

THE HFA INSTITUTE 2025

Physical Inspections Under the NSPIRE Protocol



National Council of
State Housing Agencies



**MRBs and
Other Federal
Homeownership
Programs**
JANUARY 15 – 17



Housing Credit
JANUARY 14 – 16



**Section 8 and
Other Federally
Assisted
Multifamily
Housing**
JANUARY 15 – 17



**HOME and
Housing Trust
Fund**
JANUARY 12 – 14



DISCUSSION LEADER

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SPEAKERS

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Ryan LaFollette
Acting Deputy Assistant Secretary
Real Estate Assessment Center (REAC)



Cliff Kornegay
Director, NSPIRE Standards and Quality Assurance
Real Estate Assessment Center (REAC)

Office of Public and Indian Housing (PIH)

Public Housing Inspections	
Criteria	Frequency
Properties that score <u>> 90</u>	Inspected every three years
Properties that score 80 - 89	Inspected every two years
Properties that score <80	Inspected annually
Small Rural PHAs as defined by 24 CFR 902.101*	Inspected every three years
<i>*unless designated as Troubled</i>	Inspected annually
Small PHAs as defined by 24 CFR 902.13(a)	Inspected every three years
<i>*unless designated as Troubled</i>	Inspected annually

Office of Public and Indian Housing (PIH)

Project-Based Voucher Program Inspections	
Criteria	Frequency
Pre-selection Inspection	Inspect existing units to determine compliance with Standards
Initial Inspection for units subject to 983.207(d) or 983.212	Inspected unit prior to family moving in.
Periodic Inspections	Inspected every two years while occupied.
<i>*Small rural PHAs</i>	Inspected at least once every three years while occupied.
Mod Rehab Inspections as defined by 24 CFR 882.516	
Initial Inspections	Inspect unit prior to move in
Periodic Inspections	Inspect units annually

Office of Public and Indian Housing (PIH)

Housing Choice Voucher Program Inspections	
Criteria	Frequency
Initial Inspections	Inspected prior to family moving in
Periodic Inspections	Inspected very two years while occupied
<i>*Small rural PHAs</i>	Inspected at least once every three years while occupied
Special Inspections (includes tenant-requested/complaint inspections and quality control)	Inspection is determined by report of deficiencies or SEMAP, etc.

Office of Multifamily Housing (MFH)

Multifamily Housing assistance programs covered by the NSPIRE final rule, include Section 202 Supportive Housing for the Elderly, Section 811 Supportive Housing for Persons with Disabilities, Section 202 direct loan program, and housing with mortgages insured or held by HUD as listed in 24 CFR 5.701.

Multifamily Housing Inspections	
Criteria	Frequency
Properties that score <u>> 90</u>	Inspected every three years
Properties that score 80 - 89	Inspected every two years
Properties that score <80	Inspected annually

NSPIRE
Policy
Updates

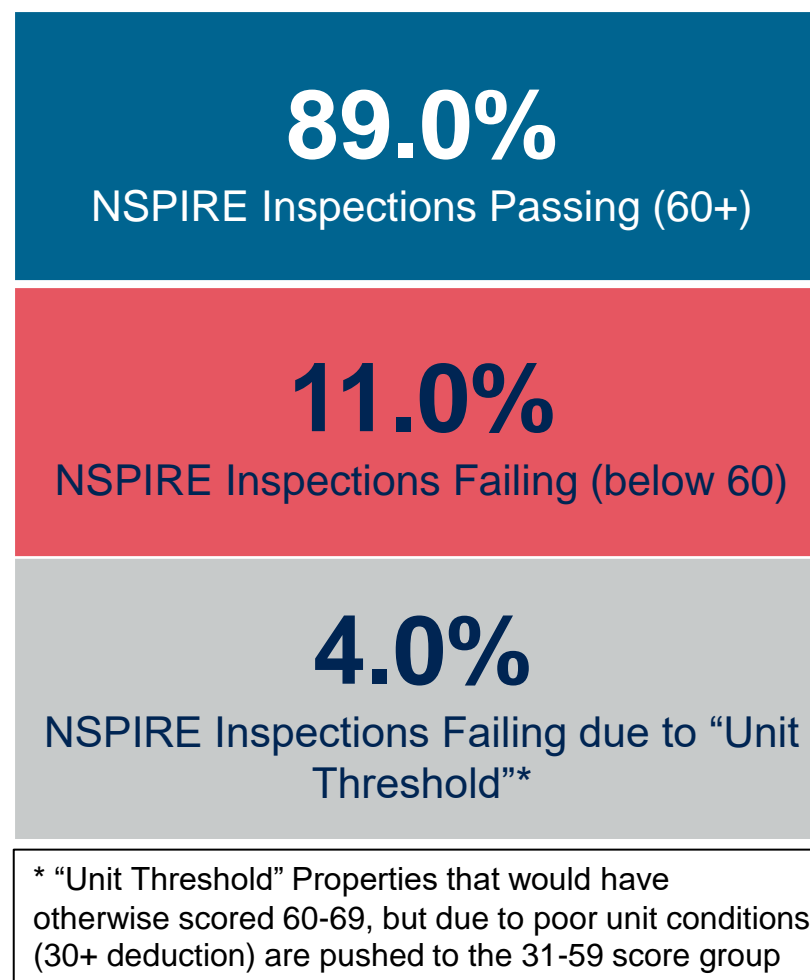
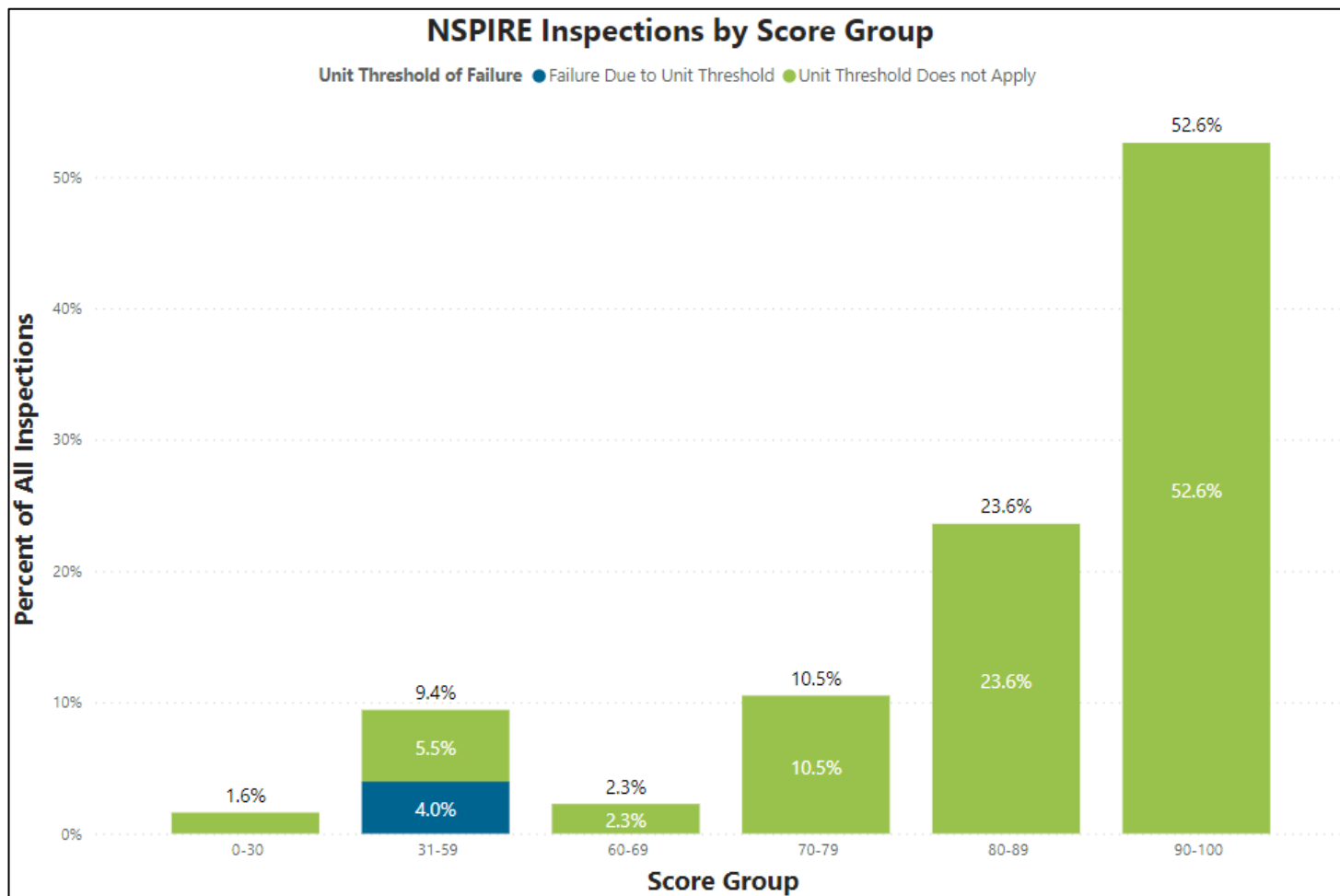
Product	Status
PIH Notice: non-scored deficiencies extension	Published in December 2024.
Inspector Certification & Admin Proposed Rule	This proposed rule is in research and development.
Guidebook: Inspector Protocol	Inspector protocol published to NSPIRE website.
SOP: Lead-based paint appeals process	REAC is working on publishing new guidance.
Guidebook chapter: HQS/NSPIRE for HCV	REAC is working on detailed guidance for HCV program participants to implement NSPIRE.
PIH Notice: NSPIRE Admin Implementation notice, revision	REAC is drafting revisions and clarification to the NSPIRE administrative notice.
Smoke alarm compliance guidance	REAC is collaborating with several offices within HUD to publish guidance and update NSPIRE standards. REAC will soon publish FAQs for HCV which will include smoke alarm Q&As.

NSPIRE One Year In

- **NSPIRE Inspection process working as expected:** Properties that tend to have more Life-Threatening conditions—especially in Units—are receiving lower NSPIRE scores while properties with fewer unsafe conditions are scoring better under NSPIRE.
 - This is in line with NSPIRE program objectives, which focus on the properties with the highest health and safety risk.
- **Out of the top 10 defects causing the largest score deductions, 6 are Life-Threatening.** The largest is “Exposed electrical conductor” with a deduction of 14.73 points per 100 units inspected.
- **Out of the top 10 most commonly cited defects, 2 are Life-Threatening.** The most common is “Smoke alarm is not installed where required” with an average defect count of 16.25 citations per 100 units inspected.
- **Electrical, Egress, and Fire Safety** defects impacted NSPIRE scores **more than other types of defects.**
- **The “Unit Threshold” score fail mechanism caught an additional 4% of properties** as a result of poor Unit conditions, with 30 or more points deducted from Units.

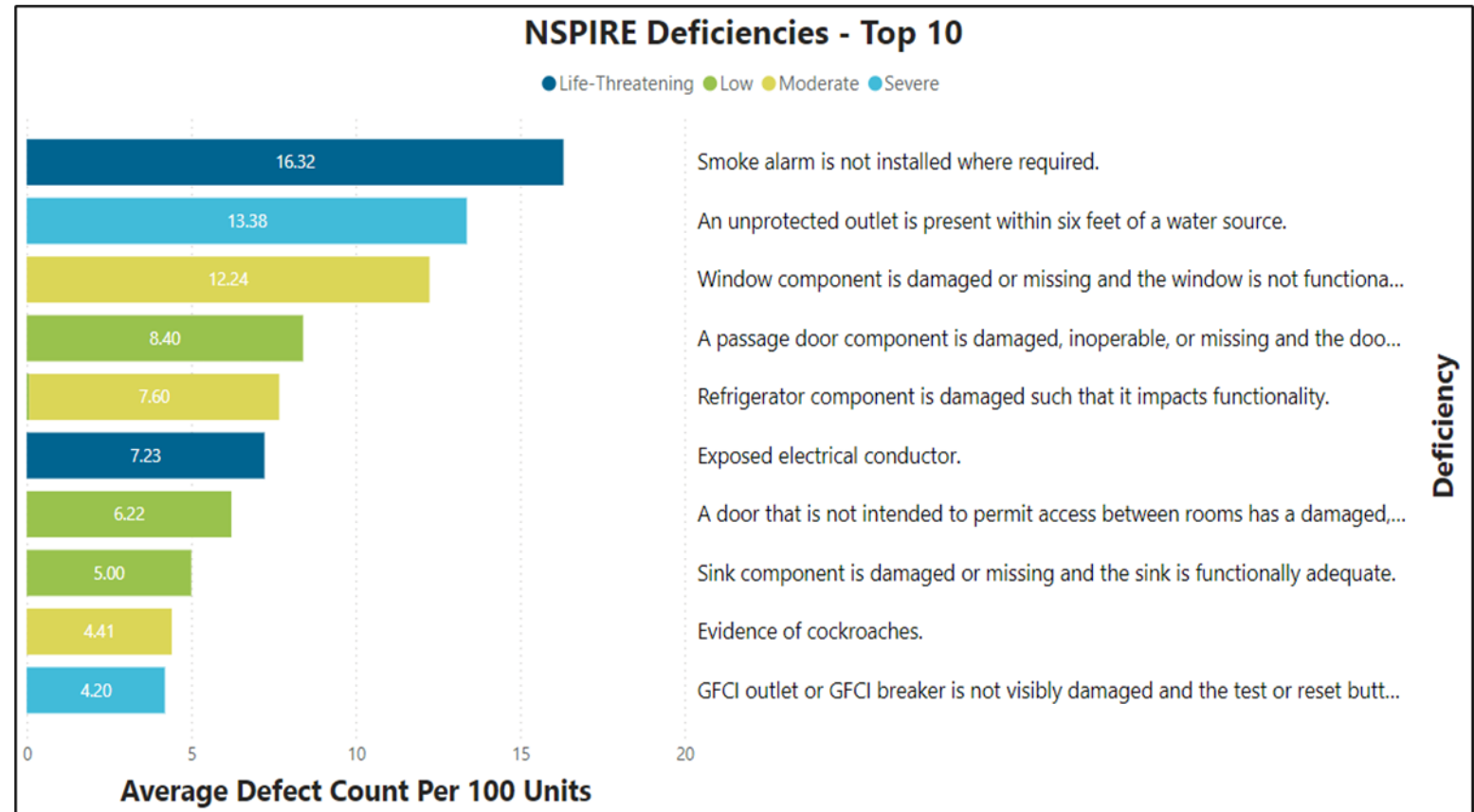
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Overall NSPIRE Score Distribution



Top 10 Defects – Average Defect Count

- The chart to the right shows the top 10 deficiencies ranked by Average Defect Count Per 100 Units across all MFH & PH NSPIRE inspections since inception **without successfully appealed defects**.
- Smoke alarm not installed where required is the most common defect recorded.

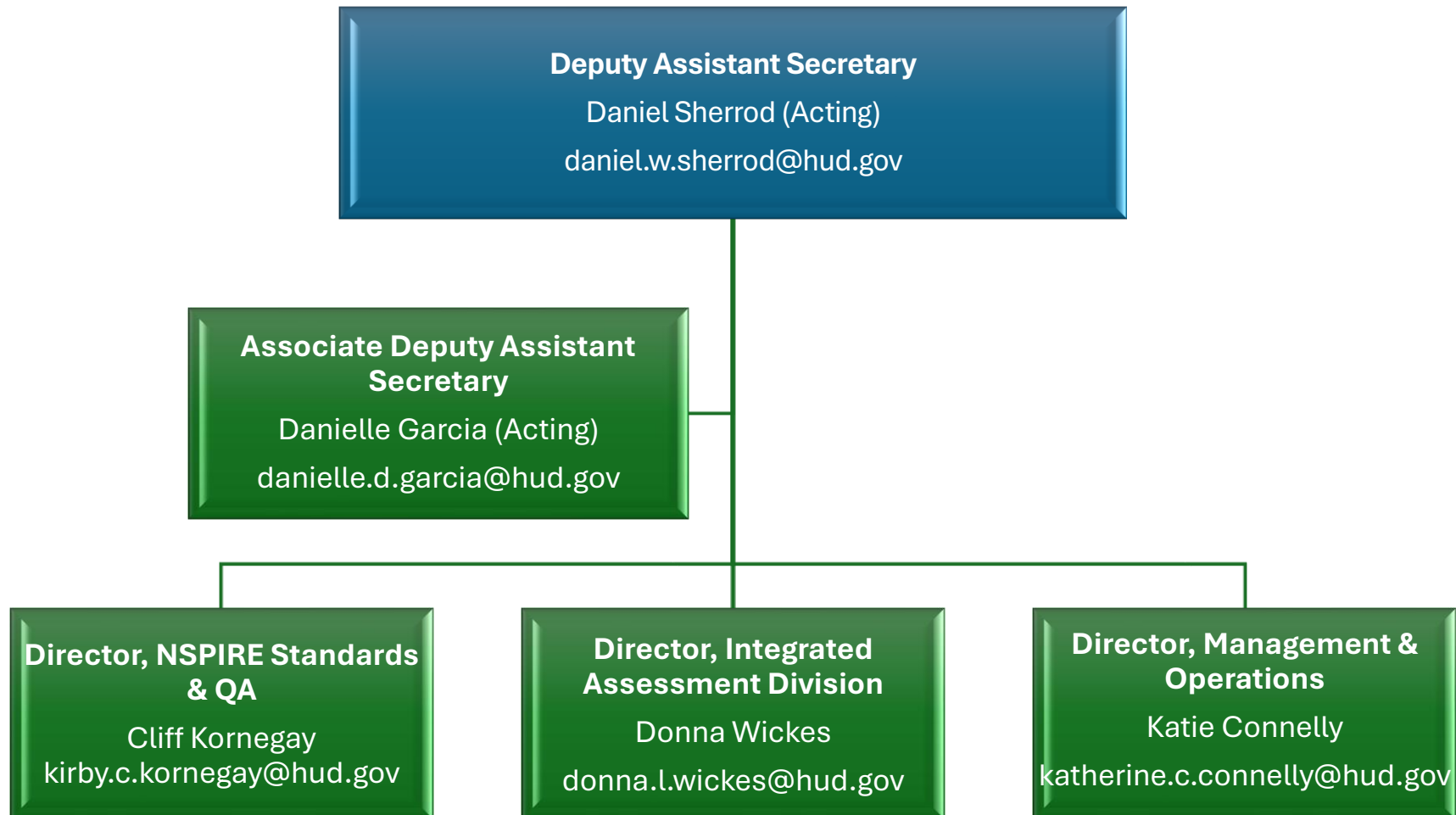


Top 25 Defects – Avg. Defect Count Per 100 Units

Deficiency Details	NSPIRE Health & Safety	Defect Count Per 100 Units
A burner does not produce heat, but at least 1 other burner is present on the cooking range or cooktop and does produce heat.	Moderate	2.23
A door that is not intended to permit access between rooms has a damaged, inoperable, or missing component.	Low	6.22
A passage door component is damaged, inoperable, or missing and the door is not functionally adequate.	Low	8.40
A permanently installed light fixture is inoperable.	Moderate	2.59
An unprotected outlet is present within six feet of a water source.	Severe	13.38
Bathtub component or shower component is damaged, inoperable, or missing and it does not limit the resident's ability to maintain personal hygiene.	Low	3.53
Carbon monoxide alarm is missing, not installed, or not installed in a proper location.	Life-Threatening	3.45
Entry door seal, gasket, or stripping is damaged, inoperable, or missing.	Moderate	2.04
Evidence of cockroaches.	Moderate	4.41
Exposed electrical conductor.	Life-Threatening	7.23
Fire labeled door does not close and latch or the self-closing hardware is damaged or missing such that the door does not self-close and latch.	Severe	3.55
GFCI outlet or GFCI breaker is not visibly damaged and the test or reset button is inoperable.	Severe	4.20
Interior wall has a hole that is greater than 2 inches in diameter or there is an accumulation of holes that are cumulatively greater than 6 inches by 6 inches.	Moderate	3.64
Paint in a Unit or Inside the target property is deteriorated ? below the level required for lead-safe work practices by a lead certified firm or for passing clearance.	Moderate	2.47
Plumbing leak.	Low	0.10
Plumbing leak.	Moderate	2.54
Presence of mold-like substance at moderate levels is observed visually.	Low	0.11
Presence of mold-like substance at moderate levels is observed visually.	Moderate	1.74
Refrigerator component is damaged such that it impacts functionality.	Low	0.08
Refrigerator component is damaged such that it impacts functionality.	Moderate	7.60
Sink component is damaged or missing and the sink is functionally adequate.	Low	5.00
Smoke alarm does not produce an audio or visual alarm when tested.	Life-Threatening	4.05
Smoke alarm is not installed where required.	Life-Threatening	16.32
System is blocked, or pull cord is higher than 6 inches off the floor.	Life-Threatening	3.54
Testing indicates a three-pronged outlet is not properly wired or grounded.	Severe	3.38

*Highlighted defects indicate those that are “Not Scored for 12 Months”

REAC Front Office Organizational Chart



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The NSPIRE Implementation Plan

Jeffrey Promnitz



National Council of
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Jeffrey is the CEO of Zeffert & Associates, a doctoral scholar, and an advocate for the successful intersection of real estate ROI and housing affordability. His work focuses on creating innovative compliance and educational products that empower teams to maximize investor returns while contributing to the development of much-needed affordable housing. As a researcher and educator, his domain of interest is human capital and he teaches in the College of Business Administration at the University of Missouri - St. Louis.

The HFA Intersection: Compliance and Affordability

- HFAs support as many as 275,000 owners and renters annually¹.
- Multifamily originations stalled in preceding two years (causal factors include interest rates, lower asset values)² and supply chain strains.
- The role of the HFA is to finance and preserve low- and moderate-income housing within its state³.
- Specifically in multifamily compliance, HFA responsibility is extensive:
 - Allocating credits and monitoring tax payers;
 - Administering federal housing programs;
 - Compliance with its own origination portfolio.
- HFAs affect both sides of the market - producer and consumer, i.e. taxpayer and renter household.

1. National Council of State Housing Agencies. "State Housing Finance Agencies: At the center of affordable housing." 2024. <https://www.ncsha.org/resource/hfas-at-the-center/>

2. Freddie Mac Multifamily. "2025 Multifamily Outlook." https://mf.freddiemac.com/docs/2025_multifamily_outlook.pdf

3. US Department of Housing and Urban Development. "HUD User Glossary." https://archives.huduser.gov/portal/glossary/glossary_h.html#

The NSPIRE Implementation Plan

- Key considerations:
 - Understanding the NSPIRE protocol (e.g. how to monitor and how to enforce, via inspections);
 - Implementation timeline;
 - Developments with multiple subsidies;
 - Coordination of technology.
- Addressing these four bullets will create your NSPIRE Implementation Plan.

Considerations of the NPSIRE Implementation Plan

- NSPIRE inspections are generally producing higher scores, which exogenously favors supply-side.
- LIHTC properties¹:
 - Buildings and low-income units are “suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards)”
 - Agency has not issued a violation report for any building or low-income unit in the project.
- Multi-subsidy considerations
 - NSPIRE ‘cuts through’ many programs, not all.
 - For example, Figure 1 inconspicuously reveals compliance strain on owners, with multiple inspection protocols.
- Closely monitor future HUD guidance as there is attention on streamlining.

Persistent Poverty Counties²

Subsidy	Percentage of LIHTC Properties Supported
Project-based Section 8	7%
HOME	13%
RHS 515	40%
RHS 538	6%
Combined	58%

1. 26 CFR § 1.42-5 - Monitoring compliance with low-income housing credit requirements. <https://www.govinfo.gov/content/pkg/CFR-2023-title26-vol1/pdf/CFR-2023-title26-vol1-sec1-42-5.pdf>
 2. Freddie Mac. “Spotlight on Underserved Markets. LIHTC in Rural Persistent Poverty Counties.” 2020. https://mf.freddie.mac.com/docs/lihtc_persistent_poverty_counties.pdf

The Leveraged Role of Technology

- The Implementation Plan must account for:
 - ☐ Acquiring the right information;
 - ☐ Making informed decisions;
 - ☐ Executing the plan.
- Technology should serve to enhance systems:
 - ☐ Reporting and monitoring compliance;
 - ☐ Inspections and enforcement;
 - ☐ Accuracy and adherence with perpetual changes.
- Leveraging Artificial Intelligence (AI) is not the barrier it once seemed.
 - AI has rapidly demonstrated profitable integrations between systems and people when adopted.¹

1. Wamba, Samuel F., et al. "The interplay between artificial intelligence, production systems, and operations management resilience." 2024. International Journal of Production Research.

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Implementing NSPIRE on LIHTC and HOME/CPD

Scott Precourt



National Council of
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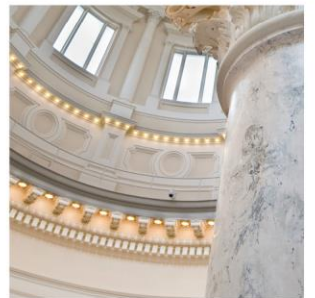
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Agenda

- Reporting on NSPIRE for LIHTC/HOME
- Tracking Repairs post NSPIRE Inspections
- Use of Technology for NSPIRE Compliance Audits
- Clarifying Confusion on Certain NSPIRE Standards/Training Stakeholders

Reporting on NSPIRE for LIHTC/HOME

- **Inspection Reports for NSPIRE for LIHTC needs to clarify:**
 - **Severity rating and number of days to repair issues**
 - **Needs to be delivered same day as inspection to allow for 24 hour issue turn-around**
 - **Notes/Instructions need to clarify specifically what is needed to cure the issue(s)**

NSPIRE Reporting

[31] 14899-14955: Unit 14955

Location	Item	Results	Notes	Pic	Date	Fixed	WO	Sev	Fix By
Bathroom 1	Door – General	A passage door component is damaged/missing/inoperable	Door doesn't latching		05/24/24 13:38 NL			Low	60D
Bathroom 1	Door – General	Closet door component is missing, damaged or inoperable	Linen closet not latching		05/24/24 13:38 NL			Low	60D
Bedroom 1	Door – General	A passage door component is damaged/missing/inoperable	Door missing		05/24/24 13:37 NL			Low	60D
Bedroom 1	Door – General	Closet door component is missing, damaged or inoperable	Closet door missing		05/24/24 13:37 NL			Low	60D
Bedroom 2	Door – General	A passage door component is damaged/missing/inoperable	Not latching		05/24/24 13:39 NL			Low	60D
Bedroom 2	Window	A unit window pane, sash, or frame is damaged or missing	Right window balance		05/24/24 13:40 NL			Mod	30D
Closet/Storage Area	Flammables or Combustibles	Combustible/Flammable material is on or within 3 ft. of an appliance providing heat for thermal comfort	Show polishing materials stored near hvac		05/24/24 13:41 NL			LT	24H

Tracking Repairs Post-Inspection

- NSPIRE has built in repair timelines for each standard, 24 Hours, 30 days, or 60 days
- Online portals to detail findings, have reference points such as photos and notes, and allow stakeholders to upload proof of repair for each item.
- Automated reminders for items that are due and automated tracking of issues
- Stakeholder support on the specifics needed for repairs.

NSPIRE Standards Confusion

- Confusion around “non-scoring” items on REAC inspections, which do not translate to a reduced severity on LIHTC/HOME inspections
- Issues related to fire-safety and electrical standards are new conceptually and cause confusion and misinformation amongst stakeholders
 - Smoke Alarms and CO Detectors
 - Electrical Outlets and GFCIs
 - Guardrails and Handrails
- Issues with “very loose” standards, such as floor covering, wall damage, and other appearance issues that HFAs have been used to citing