no exemption applies, the PHA should next determine if the surfaces identified in the inspection contain lead-based paint
- ❑ Additional detailed information can be found in the Administrative Notice

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Structural

- ❑ The Structural System Standard includes a deficiency that captures signs of serious structural collapse and may threaten resident safety
- ❑ NSPIRE inspectors will not be making structural stability assessments and will receive training as to when to refer potential structural systems issues to an appropriate, technically trained individual

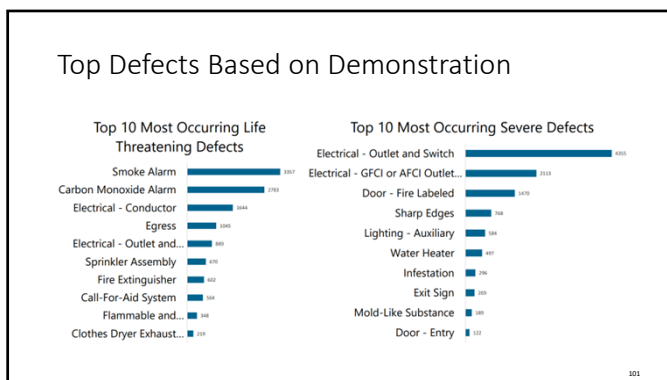
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Habitability

- Implementation of the NSPIRE final rule ensures that residents of HUD housing live in safe, habitable dwellings, and the items and components located inside, outside, and within the units of HUD housing are functionally adequate, operable, and free of health and safety hazards
- NSPIRE prioritizes resident health, safety, and functionality of property features, ensuring that residents are living in habitable homes

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The NSPIRE Scoring Model

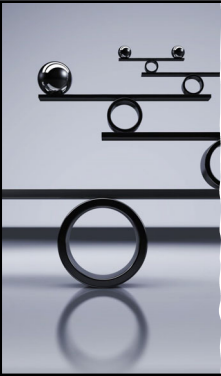
Additional details can be found in the Final Scoring Notice

Linked [HERE](#)





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Background & Overview

- 100-point score scale
- Four-step scoring system
- Unsafe properties will not receive a passing score due to focus on Health & Safety and Unit-based defects
- Defect Impact Weights Table makes clear the hierarchy of defect importance on inspection score
- Each deficiency causes the inspection score to decrease by some prescribed amount according to severity and location
- Sum of "defect points" will be normalized to accommodate different property sizes

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Scoring Format

- 100-point score scale
- Any score under 60 is considered a failing score
- Properties that score 30 or less will be automatically referred to HUD's Departmental Enforcement Center (DEC) for administrative review

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Scoring Methodology

- The NSPIRE scoring methodology converts observed defects into a numerical score
- Deficiencies are scored based on two factors: severity and location
- Severity –
 - Life-Threatening
 - Severe
 - Moderate
 - Low
- Location –
 - Outside, Inside, or Unit

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Scoring Methodology, continued

	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.

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Scoring Methodology, continued

- The scoring weighs deficiencies using a Defect Severity Value
- Under the Defect Severity Value methodology, the weight of the deduction for a given deficiency changes depending on both the location and the severity of the deficiency
- To determine the point deduction of a given deficiency, HUD uses the Defect Severity Values by Inspectable Area as shown in the tables in the following slides

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Defect Severity Values

- The sum of individual defect point deductions would be divided by the number of units inspected

Table 1—Defect Severity Values

Defect severity category	Inspectable area *		
	Outside	Inside	Unit
Life-Threatening (most severe)	49.6	54.5	60.0
Severe	12.2	13.4	14.8
Moderate	4.5	5.0	5.5
Low (least severe)	2.0	2.2	2.4

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Defect Severity Values & Rates of Change by Defect Severity Category

- Consistent with HUD's goal of prioritizing the health and safety of residents, the table illustrates that LT deficiencies affect inspection scores 4.1 times more than Severe deficiencies

Table 2—Defect Severity Values and Rates of Change by Defect Severity Category

Defect severity category	Severity value (outside)	Severity rate of change *
Life-Threatening (most severe)	49.6	4.1 x Severe.
Severe	12.2	2.7 x Moderate.
Moderate	4.5	2.3 x Low.
Low (least severe)	2.0	N/A.

* Severity rate of change is rounded to the tenths decimal place.

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Defect Severity Values & Rates of Change by Inspectable Area

Table 3—Defect Severity Values and Rates of Change by Inspectable Area

Defect severity category	Inspectable area		
	Outside	Inside	Unit
Low	2.0	2.2	2.4.
Rate of Change	N/A	1.1 x Outside	1.1 x Inside.

* Area rate of change is rounded to the tenths place.

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Final Scoring Conversion

$$\frac{\text{Total Defect Deduction Value All Areas}}{\text{Number of Units Inspected}} = \text{Defect Deduction Value Per Unit}$$

$$100 - (\text{Defect Deduction Value Per Unit}) = \text{Final Score}$$

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Fail Thresholds

- The Scoring Notice considers a score below 60 as failing, and adds a new Unit Threshold Fail
- Properties for which a substantial portion of point deductions are from Unit deficiencies are considered failures even if the rest of the property passes an inspection

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Fail Thresholds

- Therefore, regardless of the overall property score, if 30 points or more are deducted due to Unit deficiencies, HUD considers the property to have failed the inspection
- The result of the inspection is to be a score of 59, thereby leading to a failing score for the entire property

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Inspection Scoring Examples

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Defect severity category	Outside	Inside	Unit
Life-Threatening	0	0	2
Severe	0	2	1
Moderate	0	3	0
Low	1	10	0
Total by Inspectable Area	1	15	3

Under the NSPIRE scoring methodology, each defect is multiplied by the corresponding Defect Severity Value to calculate the Defect Deduction Value (Inspectable Area), which are then added to calculate the Total Defect Deduction Value (Inspectable Area).

Property Defect Deduction Value: Table 3 shows the calculations for Defect Deduction Values (Inspectable Area):

Defect severity category	Outside	Inside	Unit
Life-Threatening	0 × 49.5 = 0	0 × 54.5 = 0	2 × 60 = 120
Severe	0 × 12.2 = 0	2 × 15.4 = 30.8	1 × 14.8 = 14.8
Moderate	0 × 4.5 = 0	3 × 9 = 27	0 × 5.5 = 0
Low	1 × 2.0 = 2.0	10 × 2.2 = 22.0	0 × 2.4 = 0
Defect Deduction Values (Inspectable Area)	2.0	63.8	134.8
Total Property Defect Deduction Value (All Inspectable Areas)	2.0 + 63.8 + 134.8 = 200.6		

The Defect Deduction Value Per Unit is calculated by dividing the Total Property Defect Deduction Value (200.6) by the number of units inspected of 10 for a value of 20.06 (values and calculations in parentheses):

Total Defect Deduction Value (200.6) / Number of Units Inspected (10) = Defect Deduction Value Per Unit (20.06)

100 - Defect Deduction Value Per Unit (20.06) = Raw Score (79.94)

This score is rounded up to 80.

The property's raw score, before rounding, on the 100-point scale is then calculated as follows:



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Defect severity category	Outside	Inside	Unit
Life-Threatening	0	2	2
Severe	0	2	2
Moderate	0	3	0
Low	2	10	0
Total by Inspectable Area	2	15	4

The following is another example that illustrates a Unit Inspection of Property T that would receive a score above 60 but ultimately fails the NSPIRE inspection based on the Final Defect Deduction Value (Inspectable Area) as recorded by the inspection:

Defect severity category	Outside	Inside	Unit
Life-Threatening	0 × 49.5 = 0	2 × 54.5 = 109	4 × 60 = 240
Severe	0 × 12.2 = 0	2 × 15.4 = 30.8	2 × 14.8 = 29.6
Moderate	0 × 4.5 = 0	3 × 9 = 27	0 × 5.5 = 0
Low	2 × 2.0 = 4.0	10 × 2.2 = 22.0	0 × 2.4 = 0
Defect Deduction Values (Inspectable Area)	4.0	168.8	269.6
Total Property Defect Deduction Value	4.0 + 168.8 + 269.6 = 442.4		

In this example, defects were observed in all three Inspectable Areas. The Total Defect Deduction Value for All Inspectable Areas equals to 442.4, adjusting for the sample size of 10 units as follows (values and calculations in parentheses), yields a Defect Deduction Value Per Unit of 44.24.

Total Defect Deduction Value All Areas (442.4) / Number of Units Inspected (10) = Defect Deduction Value Per Unit (44.24)

The property's inspection score is calculated as follows:

100 - Total Defect Deduction Value All Areas Per Unit (44.24) = Final Score (55.76)

Property T's overall inspection result would be considered passing under NSPIRE scoring, as the final score would be rounded to 60. However, under NSPIRE, the Unit Defect Deduction needs to be considered before determining the final inspection score for the property. Using the Defect Deduction Value (Unit Area) of 44.24, the Unit Threshold of Performance is calculated as follows (values and calculations in parentheses):

Total Defect Deduction Value per Unit (Inspectable Area) (44.24) / Sample Size (10) = Final Unit Defect Deduction (22.12)

Based on the Unit Threshold of Performance, the property would fail the inspection because the Final Unit Defect Deduction is over 20 (22.12), leading to an automatic adjustment to a failing score of 59 despite the fact that the overall score is greater than 60. The reason for the property's failure to pass the inspection is the property's aggregate poor performance in the Unit portion of the inspection, which represents the entirety of the units included in the inspection and not any individual unit.



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Unit Sampling

- The NSPIRE scoring methodology relies on inspecting a statistically significant sample of units to achieve a 90 percent confidence level with a 6 percent margin of error for its inspections
- The maximum number of units included in the scoring sample is 32 units
- HUD calculated the sample size for every possible population of units by solving for the lowest possible minimum sample size in the following equation –

$$e < z * \sqrt{\frac{(N-s) * p * (1-p)}{N * (s-1)}}$$

The property's inspection score is calculated as follows:



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Inspection Sample Sizes

V. Inspection Sample Sizes

TABLE 9—NUMBER OF UNITS SAMPLED UNDER NSPIRE SCORING AND SAMPLING METHODOLOGY BASED ON PROPERTY SIZE

Units in property	UPCS sample	NSPIRE sample
1	1	1
2	2	2
3	3	3
4	4	4
5	5	5
6	6	6
7	7	7
8	8	8
9	9	9
10	10	10
11-12	8	8
13-14	9	9
15-16	10	10
17-18	11	11

TABLE 9—NUMBER OF UNITS SAMPLED UNDER NSPIRE SCORING AND SAMPLING METHODOLOGY BASED ON PROPERTY SIZE—Continued

Units in property	UPCS sample	NSPIRE sample
19-21	12	13
22-24	13	14
25-27	14	15
28-30	14	16
31-35	15	17
36-39	16	18
40-45	17	19
46-51	18	20
52-59	18	21
60-67	19	22
68-78	20	23
79-90	21	24
91-110	21-22	25
111-132	22-23	26
133-166	23-24	27
167-214	24-25	28
215-295	25	29

Units in property	UPCS sample	NSPIRE sample
296-455	25-26	30
456-620	26	31
621+	27	32

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Non-Scored Defects & New Affirmative Requirements





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Non-Scored Defects

- Carbon Monoxide Device
- Smoke Alarm
- Call-for-Aid
- Handrail

It is critical to note that these defects are classified as LT defects and must be corrected within 24-hours, even though they are not scored.

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Affirmative Requirements

- Fire Labeled Doors
- Electrical – GFCI
- Guardrail
- HVAC
- Interior Lighting
- Minimum Electrical and Lighting

HUD understands that it may take properties' ownership and management some time to comply with these new requirements, therefore HUD will not score new affirmative requirements in at least the first 12 months of NSPIRE inspections

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NSPIRE Administrative Procedures

The NSPIRE Administrative Notice can be located [HERE](#)

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Self Inspections

24 CFR 5.707 - Uniform self-inspection requirement and report
<https://www.ecfr.gov/current/title-24/subtitle-A/part-5/subpart-G/section-5.707>

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Self-Inspection Requirements

- PHAs are required to perform self-inspections at least annually
- Compliance must be ensured with the affirmative requirements and the NSPIRE Standards for all units
- Copies of self-inspections must be retained for at least 3 years

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Self-Inspection Requirements

- Properties that score below 60 must conduct a survey of the entire project, including all units, inside, and outside, for any deficiency, and must electronically submit a copy of the results to HUD
 - Survey results are due 60 days after the NSPIRE inspection is completed
 - All deficiencies identified must be resolved within established timeframes

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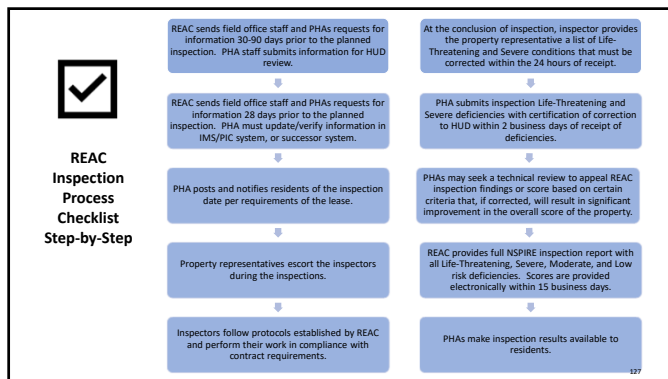
Roles & Responsibilities

REAC Inspection Process

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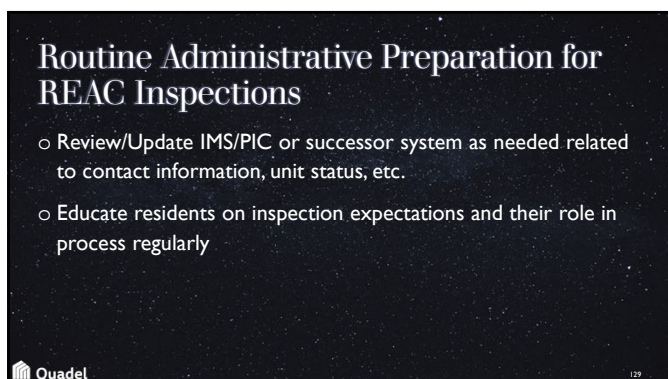
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Routine Administrative Preparation for REAC Inspections

- Effectively coordinate and schedule annual inspections consistently
- Train administrative staff on the REAC inspection process at onboarding and on a routine basis

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Ongoing Maintenance Preparation for REAC Inspections

- Perform timely annual inspections
- Provide timely response and mitigation/remediation to life-threatening and severe emergencies
- Repair and return vacant units to occupancy in a timely manner
- Implement a preventative maintenance program

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Ongoing Maintenance Preparation for REAC Inspections

- Ensure minimal backlog of maintenance work orders
- Train maintenance staff on the REAC inspection process and inspection standards at onboarding and on a routine basis
- Institute a quality control program

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Resident Education

- Provide consistent messaging to residents around inspections, including timelines, standards, and the process for scheduling
- Educate residents on how to, and when to report hazards or defects in their units, on the grounds, and in common areas
- Ensure residents understand their lease, especially related to permitting access to PHA staff for inspections, work orders, etc.



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The Role of HUD REAC Inspectors



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The Role of the HUD REAC Inspectors

- ❖ Inspectors will follow protocols established by REAC and should perform their work in compliance with contract requirements
- ❖ If the inspector is unable to enter a unit, the inspector will select another unit from the list of unit alternatives
- ❖ If a REAC inspector experiences issues during the inspection related to prohibited activities, they may halt the inspection
- ❖ In the event this occurs, the inspector must provide the PHA with a report of any observed Life-Threatening and Severe deficiencies



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The Role of the HUD REAC Inspectors

- ❖ REAC will reschedule with the PHA for a date to complete the inspection in the future.
- ❖ At the conclusion of inspection, inspector will provide the property representative a list of Life-Threatening and Severe conditions that must be corrected within the 24 hours of receipt

Should PHAs believe that the HUD REAC inspector is not following the protocols established by REAC, nor performing their work in compliance with contract requirements, it is recommended that the PHA contact the REAC Technical Assistance Center at 1-888-245-4860 or REAC_TAC@hud.gov and alert their Field Office Representative



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Additional Available Resources



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Code of Federal Regulations

PHAS

- [24 CFR Part 902 – Public Housing Assessment System](#)

NSPIRE

- [Subpart G – Physical Inspection of Real Estate](#)
- [24 CFR Part 5.703 – National standards for the condition of HUD housing](#)
- [24 CFR Part 5.705 – Inspection requirements](#)

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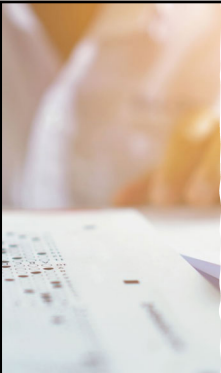
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HUD Resources

- [Resources Homepage](#)
 - Get Ready Sessions
 - Factsheets
 - Notices & Standards
 - [NSPIRE Toolkit: Health & Safety Closeout](#)
- [NSPIRE Scoring Calculator](#)
 - [How to use the updated NSPIRE Calculator](#)
- HUD YouTube Videos (many more available online!)
 - [NSPIRE Appeals & OIC Review](#)
 - [Using the NSPIRE IT Platform](#)
 - [NSPIRE Items Not to Be Scored Indefinitely](#)
 - [NSPIRE YouTube Channel](#)

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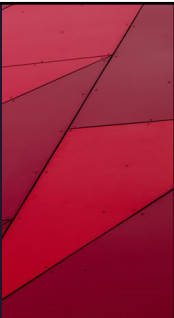
NSPIRE Checklists

- NSPIRE Life-Threatening & Severe Deficiencies Checklist
- REAC Inspection Process Checklist

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Q&A





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