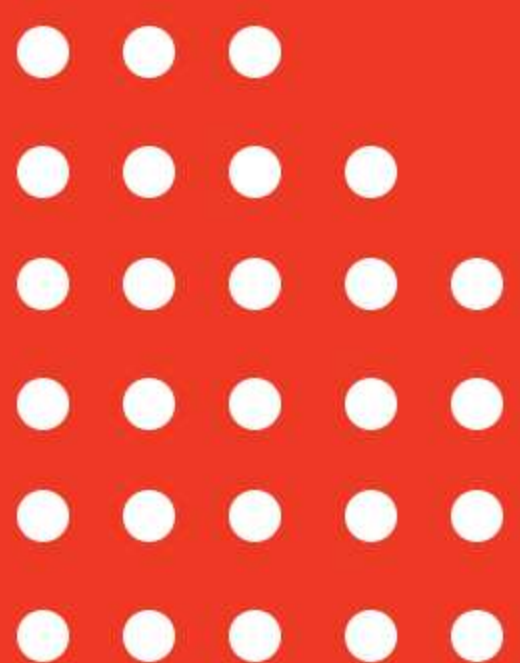


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E D U C A T I O N

TRANSITIONING TO NSPIRE: YOUR GUIDE TO THE FUTURE OF SECTION 8 INSPECTIONS



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OPENING:

Welcome, Landlords, to a transformative era in property inspections! Get ready to embrace NSPIRE, the future of Section 8 housing inspections, poised to replace the traditional Housing Quality Standards (HQS). This guide will navigate you through the transition and help you thrive in this new, resident-centric era of housing quality assessment."

Advisory Inspection Score

An NSPIRE inspection score given to a property volunteering in the NSPIRE Demonstration. During the NSPIRE Demonstration, NSPIRE inspection scores are advisory and do not count against volunteer properties, which carry forward their most recent Uniform Physical Condition Standards (UPCS) scores. Advisory inspection scores provide the Real Estate Assessment Center (REAC) data points for analysis and refinement of the NSPIRE scoring model. The NSPIRE scoring model varies from the Public Housing Assessment System (PHAS) model by prioritizing health and safety to identify substandard properties and protect residents.

NSPIRE Property Inspection Checklist

Note: This checklist is designed to help property owners participating in the Section 8 program prepare for NSPIRE inspections, focusing on health, safety, and functional deficiencies.



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I. Property Information

- Property Name:
- Address:
- Owner/Agent Name:
- Inspection Date:
- Inspection Type: (Self-Inspection, NSPIRE Inspection, NSPIRE Plus Inspection)

II. Three Types of Inspections

A. Self-Inspection (if applicable)

- Complete self-inspection annually.
- Submit results electronically to HUD.

B. NSPIRE Inspection (for Housing Choice Voucher program)

- Inspect every one to three years.
- High unit sampling rate.



C. NSPIRE Plus Inspection (if applicable)

- Conducted by HUD upon poor property conditions or as requested.
- Highest sampling rate.

III. Three Categories of Deficiencies

A. Health and Safety

- Check for health and safety hazards such as:
 - Electrical hazards
 - Fire hazards
 - Structural issues
 - Mold and moisture problems
 - Lead-based paint hazards
 - Plumbing issues
 - Pest infestations
 - Radon concerns
- Document and prioritize deficiencies for immediate action.



B. Function and Operability

- Assess the functionality of essential systems:
 - HVAC systems
 - Plumbing systems
 - Electrical systems
 - Appliances
- Identify any non-functional or poorly functioning components.

C. Condition and Appearance

- Evaluate the overall condition and appearance of the property:
 - Walls, ceilings, and floors
 - Windows and doors
 - Paint and finishes
 - Flooring and carpeting
 - Exterior areas and landscaping

Note any cosmetic issues that may affect resident comfort.



IV. Three Inspectable Areas

A. Inside

- Inspect all common areas and building systems inside the building (excluding dwelling units).
- Check HVAC systems, common spaces, and safety features.

B. Outside

- Assess the building site, exterior components, and systems outside of the building or unit.
- Evaluate facades, fencing, grounds, lighting, parking areas, and more.

C. Unit

- Inspect the interior of individual residential units.
- Examine living spaces, kitchens, bathrooms, and bedrooms.



V. Inspection Process

- Follow the NSPIRE standards and protocols for assessments.
- Use objective and clearly stated standards.
- Ensure value-added inspection procedures.
- Prioritize deficiencies and document them thoroughly.
- Review and update correction timeframes.

VI. Additional Information

- Keep records of past inspections and corrections.
- Stay informed about NSPIRE Demonstration updates.
- Collaborate with stakeholders for compliance.

Remember that NSPIRE aims to prioritize the well-being of residents and ensure housing quality. Regular self-inspections and proactive maintenance can help property owners meet compliance standards and provide safe, functional, and well-maintained housing for Section 8 participants.

For more information as well as upcoming training courses, and additional guides, please visit : BRPedu.com



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SECTION I:

UNDERSTANDING NSPIRE - THE FUTURE OF SECTION 8 INSPECTIONS BACKGROUND

A. UPCS Standards and Scoring

- Previously, HUD used different assessment methods for quality and safety checks:
 - Pass/Fail (HQS for HCV and PBV programs)
 - Zero to 100-point scale (UPCS for public housing and HUD's Multifamily Housing Programs)
- These standards assessed property and unit quality.

B. NSPIRE Final Rule and Timeline

- On May 11, 2023, HUD introduced the NSPIRE Rule.
- Effective from July 1, 2023, for public housing and Multifamily programs.
- NSPIRE inspections will be part of future PHAS scores after July 1, 2023.



C. HCV and PBV Assessment

- NSPIRE keeps pass/fail for HCV and PBV programs.
- It uses the 0–100-point scale for public housing and previously inspected UPCS properties.

D. Changes in Scoring Methodology

- HUD reviewed and revised the scoring methodology.
- Feedback from residents, industry, and Congress considered.
- Addressed concerns about consistency and subjectivity.
- Eliminated letter grades, focusing on 0–100 point scale.
- Clarified the "Unit Threshold of Performance" criteria.

This section provides an overview of how NSPIRE is replacing the old inspection standards (HQS and UPCS) and introduces the key changes in the scoring methodology. In the next sections, we will delve deeper into NSPIRE standards and how they affect landlords participating in the Section 8 program.



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SECTION II:

UNDERSTANDING NSPIRE SCORING AND METHODOLOGY

Duplicative Defects

In the proposed NSPIRE Scoring notice, HUD initially scored all deficiencies, even if they were repeated instances of the same issue. However, feedback and analysis showed that this approach had a minimal impact on overall inspection scores. As a result, HUD will continue to cite a deficiency multiple times if it's found in different areas (Unit, Inside, Outside), but will deduct points once per inspected unit, building, or outside area. For example, issues like blocked egress, damaged doors, and infestations will be cited for each instance but scored only once per area. This ensures focus on resident health and safety while addressing concerns raised in public comments.

Comparison Between UPCS and NSPIRE Standards and Scoring

Although some have requested a comparison between UPCS and NSPIRE scoring, the two methodologies are fundamentally different. NSPIRE places a stronger emphasis on health and safety, using a different approach and assessment criteria. It considers what is inspected, the weight of each item, inspectable area structure, and the aggregation of point deductions differently. Certain UPCS standards have been replaced by new defects under NSPIRE, aligning with its renewed focus on resident well-being.



Property Size

NSPIRE prioritizes unit inspections for resident health and safety. Unlike previous methods, it doesn't require inspecting every building in a property. Instead, only buildings containing units in the inspection sample are inspected. Additionally, at least two non-dwelling areas will be assessed, with a focus on those spaces residents frequently use. Concerns about how this approach affects properties of different sizes are addressed through the scoring formula. By dividing the Defect Deduction Value by the total number of units inspected, HUD normalizes the impact of deficiencies on property scores, ensuring fairness for both small and large properties. This method accounts for variations in property size without bias.

II. The NSPIRE Scoring Model

A. Applicability of the NSPIRE Scoring Notice

- Applies to all HUD housing inspected by REAC, including public housing and Multifamily Housing programs.

B. NSPIRE Scoring Format

- Scores range from 0 to 100.
- Scores below 60 are failing.
- Scores 30 or less result in automatic referral to HUD's Departmental Enforcement Center (DEC).



C. Scoring Methodology

- Converts observed defects into numerical scores.
- Prioritizes conditions likely to impact residents, focusing on units.
- Scores deficiencies based on severity and location.
 - Severity categories: Life-Threatening, Severe, Moderate, Low.
 - Location categories: Unit, Inside, Outside.

Uses Defect Severity Values for scoring.

Severity values and rates of change:

- Life-Threatening: Highest severity, 60 points in Unit.
- Severe: 14.8 points in Unit.
- Moderate: 5.5 points in Unit.
- Low: 2.4 points in Unit.
- Adjusts severity values based on location (Inside and Outside).
- Provides a method for calculating defect deduction points per unit.
- Final property score on a 100-point scale is determined:
 - $100 - (\text{Defect Deduction Value Per Unit}) = \text{Final Score}$.
 - Inspection scores cannot go below zero.

This summarizes the key points from Section II regarding the NSPIRE Scoring Model.



Fail Thresholds

This Scoring notice establishes two thresholds for determining inspection failure:

1. Property Threshold Fail: Scores below 60

- Properties that score 60 or above pass the inspection.
- A score below 60 is considered a failing score.
- Administrative review may be required for properties that fail (as described in § 5.711(i)).

2. Unit Threshold Fail: Unit Point Deduction 30 or above

- To maximize resident health and safety, HUD considers properties with significant point deductions from Unit deficiencies as failures, even if other areas are in good condition.
- Regardless of the overall property score, if 30 or more points are deducted due to Unit deficiencies, the property fails.
- Note that the Unit Point Deduction of 30 points applies collectively to the Unit inspectable area, not to individual units.

3. Properties that receive a score under 60:

- Are required to perform an additional survey as described in 5.711(c)(2).
- Properties that receive two successive scores under 60 may undergo administrative review as described in § 5.711(i).



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Administrative Details

A. Rounding

- Scores will be rounded to the nearest whole number, except for a specific case:
 - Properties scoring between 59 and 60 will be considered failing and rounded down to 59.
 - This ensures that properties must surpass these thresholds to avoid administrative actions.

B. Inspection Report

- HUD provides an inspection report with:
 - Property Score (on a 0 to 100-point scale) for Property Threshold Fail.
 - Defect Deduction Value (Inspectable Area) Per Unit for Unit Threshold Fail.

C. HUD's Use of NSPIRE Inspection Data and Scores

- Property scores support monitoring and enforcement.
- Property scores do not change repair obligations.
- HUD may take additional administrative action to protect interests and residents.
- Property scores determine
 - Frequency of Inspections.
 - Enforcement actions.
 - Completion of a Post-report Survey.



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- PHAS Designations.
- Participant Evaluation.
- Risk Assessment.

D. Non-Scored Defects and New Affirmative Requirements Not Scored Items (Until at least October 1, 2024)

1. Fire Labeled Doors:

- All Defects

2. Electrical—GFCI:

- Unprotected outlet within six feet of a water source.

3. Guardrail:

- All Defects

4. HVAC

- Permanently installed heating source working and interior temperature between 64 to 67.9 degrees Fahrenheit.
- Permanently installed heating source not working or interior temperature below 64 degrees Fahrenheit.
- Permanently installed heating source damaged, inoperable, missing, or not installed.



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5. Interior Lighting:

- Permanently installed light fixture not present in the kitchen and bathroom.

6. Minimum Electrical and Lighting:

- At least two working outlets not present within each habitable room OR
- At least one working outlet and one permanently installed light fixture not present within each habitable room.

During this initial period until October 1, 2024, HUD will provide additional information to estimate scores if new requirements were scored.

Scoring Designations

- Smoke Detectors:
 - An asterisk (*) next to the property's score indicates a smoke detector defect.
- Carbon Monoxide Detectors:
 - A plus sign (+) next to the property's score indicates a carbon monoxide detector defect.



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- Presence of Certain Defect Severity Levels:
 - No letter designations (e.g., a, b, c) are used; instead, there's a summary table of defect observations by severity.
 - Life-threatening and Severe items must be corrected within 24 hours.
- Certain New Requirements (Until at least October 1, 2024):
 - New requirements not scored are flagged with a caret (⊠) symbol.
 - Two scores may be provided: one with new requirements scored, and one official score without them.

Defect Remediation and Pass/Fail Status

- HUD assesses compliance with defect remediation requirements.
- HUD uses its authority to ensure compliance, as specified in regulations.

Draft and Final Inspection Reports, Preliminary and Final Scores

- After July 1, 2023, REAC provides a draft inspection report with a Draft
- Inspection Score and all defect details.
- HUD issues a Final Inspection report with the final score after the technical review process.
- Both reports include summaries of inspection results.
- Additional administrative actions may be taken by HUD to protect interests and residents



Unit Sampling

- NSPIRE aims for a 90 percent confidence level with a 6 percent margin of error.
- The maximum number of units in the scoring sample increased to 32 units.
- Only buildings with units in the sample are inspected.
- Buildings with a unit in the sample are also inspected.
- Sample sizes are designed to consider confidence, margin of error, and defect population proportion.

Sample Size Calculation Formula:

- ϵ (Margin of Error): 6 percent
- z (Z-score for 90 percent confidence): ~ 1.65
- p (Expected defect population proportion): 3.97 percent
- N (Unit population)
- s (Minimum sample size)



Example Calculation:

Using the formula above, HUD calculated sample sizes considering these parameters.

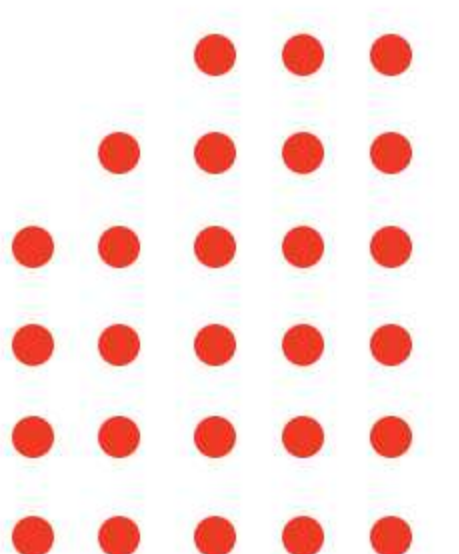
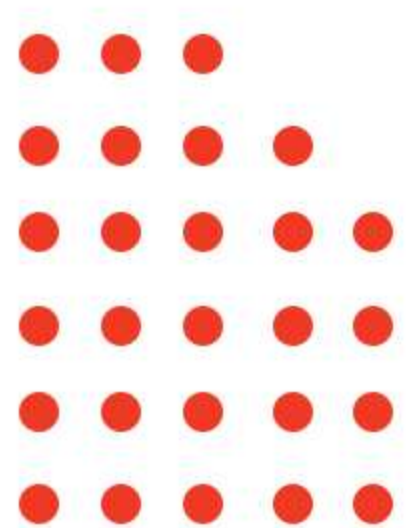
The inspection sample sizes adopted under the NSPIRE sampling methodology are provided in Table 9. The sample sizes were developed to consider the desired confidence interval (90 percent), margin of error (6 percent), and expected defect population proportion (3.97 percent).^[11] HUD calculated the sample size for every possible population of units by solving for the lowest possible minimum sample size in the following equation: ^[12]

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

Where:

- ε = margin of error
- In this case, 6 percent
- z = z-score corresponding to confidence interval
- In this case, ~1.65 corresponds to 90 percent two-sided confidence interval
- p = expected defect population proportion
- In this case, HUD used a proportion of 3.97 percent
- N = unit population
- s = minimum sample size

[Note: For comparison purposes, the UPCS sampling methodology is also provided in Table 9, although the unit grouping does not fully align.]



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