

THE HFA INSTITUTE 2024

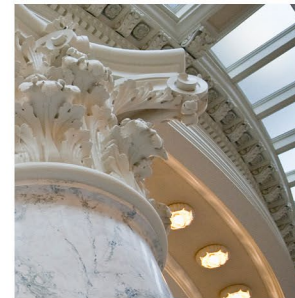
NSPIRE Implementation Update



National Council of
State Housing Agencies



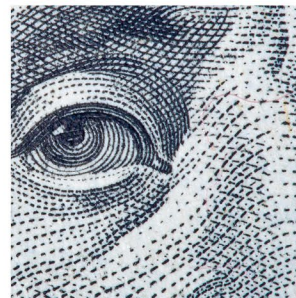
**MRBs and
Other Federal
Homeownership
Programs**
JANUARY 10 – 12



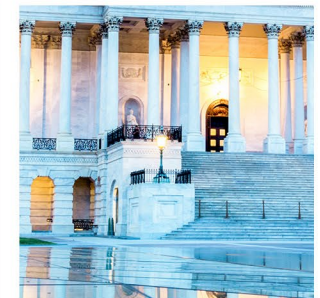
Housing Credit
JANUARY 9 – 11



**Section 8 and
Other Federal
Multifamily
Programs**
JANUARY 10 – 12



**HOME and
Housing Trust
Fund**
JANUARY 7 – 9



SPEAKERS

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Office of Affordable Housing Programs NSPIRE Implementation

NCSHA HFA Institute – January 8, 2024

Agenda

NSPIRE Final Rule

- Timeline
- Purpose

NSPIRE in HOME and HTF

- Extension of Compliance Deadline
- Why apply NSPIRE to HOME and HTF?
- Affirmative Requirements
- Implementation in Rehab, TBRA, Rental Housing

Resources

Q&A Session



NSPIRE Final Rule - Timeline

- National Standards for Physical Inspection of Real Estate (NSPIRE) Final Rule published May 11, 2023
 - Three accompanying notices published in June and July of 2023: Inspection Standards, Administrative Procedures, and Scoring
- Includes conforming changes in the HOME and HTF regulations
- Effective for projects with new HOME or HTF commitments made on or after October 1, 2023



NSPIRE Final Rule – Purpose

- Strengthens HUD’s physical condition standards, and aligns inspections for HUD-assisted housing inspected by HUD’s REAC
- Increases the number of applicable programs defined as “HUD Housing” under 24 CFR 5.701 (does not include HOME and HTF)
- Redefines “decent, safe, and sanitary” and similar standards as “safe, habitable dwellings”
- Reduces the categories of inspectable areas from five to three (outside, inside, unit)



NSPIRE Final Rule – Purpose (continued)

- Removes superficial and cosmetic deficiencies and frames all deficiencies in terms of health and safety
- Allows for continual updates through Federal Register Notice
- Replaces UPCS and HQS, and consolidates multiple standards under Part 5
- Incorporates affirmative requirements at 24 CFR 5.703





NSPIRE in HOME and HTF

NSPIRE – Extension of Compliance Deadline

- OAHP will publish a Federal Register Notice outlining how NSPIRE applies to HOME and HTF based on deficiencies established in the NSPIRE Inspection Standards Federal Register Notice published June 22, 2023
- In the meantime, how can a HOME PJ or HTF grantee ensure compliance without guidance?
- Compliance date established in Federal Register Notice (88 FR 63971) for CPD programs: October 1, 2024



NSPIRE in HOME and HTF

- NSPIRE is imposed to ensure that all HOME and HTF-assisted housing is brought up to standard condition across the country
 - Setting a ‘floor’ for “decent, safe, sanitary and in good condition”
- NSPIRE doesn’t apply to new construction projects
 - UPCS did not apply to new construction in the 2013 HOME final rule or HTF interim rule
 - There is no initial inspection for new construction
 - Unnecessary to set a floor for the scope of work in a new construction project
 - In the absence of state/local codes for new construction, project must meet the ICC’s International Residential Code or International building code, as applicable



Key Provisions for HOME and HTF – Affirmative Requirements

- Parts 92 and 93 apply the affirmative requirements at 24 CFR 5.703, for example:
 - Smoke detectors
 - GCFI outlets
 - Guardrails and interior lighting fixtures
 - A permanent heating source
 - Prohibition on unvented space heaters that burn gas, oil or kerosene
 - Source of safe drinking water
 - Sanitary facility and kitchen area requirements



Key Provisions for HOME and HTF – Exceptions

- Exceptions:
 - Carbon monoxide detectors (as required by 2021 Appropriations Act for applicable programs)
 - Sanitary facilities and kitchens in SRO units (exists for other programs too, like public housing)
- Deferring to future HOME rulemaking to allow for public comment



Key Provisions for HOME and HTF - Rehabilitation and Acquisition of Standard Housing

- Conforming changes replace references to UPCS in Parts 92 and 93 with NSPIRE
 - HUD must establish and publish in the Federal Register lists of specific deficiencies that must be corrected in HOME- and HTF-assisted housing based on NSPIRE
- Continues to require compliance with state and local housing quality standards and codes
- Clarifies that 24 CFR 5.705 through 5.713 (inspection procedures; scoring, ranking and appeals; etc.) do not apply to HOME and HTF



Key Provisions for HOME – TBRA

- Removes references to HQS
- Requires PJs to establish written property standards for housing occupied by tenants receiving HOME TBRA
- Rule aligns property standards requirements for TBRA with ongoing property condition standards of HOME-assisted rental housing
 - Must require that housing meet state and local codes and ordinances;
 - Be free of health and safety defects; and
 - Must not contain specific deficiencies established by HUD in the Federal Register based on NSPIRE
 - Meet lead-based paint requirements.



Key Provisions for HOME and HTF – Ongoing Occupancy of Rental Housing

- Strengthens property standards for ongoing inspections of rental housing
 - In absence of state/local codes, HOME and HTF housing must not contain specific deficiencies established by HUD in the Federal Register based on NSPIRE
 - Previously, HOME and HTF required that inspections include all inspectable items and areas specified by HUD
- Clarifies that 24 CFR 5.705 through 5.713 do not apply to HOME and HTF



Implementing NSPIRE for HOME and HTF

- HUD will publish a Federal Register Notice to:
 - Clarify property standards and inspections requirements
 - Establish lists of specific deficiencies that must be corrected in HOME/HTF housing based on activity undertaken and tenure type.
- HTF Monitoring Exhibits in development will include NSPIRE requirements, HOME Monitoring Exhibits must be updated
- Technical assistance available



Implementing NSPIRE - Continued

- OAHP HOME and HTF Technical Assistance Plan:
 - Live webinar with Q&A following notice publication
 - Inspection checklists by activity
 - Written rehabilitation standards toolkit
 - Primers on Capital Needs Assessments, analysis of useful life of major systems, and sizing replacement reserve
 - How to evaluate construction costs, schedule for progress inspections
 - Sample form for annual owner certification



Implementation Planning

- To prepare for full implementation, PJs and HTF grantees can:
 - Update property standard regulatory citations and requirements in their written agreement templates with State recipients, subrecipients, and project owners
 - Review and become familiar with the deficiencies in the NSPIRE Inspection Standards Notice and compare these requirements to their existing rehabilitation and property standards
 - If intending to implement for older projects, review existing written agreements and contact owners to make amendments as needed
 - Envision how systems and staff make sure that they are up and running by October 1, 2024, at the latest



Resources

- NSPIRE Final Rule: <https://www.govinfo.gov/content/pkg/FR-2023-05-11/pdf/2023-09693.pdf>
- NSPIRE Inspection Standards Federal Register Notice:
<https://www.govinfo.gov/content/pkg/FR-2023-06-22/pdf/2023-13293.pdf>
 - Website: https://www.hud.gov/program_offices/public_indian_housing/react/nspire/standards
- [Subscribe to HOME, HOME-ARP, and HTF Mailing Lists](https://www.hudexchange.info/mailinglist/subscribe/)
 - <https://www.hudexchange.info/mailinglist/subscribe/>





Questions?