U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

NSPIRE

NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE

National Standards for the Physical Inspection of Real Estate

NSPIRE Standards

This webcast provides an overview of the NSPIRE standards and is intended for those interested in learning more about the new inspection standards under development at the Department of Housing and Urban Development.

View this Webcast on the HUD.gov website:

https://www.hud.gov/program_offices/public_indian_housing/reac/nspire/webinars/nspire_standards_20200807

Slide 1: Introduction

Hello, and welcome to the NSPIRE Standards webcast. This webcast provides an overview of the NSPIRE standards and is intended for those interested in learning more about the new inspection standards under development at the Department of Housing and Urban Development.

Slide 2: Agenda

This webcast provides a brief overview of the following topics:

- HUD's commitment to transparency and continuous stakeholder feedback;
- NSPIRE inspection types;
- CTQ inspectable items and their locations;
- NSPIRE's application across federal programs;
- standards development and refinement during the NSPIRE Demonstration;
- and ways stakeholders can participate in the development of NSPIRE.

Slide 3: Mission, Vision, and Values

Before we proceed, let's take a moment to talk about the NSPIRE mission, vision, and values.

Our mission is to equip REAC with a transformed, operationally-ready line of business that assists our customers in understanding and anticipating risks to their housing portfolios.

Our vision is to provide efficient services that maximize customer value.

We value customer service, accountability, transparency, and trust.

Slide 4: Commitment to Transparency and Continuous Feedback

HUD believes in customer service and being accountable and transparent so that we earn your trust. We are committed to prioritizing resident health and safety and streamlining the physical inspection process to reduce administrative burden on our partners. We seek collaboration with and input from a diversity of stakeholders, including property owners and agents, public housing agencies, residents, academia, industry groups, and anyone with interest in NSPIRE. Your input and feedback will help us develop more effective inspection standards, processes, and protocols.

Your feedback positively impacts NSPIRE in multiple ways. Property owners and agents can volunteer their properties and collaborate in the NSPIRE Demonstration by providing feedback and comments on the NSPIRE Model. You can also visit the NSPIRE webpages to view the latest version of the standards and submit your feedback about the standards. Please note that we will provide more information on ways to access NSPIRE resources at the end of the webcast.

Now, let's dive in and look at the three types of NSIPRE inspections.

Slide 5: NSPIRE Inspection Types

There are three types of inspections under NSPIRE: CTQ, or Critical to Quality, inspections; CTQ+ inspections; and self-inspections.

Slide 6: NSPIRE Inspection Types: All Features of the Built Environment, Self-Inspections, and CTQ+ Inspections

Note that design attributes of the built environment are excluded from inspection as, once built, they cannot reasonably be changed. Also, while self-inspections are required for only some of HUD's programs, they should be considered a best practice for all properties. NSPIRE will also have CTQ+ inspections, which will provide the highest level of confidence regarding a property's condition and will provide the evidentiary data needed to justify and support enforcement actions.

Slide 7: NSPIRE Inspection Types: CTQ Inspections

CTQ inspections are conducted primarily by contract inspectors. For CTQ inspections, items and deficiencies are highly targeted to identify a widespread failure to provide acceptable basic housing conditions. CTQ inspections are intended to provide a high level of confidence in results.

Today, we will focus on CTQ inspections; future webcasts will address self-inspections and CTQ+ inspections.

Slide 8: CTQ Deficiency Types

So, what kinds of deficiencies are inspectors looking for?

There are three categories of deficiencies. They are condition and appearance, function and operability, and health and safety. Let's talk about these in further detail.

Slide 9: CTQ Deficiency Types: Condition and Appearance

A condition and appearance deficiency is not likely to harm a resident, nor does it critically reduce or eliminate an object’s usability. This category includes deficiencies where HUD or the property could suffer reputational harm, or where a resident could incur additional costs because of this condition. Note that other, less significant “appearance” deficiencies, such as peeling non-lead-based paint inside a unit, may not be included. This category requires repair based on the property’s routine maintenance plan.

Slide 10: CTQ Deficiency Types: Function and Operability

Another deficiency type is function and operability. A function and operability deficiency eliminates or critically reduces an object’s usability, but the deficiency alone is not likely to

directly harm a resident. For example, in the current set of standards, the "Cooking Range, Cooktop, or Oven Components are Missing" deficiency is categorized as function and operability.

This category of deficiency may be evaluated in the context of basic expectations of fixtures and other components in a dwelling which, while not health and safety issues, are fundamental expectations of habitability. This deficiency may be citable when a resident would incur additional costs because of this condition; for example, a sink that is constantly running. A function and operability deficiency may increase the resident's utility bill significantly if not corrected. These deficiencies require repair based on the property's routine maintenance plan.

Slide 11: CTQ Deficiency Types: Health and Safety

The third and most critical type of deficiency is health and safety. There are two main categories of health and safety deficiencies: standard and severe. The severe category is broken down into non-life-threatening and life-threatening. These represent the most critical elements affecting the health and safety of the resident.

Slide 12: CTQ Deficiency Types: Standard Health and Safety

Standard health and safety deficiencies are cited where the likelihood or occurrence is high but the severity of harm, while potentially significant, is likely to be less than death or severe injury. As the potential outcomes associated with these deficiencies are less than severe, more time—30 days or less—can be taken to reduce or eliminate the risk.

Slide 13: CTQ Deficiency Types: Severe Non-Life-Threatening

The severe non-life-threatening health and safety category applies to conditions which, while not causing immediate life-threatening injury, are severe enough that HUD believes they should be corrected within 24 hours. These conditions may create an undue burden to residents if they are present for an extended period of time. A missing unit entry door or missing toilet are just a couple of examples.

Slide 14: CTQ Deficiency Types: Severe Life-Threatening

The severe life-threatening category of health and safety deficiencies includes hazards that present a direct threat to life or well-being, meaning that they are likely to cause severe injury or reduction in physical or mental ability. This includes cases in which the harm has a likelihood of occurring in under 24 hours. These deficiencies include the presence of certain toxins; electrical or fire hazards; significant fall hazards; and the absence of common life-safety devices designed to alert residents of such hazards or to directly protect against life-threatening hazards such as fire or natural disasters.

Slide 15: CTQ Deficiency Types: NSPIRE vs. UPCS

NSPIRE will heavily focus on health and safety deficiencies. Health and safety will make up most of the deficiencies in the standards because CTQ deficiencies are focused on the most critical elements that impact resident safety and habitability. The other two categories of function and operability and condition and appearance deficiencies will make up a much smaller portion of CTQ deficiencies.

Slide 16: CTQ Deficiency Types: NSPIRE Deficiency Time of Repair

The time of repair varies based on program protocols. Life-threatening deficiencies must be repaired within 24 hours. Severe health and safety and non-life-threatening deficiencies must be corrected within 24 hours or 30 days, depending on the program. Standard health and safety deficiencies must be repaired within 30 days, while non-health-and-safety deficiencies may be corrected within 30 days or through routine maintenance based on deficiency and impact on the resident.

HUD seeks public feedback on the reasonable times of repair for health and safety deficiencies and how to best close out non-life-threatening deficiencies.

Slide 17: Location of Deficiencies

NSPIRE reorganizes the defined areas of inspection into three easily identified locations: Unit, Inside, and Outside. A "Unit" of HUD housing refers to the interior components of an individual unit. "Inside" refers to the common areas and building systems that can be generally found within the building interior and are not inside a unit. Finally, "Outside" refers to the building site, building exterior components, and any building systems located outside of the building or unit.

This simplified approach allows inspectors to cite deficiencies based on where they are standing and eliminates potential subjectivity or ambiguity about a deficiency's location. Location may change the impact on resident health and safety, and this will be clearly described in the rationales. For example, an inoperable toilet in a unit may have a different rationale and health and safety classification than one in a common area. We'll cover rationales in further detail a little later in the webcast.

Slide 18: Location of Deficiencies: Impact of Location on Deficiency Outcomes

Deficiency locations can impact resident exposure, the number of residents impacted, the harm of a defect on a resident, and the ability to detect deficiencies by inspector or property staff. Similar defects or conditions may have variations in rationales, applicable inspectable locations, evaluation criteria, and outcomes. Let's look at an example of some critical to quality items on the next few slides.

Slide 19: Critical to Quality Items

CTQ inspections use a set of risk criteria aimed to detect key issues affecting health, safety, and habitability based on a predominantly visual inspection. CTQ deficiencies in the standards are objective and backed by rationales, which provide the reasons why deficiencies are cited. The standards will define specific deficiencies that need corrective action to ensure properties are in compliance with HUD's minimum thresholds for housing quality.

CTQ deficiencies represent the most critical defects that impact health, safety, and habitability. Other factors considered are an item's importance to the built environment, its prevalence in the built environment, is likelihood of detection, the time and cost of repair, and landlord capacity planning.

Since CTQs are focused on deficiencies with high correlation to quality, less critical items may not be inspected during a CTQ inspection. Properties are still obligated to inspect non-CTQ items as part of their regular maintenance cycle or as part of their annual self-inspection.

This example of a room shows several items. Let’s look at them closely to determine which ones are inspectable.

Slide 20: Critical to Quality Items: Smoke Detector

The smoke detector in this example directly impacts health, safety, and habitability; it therefore has a standard. Deficiencies will be evaluated on how to best define direct and indirect risks this item would pose to residents.

Slide 21: Critical to Quality Items: Wall plate/jack

Here, we have a wall plate with a phone jack and coaxial cable connector. As this item does not impact resident safety or habitability, it would not be evaluated in a CTQ inspection.

Slide 22: Critical to Quality Items: Summary

This example demonstrates NSPIRE’s alignment with HUD’s overall objective to prioritize the health and safety of residents. Under NSPIRE, the physical inspection process is streamlined, removing less critical elements and providing a clearer understanding of what is being inspected.

Slide 23: CTQ Deficiencies

Given the constraints of conducting a non-invasive inspection with a streamlined purpose and scope, as well as the ability to evaluate conditions consistently to ensure the inspections are defensible, what are the most important conditions to evaluate?

The focus must be on health and safety, and the inspection must be performable in the field. Factors considered in determining CTQ deficiencies include an item’s impact on resident health

and safety, its importance and prevalence in the built environment, its likelihood of detection, the time and cost to repair the deficiency, and landlord capacity planning.

So, how do we decide which items to evaluate as a CTQ deficiency?

Slide 24: CTQ Deficiencies: Rationales

All deficiencies must tie back to a rationale. A rationale is a clear and concise explanation of the potential risk a defect presents that is included in each standard. The rationale can be direct or indirect. A direct rationale is one in which if the deficiency were no longer present, the risk would be resolved. An indirect rationale means that if the deficiency were no longer present, and other contributory factors remained, the risk would be substantially reduced or mitigated, but would remain present. These other contributory factors include other deficiencies, environmental or structural variables, and exposure to vulnerable populations.

Slide 25: CTQ Deficiencies: Deciding on Deficiencies (water heater)

Let's dive a little deeper into how we decide on deficiencies by taking a look at three possible conditions found on a water heater. First, we'll look at the surface of the water heater.

Slide 26: CTQ Deficiencies: Surface Rust

We observe surface rust on the water heater. There are no apparent leaks, and the unit is still providing hot water to all fixtures. This does not represent a critical element that will be included in a CTQ deficiency as it doesn't meet the threshold to cause the level of harm that we have identified for a CTQ deficiency. Instead, it should be identified as part of the property's self-inspection, and it would be addressed during the property's normal maintenance activities.

Slide 27: CTQ Deficiencies: Discharge Pipe

Next, we'll look at the discharge pipe connected to the pressure relief valve. We notice it is a little short. A measurement reveals that the relief valve discharge pipe terminates more than six inches from floor, which creates the risk of a scalding hazard if the pipe were to discharge. This example falls within the health and safety rationale category because a resident could be injured because of this condition. This would be considered a CTQ deficiency, specifically a standard health and safety deficiency requiring corrective action within 30 days.

Slide 28: CTQ Deficiencies: Water heater chimney/flue

Finally, we'll inspect the chimney of this gas water heater. We observe that it is misaligned. Because this creates an opportunity for dangerous gases to collect inside the building or unit, this deficiency falls within the health and safety rationale category where a resident could be injured because of this condition. This therefore would be considered a CTQ deficiency. It meets the

severe life-threatening health and safety definition and therefore would require corrective action within 24 hours.

Slide 29: Application Across Housing Assistance Programs and Voucher Units/Tenant-based

CTQ inspections will be flexible based on the needs of the program. At this time, project-based properties will be scored, while tenant-based programs such as Housing Choice Vouchers will have a pass-or-fail result. Federal programs may have unique protocols that impact how the standards are applied. HUD will present additional webcasts describing how NSPIRE standards will apply to the various HUD programs.

Slide 30: Standards Development

HUD is conducting an ongoing demonstration to evaluate and refine the NSPIRE standards with up to 4,500 properties volunteering to participate. During this process, HUD is gathering and analyzing stakeholder feedback about NSPIRE; refining the deficiency set and outcomes; and adjusting the inspection standards. Even if you're not participating in the Demonstration, you can still be part of the development of NSPIRE. HUD is committed to transparency in this process and needs feedback about NSPIRE. We'll cover the many ways you can provide feedback in just a moment.

Slide 31: Standards Development: Improving Objectivity, Accuracy, and Consistency

Many things will be tested during the NSPIRE Demonstration, including the inspection standards, protocols, and processes. In particular, HUD will test how well the new standards improve inspection accuracy, objectivity, and consistency. A primary goal is to enable different inspectors inspecting the same property to arrive at similar outcomes.

Slide 32: Standards Development: Classifying Deficiencies

Another task during the Demonstration is to assess whether there are deficiencies that need to be added to or removed from the list of CTQ deficiencies. We talked about the main factors to consider in classifying deficiencies earlier in the presentation, and they are worth revisiting here.

During the assessment, we must ask how important and prevalent the item is within the built environment. Are the deficiencies reasonable to detect? Are any adjustments to the inspection protocol necessary? What about landlord capacity planning, and time and cost to repair? Note that there may be modifications to health and safety classifications that result from the Demonstration.

Slide 33: Your Role

In the spirit of transparency and continuous feedback, we are seeking input and feedback on NSPIRE from a diverse range of stakeholders, including property owners and agents, public housing agencies, residents and resident groups, public health researchers, academia, and technical experts. Your feedback is critical to the success of NSPIRE and the wellbeing of the residents we all serve.

We ask that you review the standards that are being released on the NSPIRE standards webpage. This webpage, shown here, also provides a means for you to submit your feedback.

We are also seeking additional public housing agencies and property owners and agents to volunteer their properties to participate in the NSPIRE Demonstration. The NSPIRE website provides information about the Demonstration and a way to register to participate, and you can view a 15-minute recorded webcast on the many benefits of participating in the Demonstration.

Our outreach efforts include a series of workshops, live webinars, and webcasts on various NSPIRE-related topics during the Demonstration. HUD has planned focused workshops to create opportunities for you to share your input on NSPIRE. These workshops prioritize the NSPIRE Demonstration volunteer properties and residents, and we will collaborate with health science experts and housing industry groups, as well. The webinars and webcasts are a valuable resource for those unable to participate in the workshops. Upcoming live webinars will provide useful information about NSPIRE along with a question-and-answer session for participants to engage with presenters. Recorded webinars and webcasts are posted on the NSPIRE website and can be viewed and downloaded at your convenience. We will provide more links to the NSPIRE website and other resources at the end of this webcast.

Slide 34: Summary

This presentation provided an overview of the emerging NSPIRE standards, including the NSPIRE inspection types; CTQ, or Critical to Quality, deficiencies and their locations; NSPIRE's application across HUD's programs; the standards development process during the NSPIRE Demonstration; and how you can participate with HUD in the development of NSPIRE. On the next slide, we'll provide some resources for you to connect with HUD and obtain more information about NSPIRE.

Slide 35: NSPIRE Resources

Please visit our website at the address shown here; you can also find the website by searching for "HUD NSPIRE" in your web browser. The NSPIRE website has been recently updated and has many useful features. You can view and comment on the NSPIRE standards. You can also read the NSPIRE Demonstration notice and find out if your property was selected to participate in the Demonstration. The NSPIRE website also features stories, news, and information about recent and upcoming events. A great way to keep up with what's happening is to sign up for our email newsletter, which you can do on the NSPIRE site; we will never share your information with a third party.

Slide 36: Questions and Feedback

HUD is committed to transparency and collaboration with you in the process of NSPIRE standards development. We welcome your questions and comments about NSPIRE and this webcast, and we hope that you will engage with us using any of the resources shown in this webcast.

You have two options to contact us directly: You can email questions and comments to nspire@hud.gov or call our NSPIRE Information Center at 1-800-883-1448. The NSPIRE Information Center is open from 9:00 a.m. to 9:00 p.m. Eastern Time, Monday through Friday, excluding federal holidays.

We would like to again encourage you to join our newsletter mailing list. Please check our website regularly for updates to the NSPIRE standards and the latest NSPIRE information, and don't forget to follow us on Twitter! This concludes the NSPIRE Standards webcast. Thank you for viewing.