



HUD HOUSING CHOICE VOUCHER LANDLORD NEWSLETTER

NSPIRE STANDARDS TO REPLACE HQS FOR HCV INSPECTIONS



Inspections are a critical tool for helping HUD and landlords ensure that they provide safe and sanitary housing for assisted housing tenants. In the [final rule](#) published in May 2023, the National Standards

for the Inspection of Real Estate (NSPIRE) rule replaces Housing Quality Standards (HQS) and updates HUD's inspections process by implementing inspections that better reflect the true physical condition of the property.

The final rule streamlines standards and creates a unified assessment between the HUD Public Housing, Housing Choice Voucher (HCV), and Multifamily Housing Programs. HCV landlords can expect the new model to address some of their previous concerns by increasing inspection consistency through an objective set of standards and prioritizing health, safety, and functional defects over appearance.

The [final standards](#), which accompany the final rule, were published in the Federal Register on June 22, 2023. [PIH Notice 2023-28](#), published in September, includes additional guidance. Public housing agencies (PHAs) are required to adopt the new NSPIRE inspections methodology no later than October 1, 2024, for their HCV Programs. Some of the new standards that are different from HQS that landlords can expect to see include:

- ☑ **Smoke alarms:** Smoke alarms are required on each level of the home and inside each sleeping area.
- ☑ **Carbon Monoxide alarms:** Carbon monoxide alarms are required inside units and in unit inside areas such as hallways that contain a fuel-burning appliance or fireplace.
- ☑ **Cosmetic deficiencies:** Cosmetic deficiencies to a unit or its exterior are no longer considered a deficiency.



2023 Quarter 2 Newsletter

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- ✓ **List of life-threatening deficiencies:** A list of deficiencies that are considered life threatening must be adopted by all PHAs. (The full list is available in the Federal Register in [85 FR 5458](#).)
- ✓ **Setting minimum temperature requirements:** If the inspection is on or between October 1 and March 31, and the permanently installed heating source is not working, or it is working but the interior temperature is below 64 degrees, that is considered a life-threatening deficiency. If the interior temperature is between 64 and 67.9 degrees, it is considered a non-life-threatening deficiency.

In addition to these changes, the new rules also require HUD to review the standards every 3 years. During the review period, the public will have an opportunity to provide input on the standards.

Landlords can find the full list of NSPIRE Standards [here](#) and a simplified checklist [here](#). Additional materials, including training videos and webinars, will become available in the near future. To receive the latest information about NSPIRE, [join](#) the news and announcements mailing list.



If you want to learn more about how the PHAs are adopting NSPIRE standards and how they will affect you, consider reaching out to your PHA point of contact or seeing what information they have available on their website.

RENT REPORTING PROGRAMS CREATE CREDIT-BUILDING OPTION FOR RENTERS

Many property owners use credit scores as a measure of how likely prospective tenants are to pay their rent on time. Low-income households, however, often interact with fewer financial products that report to major credit bureaus, making credit scores a poor measure of future financial behavior for those consumers. Some groups are creating alternative financial reporting methods to capture more financial behavior by low-income consumers, including reporting rent payments.



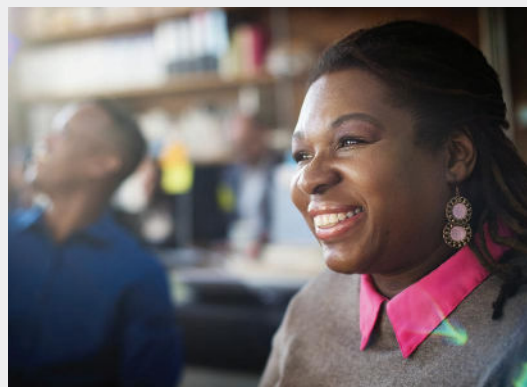
In fact, a [law passed in 2020 in California](#) requires property owners with 15 or more subsidized housing units to offer their tenants the ability to have their rent payment reported to the major credit bureaus. Landlords are allowed to charge tenants a small monthly fee to cover their costs. HUD's Office of Policy Development and Research [interviewed](#) eight property owners about the new law. The property owners all contracted with an external vendor to set up the rent reporting with various fee structures. The landlords shared that many of their tenants' credit scores went up. Other states are creating pilot programs for their landlords and assisted housing residents to participate in rent reporting as well, including in [Colorado](#) and [Delaware](#).

As rent reporting gains in popularity, landlords might gain access to tenants' past rental payment data through their credit reports, allowing landlords to make better-informed tenant selections. Many tenants choosing to participate in rent reporting programs seem to make on-time rental payments. A [2019 study](#) sponsored by HUD found that public housing residents who participated in rent reporting programs at three PHAs saw an increase in their credit scores and the establishment of a credit history.

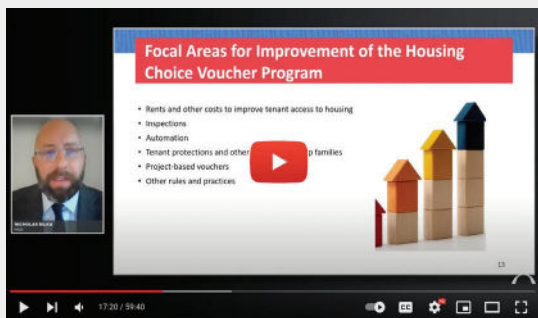
If you are interested in setting up a rent reporting program for your tenant(s), consider asking your tenant(s) if they'd be interested in the option and search for an appropriate vendor. Owners of multifamily properties with loans financed through Freddie Mac can participate in a [rent-reporting program](#) through one of Freddie Mac's preferred vendors.

BIPARTISAN POLICY CENTER EVENT FOCUSES ON BOOSTING LANDLORD PARTICIPATION

Increasing property owner satisfaction and participation in the HCV Program continues to be a HUD priority. In April, HUD leaders presented as part of a briefing hosted by the Bipartisan Policy Center on challenges landlords have identified to their participation and HUD initiatives for overcoming those challenges.



Property owners have expressed concerns about inspection burdens and low payment standards as some of the disincentives to participating in the voucher program.



HUD leadership highlighted several changes HUD made in recent years to address these property owner concerns. In particular, HUD created flexibilities for PHAs to carry out bi-annual inspections, rather than annual inspections. HUD also created a flexibility to allow PHAs to conduct remote video inspections, freeing up time for agencies to complete more inspections more quickly. In terms of affordability, HUD leadership noted that 2023 saw a very large

increase in payment standards around the country, with an average increase of a 10 percent country-wide. In a [proposed rule](#) for FY2024, HUD proposed using private market data to supplement Census data to establish Fair Market Rents.

Find the full recording of the Bipartisan Policy Center's event along with the event slides [here](#).

RESOURCES

For additional information on the HCV Program and resources for landlords and PHAs, please visit the [HUD HCV Landlord Resources webpage](#).

Click [here](#) to join the HCV Landlord mailing list.