



HUD NSPIRE Impact on LIHTC Programs

SPEAKER NAME

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1



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2



Agenda

- Introduction
- NSPIRE
- NSPIRE Standards
- What's Next in Preparing for NSPIRE
- Resources

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Disclosure

This training provides suggestions, recommendations, and some best practices. Always follow your company policy and guidance.



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4



NSPIRE



On October 1, 2023, the NSPIRE (National Standard for Physical Inspection of Real Estate) Inspection Protocol replace UPCS and HQS as the inspection protocols used on Multifamily and Public Housing HUD Inspections. Ending these decades-old inspection protocols and combining them into a single standard for both risk-based and results-based inspections will have a tremendous effect on programs throughout the industry.

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At the same time, most HUD Community Planning and Development (CPD) Programs and Housing Credit (LIHTC) programs will change to the new NSPIRE Standards. This does not mean that these properties will be inspected by REAC but that they are subject to the same standards as all HUD programs. Part of the objective of NSPIRE is to align all inspection protocols to one universal standard for all assisted housing programs.

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Are Tax Credit (LIHTC) Properties Changing to NSPIRE?

While NSPIRE is a protocol established by HUD for the purpose of HUD programs, the Internal Revenue Service (IRS) adopted the same protocol for the purposes of the low-income housing tax credit (LIHTC) incentive in Treasury Regulation Section 1.42-5(d)(2)(ii). This means that this change not only impacts HUD programs, but will likely change the inspection protocol for the LIHTC-financed properties.

So, in short – Yes. LIHTC monitoring inspections will change to NSPIRE at the same time as the HUD-funded and financed programs in October of 2024.

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7



NSPIRE vs UPCS

UPCS inspectable areas: NSPIRE inspectable areas:

- Site
 - Building Exteriors
 - Building Systems
 - Common Area
 - Units
- Outside
 - Inside
 - Units

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NSPIRE Inspectable Areas



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NSPIRE Inspectable Areas

- **UNIT:** A “Unit” of HUD housing refers to the interior components of an individual dwelling, where the resident lives.
- **INSIDE:** “Inside” refers to the common areas and building systems within the building interior and are not inside a unit. This could include interior laundry facilities, workout rooms, and so on.
- **OUTSIDE:** “Outside” refers to the building site, building exterior components, and any building systems located outside of the building or unit. This includes things like playgrounds, sidewalks, and air-conditioning units.

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NSPIRE Inspectable Areas

The front matter of each standard lists the areas or items within each inspectable location that the standard applies to.

For example, the Handrail Standard lists stairs, hallways, and ramps as inspectable items in the Unit.

DEFINITION:	A rail fixed to posts or a wall for people to hold on to for support.
FORMIC:	A rail designed to be grasped by the hand to provide stability or support. Handrails are commonly used while ascending or descending ramps and escalators in order to prevent injuries like:
NOTE RELEVANT:	Resistor, railing
CURRENT PRACTICES:	Post, Wall
CURRENT OPERATIONS:	Ball, Bannet, Brackets, Anchor
LOCATION:	<input type="checkbox"/> Unit Stair, hallway, ramp <input type="checkbox"/> Inside Stair, hallway, ramp, driveway <input type="checkbox"/> Outside Stair, ramp, driveway

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11



NSPIRE 3 Types of Inspections

There are three types of inspections under NSPIRE. Applicable NSPIRE inspection types may vary by program or property type.

 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 (not Property's Condition)	 NSPIRE Inspections Who: Contract 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 (not 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. Reasonable Support to Enforcement and/or Sanctions
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12



NSPIRE vs UPCS

UPCS Level of Deficiency:

- L1
- L2
- L3
- EH&S

NSPIRE Level of Deficiency:

- H&S Life Threatening
- H&S Severe
- H&S Moderate
- H&S Low

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NSPIRE Level of Deficiency

NSPIRE		NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE	
TITLE:	LEAK - WATER		
VERSION:	1.0.0		
DATE PUBLISHED:	06/20/23		
DEFINITION:	A water leak can be caused by damage, including a puncture, gash, hole or other serious hole, any tiny pinhole hole (usually in copper) resulting from an over-tight, or inadequate sealing between components or parts joined together.		
PURPOSE:	None		
COMMON COMPONENTS:	Gas and Flue, Drain, Gas, Bath, Plumbing, Pump, Trap, System, Fire, Refrigeration, Sprinkler, Assembly, Including Connected Appliance and Fittings, Water Heating, Water, Showerhead, Shower, Drainage, Sink, Toilet		
LOCATION:	<input type="checkbox"/>	Ind	Galley, Bath, Well, Sinks, Showers, Water, Water Heating, Central Water Supply Lines, Drains, Sprinkler Assembly, Plumbing System
	<input type="checkbox"/>	Ind	Galley, Bath, Well, Sinks, Showers, Water, Water Heating, Central Water Supply Lines, Drains, Sprinkler Assembly, Plumbing System
	<input type="checkbox"/>	Ind	Central Water Supply Lines, Sprinkler Assembly, Plumbing System
FIELD REQUIREMENT:	None		

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NSPIRE Level of Deficiency

- Deficiency Low correction timeframe is 60 Days
HCV Pass/Fail Pass
HCV Correction Timeframe N/A

NSPIRE		NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE	
DEFICIENCY 7 - DRYING:	PLUMBING, GAS		
DEFICIENCY DEFINITION:	Failure of a plumbing system that allows for water intrusion or unattended leaks.		
REPAIR AND CORRECTION:	See	Indefinite critical or hazardous but not presenting a substantial health or safety risk to building	
OPERATION TIMEFRAME:	60 days		
HCV Pass / Fail:	Pass		
HCV Correction Timeframe:	N/A		
RELEVANT PROVISION:			
DEFINITION:	Evaluate exterior plumbing systems for any leaks.		
REPAIR OR CORRECT:	None		
NOTES:	None		
FIELD REQUIREMENT:	Examples of exterior plumbing components to evaluate under this deficiency may include, but are not limited to: - Exterior Hot Water - Landscaping Sprinkler / Irrigation System		

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15



What's Next in Preparing for NSPIRE

As the timeline for this change is approaching, monitoring agencies should begin preparing for the transition as soon as possible. NSPIRE, unlike UPCS, is more than just a checklist of deficiencies. The NSPIRE standards include repair timelines, severe life-threatening designations, and Pass or Fail decisions.

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19



What's Next in Preparing for NSPIRE

- Update policies and procedures
- Train compliance staff on the new requirements
- Is any software used for inspections updated to follow NSPIRE standards?
- Inform sponsors, stakeholders, and owners adequately of the new expectations
- Are third-party vendors (if applicable) prepared to use the new inspection protocol?

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20



Resources

https://www.hud.gov/program_offices/public_indian_housing/reac/nspire



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21
