



National Council of
State Housing Agencies

April 27, 2023

U.S. Department of Housing and Urban Development
Real Estate Assessment Center (REAC)
451 7th Street SW
Washington DC, 20410

RE: Request for Comments: National Standards for the Physical Inspection of Real Estate and Associated Protocols, Proposed Scoring Notice [FR-6086-N-04]

To Whom It May Concern:

The National Council of State Housing Agencies (NCSHA),¹ on behalf of its state Housing Finance Agency (HFA) members, respectfully offers these comments on the U.S. Department of Housing and Urban Development's Request for Comments on the National Standards for the Physical Inspection of Real Estate (NSPIRE) and Associated Protocols, Proposed Scoring Notice, published on March 28, 2023. NCSHA is a nonprofit, nonpartisan organization created to advance, through advocacy and education, the efforts of the nation's state HFAs and their partners to provide affordable housing to those who need it.

HFAs use and administer a range of affordable housing and community development programs that will eventually be subject to the new NSPIRE protocols, including the HOME Investment Partnerships (HOME) program, Section 8 Project-Based Rental Assistance, and Federal Housing Administration (FHA) multifamily insurance, among others. We appreciate the opportunity to share our views on the implementation of these new physical inspection standards for HUD-assisted and FHA-insured multifamily housing.

NSPIRE represents a concerted effort by HUD to align and consolidate physical inspection requirements across a wide array of HUD programs, and we believe adoption of NSPIRE will ultimately result in better outcomes for owners and residents of HUD-assisted housing. We also agree with the underlying premise of the NSPIRE model, which is that health and safety considerations should take priority over superficial and cosmetic issues in

¹ NCSHA is a nonprofit, nonpartisan organization. None of NCSHA's activities related to federal legislation or regulation are funded by organizations that are prohibited by law from engaging in lobbying or related activities.

assessing the physical condition of affordable multifamily housing. We also appreciate HUD's deliberate and methodical approach to date in developing and refining the NSPIRE model through a voluntary demonstration program. With these considerations in mind, however, we write to express our strong concerns, which reflect those shared with us by our member HFAs, about the aggressive timeline HUD has established for full implementation of the new NSPIRE physical inspection regime.

HUD has indicated to affordable housing stakeholders, including NCSHA and HFAs, the transition to NSPIRE must be complete by October 1, 2023. However, HUD itself is still working to finalize and promulgate the necessary rules and guidance for successful NSPIRE implementation. According to the proposed rule that is the subject of this comment:

HUD expects to publish the NSPIRE final rule early this year. The final NSPIRE Scoring notice will be published after the NSPIRE final rule but before HUD's Real Estate Assessment Center (REAC) will commence inspections for scores of record for Multifamily programs, or scores to be included in a Public Housing Assessment System (PHAS) score for public housing. HUD will also publish an NSPIRE Administrative notice after the final rule that provides implementation guidance, including instructions for submitting requests for technical reviews, how to notify residents of inspection results and scores, and how to submit evidence that health and safety deficiencies identified in the NSPIRE inspection have been corrected, among other requirements.

This language suggests HUD expects to have issued a final NSPIRE rule, a final NSPIRE Scoring notice, and all necessary NSPIRE implementation guidance no earlier than sometime later this summer. This timeline would allow owners, residents, program administrators, and other stakeholders a few months at most to review new regulations and guidance, hire and train staff to perform the new inspections, update the necessary information technology systems, and develop new policies and procedures to comply with the new requirements.

HUD's aggressive deadline simply does not provide enough time for HFAs and their partners to prepare for NSPIRE implementation. As HUD understands well, hiring and training new program staff and implementing major software upgrades take significant planning and time to be successful. State HFAs also will need to ensure that the owners and managers with whom they work understand the new process and software in order to ensure a successful transition.

Furthermore, the Internal Revenue Service (IRS) has told NCSHA it is waiting until HUD publishes the NSPIRE final rule before deciding whether to apply the new protocol to Low Income Housing Tax Credit (Housing Credit) properties for purposes of physical

inspections. NCSHA strongly supports consistency between HUD and IRS physical inspection requirements so that properties financed with both the Housing Credit and HUD funding can follow a single protocol. At a minimum, HUD should coordinate with the IRS and not implement NSPIRE for properties that have HUD and Housing Credit financing unless and until the IRS adopts NSPIRE as well.

We believe an implementation period of no fewer than 12 months from the final date of publication of all requisite NSPIRE regulation and guidance would be appropriate. Assuming HUD will have completed its work on NSPIRE by late summer, we would suggest an implementation date no earlier than October 1, 2024, would be reasonable and would give HUD's multifamily partners in the field sufficient time to help make the NSPIRE project a success. However, to facilitate even stronger alignment with other funding sources, such as the Housing Credit, HUD could allow agencies to use either UPCS/HQS or NSPIRE until January 1, 2025, as Housing Credit inspections are done on a calendar year basis.

In addition to our concerns regarding the implementation timeline, we have heard concerns from an architect at one HFA about the requirement that a guardrail be required at all retaining walls 30 inches or higher. We interpret NSPIRE standards to be in line with International Building Code, whereby guardrails are not required along retaining walls unless the grade change is more than 30 inches and a nearby walking surface exists on the high side of the retaining wall. However, an NSPIRE trainer told the audience at a recent HUD-sponsored NSPIRE training that a guardrail is required along any retaining wall where the grade change is more than 30 inches regardless of whether an adjacent walking surface is present nearby or not. Accordingly, we respectfully request clarification as to the correct interpretation. If it is the latter, i.e., that a guardrail is required whether or not a walkway is present, we believe this particular NSPIRE standard will conflict with the International Building Code and will result in numerous properties being inappropriately cited for violation.

We hope these comments are helpful and look forward to continuing to work with you to ensure that implementation of the NSPIRE physical inspection protocols is manageable and successful.

Sincerely,

A handwritten signature in black ink, appearing to read "Garth Rieman", with a long horizontal flourish extending to the right.

Garth Rieman

Director of Housing Advocacy and Strategic Initiatives