April 27, 2023

Regulations Division
Office of General Counsel
U.S. Department of Housing and Urban Development
451 7th Street SW, Room 10276
Washington, DC 20410-0500

Re: Request for Comments: National Standards for the Physical Inspection of Real Estate and Associated Protocols, Proposed Scoring Notice (Docket No. FR-6086-N-04; RIN 2577-AD05)

To Whom It May Concern:

On behalf of the Stewards of Affordable Housing for the Future (SAHF), thank you for the opportunity to comment on the proposed scoring notice for HUD’s National Standards for the Physical Inspection of Real Estate (NSPIRE) and Associated Protocols. We applaud HUD’s continued efforts to develop an inspection model that aligns with housing quality and appropriately identifies conditions that impact the health and residents of HUD-assisted properties. However, we are concerned that certain aspects of HUD’s proposed scoring methodology could have unintended and harmful consequences, potentially overemphasizing certain deficiencies including those most out of the actual control of owners. As scores determine the frequency of inspections, enforcement, risk assessment, and participant evaluation, scores that do not accurately reflect an owner’s ability to maintain the affordable housing stock could restrict the development of new housing and exacerbate the affordability crisis for residents. We are also concerned with the implementation timeline that appears piecemeal and rushed. We believe our recommendations below would lead to NSPIRE inspection scores that are more reflective of a property’s current state, correct deficiencies in a time-sensitive manner, and better ensure a comprehensive rollout of NSPIRE. We further urge HUD to advance resident engagement by reprioritizing the NSPIRE Resident Engagement Initiative, which had been charged with exploring resident-centered surveys and other stakeholder engagement tools.

SAHF is a national collaborative of twelve nonprofit affordable housing developers. SAHF members collectively own and operate more than 145,000 affordable homes across the country. At least half of SAHF member properties are subject to REAC inspections and the average REAC score, even including troubled properties acquired for rehabilitation, is approximately 90. As mission-driven nonprofit developers, we are committed to providing safe housing to all residents. We carefully manage operating funds and replacement reserves to ensure that properties are in good repair but continue to face challenges with inflation and rising operating costs. SAHF and its members are also deeply committed to elevating the voice and agency of residents, and strongly believe in the enhanced engagement of residents in NSPIRE. We look forward to working with HUD to finalize an NSPIRE scoring method that recognizes both the realities of operating affordable housing properties and the persistent need to ensure resident health and safety, including through continued engagement. Please see below for our recommendations regarding the NSPIRE proposed scoring notice.
Score Only Deficiencies Under Control of Owner/Manager
The NSPIRE protocol, while trying to correct for concerns in REAC, has placed a significant emphasis on the condition of residents’ units. While we understand and appreciate this focus, we are concerned that several of the deficiencies listed are out of the control of the owner or manager. For example, the egress standard lists “housekeeping or storage practices of placing items that obstruct a primary means of egress” as a deficiency. A common cause of blocked egress is when residents place their bed in front of a window or place their television on a windowsill, which would block egress and could, according to the proposed scoring, cost several points in the NSPIRE score as it counts as a life-threatening unit deficiency. Owners can encourage residents to abide by safe housekeeping standards but cannot and should not consistently enter resident units to monitor compliance. In recent discussion with SAHF members, such a practice would be antithetical to trauma-informed and resident-centered management practices. While residents should be accountable for abiding by house rules, they also deserve dignity and respect in their homes and should be free from constant management visits.

We recommend that HUD amend the scoring methodology so that owners/managers should be required to correct such deficiencies, including those related to resident housekeeping, but not have these reflected in an NSPIRE score. HUD has already established such a protocol for smoke detectors, and we believe this is a relevant precedent. Owners may need to correct deficiencies that were not controlled by them, including those related to resident housekeeping, but should not be further penalized for them under NSPIRE scoring.

Adjust Categorical Weights
SAHF is committed to the health and safety of our residents, and appreciates HUD’s attempts to identify deficiencies based on severity, but we remain concerned that several standards included in the list of life-threatening deficiencies (last updated 4/02/2021; defined as if it presents a “high risk of death, severe illness, or injury to a resident”) have enough variance within them to create confusion and potentially overemphasize less severe deficiencies. For example, a broken toilet handle (the list references damaged toilets) is not the same severity as a natural gas leak. We urge HUD to reconsider its life-threatening list and provide further guidance to inspectors and other stakeholders on these variances.

There are two other aspects of the scoring methodology, that alone cause pause, but coupled with the issue of categorical representation above are seriously concerning. First are the categorical and severity weights, which create a scenario where a “severe” deficiency in unit is weighted at 14.8 compared to a “life threatening” deficiency which is weighted at more than 4 times that (60). Second, SAHF is concerned about the proposal to not cap deficiencies. While on face value, this change appears to hold owners/managers accountable, it could in fact penalize owners for the outlier unit, or resident with significant housekeeping challenges. As practitioners we have seen these units often associated with our higher-need residents, including residents in permanent supportive housing. Penalizing owners in such a drastic way could impact further abilities to stably house these residents.

Extend Implementation Timeframe Timing
SAHF members join other industry colleagues in expressing concern about the implementation of NSPIRE, which appears rushed and piecemeal. For example, HUD has announced the multifamily compliance date for NSPIRE for five months from now despite having to review and potentially incorporate changes to its scoring methodology. This timeline simply does not allow enough time for owners, residents, or inspectors to fully understand and respond to the inspection protocols. Even owners who consistently maintain their properties in good quality may scramble to ensure they comply.
with all the new standards and scoring methods. HUD must prioritize sufficient lead time and guidance for all stakeholders in order to make this a successful transition. HUD must also work with the Department of Treasury, and state Housing Finance Agencies to ensure that NSPIRE is properly rolled out to properties currently subject to Uniform Physical Condition Standards (UPCS) that have not been part of the NSPIRE demonstration and without HUD funding, are not currently part of HUD’s implementation planning.

**Refocus on Resident Engagement**

A key aspect of the NSPIRE demonstration and stakeholder engagement throughout this process has been a commitment to better engage residents. SAHF commends HUD for this commitment and yet believes more must be done to center residents. We urge HUD to refocus efforts in the Resident Engagement Initiative, including exploring concepts of resident surveys, to not only complement but improve NSPIRE.

SAHF appreciates this opportunity to provide comments in response to HUD’s NSPIRE proposed scoring notice. Please feel free to contact Althea Arnold, SAHF’s Senior Vice President for Policy (aarnold@sahfnet.org) or Jenna Hampton, SAHF’s Policy and Program Manager (jhampton@sahfnet.org) with any questions about our comments above.

Sincerely,

Althea Arnold
Senior Vice President, Policy