

## Chapter 8

### **NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE AND RENT REASONABLENESS DETERMINATIONS**

[24 CFR Subpart G and Notice PIH 2023-28]

#### **INTRODUCTION**

HUD requires that all units occupied by families receiving Housing Choice Voucher (HCV) and Project Based Voucher (PBV) assistance meet HUD's National Standards for Physical Inspection of Real Estate (NSPIRE) regulations and standards no later than October 1, 2024. The inspection performance standards and procedures for conduction NSPIRE inspections must be included in the Administrative Plan [Notice PIH 2023-28].

All units must pass NSPIRE inspection prior to the approval of a lease (with some exceptions) and at least once every 24 months (or 36 months for small rural PHAs) during the term of the HAP contract, and at other times as needed, to determine that the unit meets NSPIRE standards. HUD also requires the PHA to determine that rents for units under the HCV program are reasonable when compared to comparable unassisted units in the market area.

Provided they meet certain requirements, HUD permits PHA's to establish some additional local requirements in their Administrative Plans. The use of the term *NSPIRE* in this Plan refers to the combination of both HUD and PHA-established requirements. However, state and local codes, compliance is not part of the determination of whether a unit passes the NSPIRE standards.

This chapter explains HUD and the PHA requirements related to housing quality and rent reasonableness as follows:

Part I. Physical Standards. This part discusses the NSPIRE standards required of units occupied by HCV and PBV-assisted families. It also identifies affirmative habitability requirements for all units and life-threatening conditions that must be corrected in 24 hours.

Part II. The Inspection Process. This part describes the types of inspections the PHA will make and the steps that will be taken when units do not meet NSPIRE standards.

Part III. Rent Reasonableness Determinations. This part discusses the policies the PHA will use to make rent reasonableness determinations.

Special NSPIRE requirements for homeownership, and other special housing types are discussed in Chapter 15 to the extent that they apply in this jurisdiction.

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### PART I: NSPIRE STANDARDS

INSPIRE standards are published on HUD's NSPIRE website as well as the NSPIRE Final Rule [FR Notice 5/1/23].

#### **8-I.A. INSPECTABLE AREAS [24 CFR 5.703(a)(1) and 24 CFR 5.705(a)(2)]**

NSPIRE defines the inspectable areas for inspection under the standards as inside, outside and unit. However, the inspection requirement for the HCV and PBV programs only applies to units occupied or to be occupied by HCV or PBV participants and common areas and exterior areas which either service or are associated with such units.

#### **8.1.B. AFFIRMATIVE HABITABILITY REQUIREMENTS [24 CFR 5.703(b), (c), and (d)]**

NSPIRE provides for minimum, or affirmative, habitability requirements for each area (unit, inside, outside). These areas must meet these requirements for habitability, which are listed in Exhibit 8-1.

The inside, outside and unit must be free of health and safety hazards that pose a danger to residents. Types of health and safety concerns include, but are not limited to carbon monoxide, electrical hazards, extreme temperature, flammable materials or other fire hazards, garbage and debris, handrail hazards, infestation, lead-based paint, mold, and structural soundness [24 CFR 5.703(e)].

The NSPIRE Smoke Alarm Standard does not require that smoke alarms have a sealed battery; however, upon the effective date of the Public and Federally Assisted Housing Fire Safety Act of 2022 on December 29, 2024, sealed batteries will be required.

#### **8-I.C. MODIFICATIONS TO PROVIDE ACCESSIBILITY [24 CFR 100.203; Notice 2003-31; and Notice PIH 2014-02]**

Under the Fair Housing Act of 1988 an owner **must make reasonable accommodations in rules, policies, practices, or services if necessary for a person with disabilities to use the housing and must not refuse the request of a family that contains a person with a disability to make necessary and reasonable modifications to the unit if such modification is necessary to afford the person with a disability full enjoyment of the premises.** Such modifications are at the family's expense. The owner may, **where it is reasonable to do so,** require restoration of the unit to its original condition (**reasonable wear and tear excepted**) if the modification would interfere with the owner or next occupant's full enjoyment of the premises. The owner may not increase a customarily required security deposit. However, the landlord may negotiate a restoration agreement that requires the family to restore the unit and, if necessary to ensure the likelihood of restoration, may require the tenant to pay a reasonable amount into an interest-bearing escrow account over a reasonable period of time. The interest in any such account accrues to the benefit of the tenant.

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The owner may also require reasonable assurances that the quality of the work will be acceptable and that any required building permits will be obtained. [24 CFR 100.203; Notice 2003-31].

Modifications to units to provide access for a person with a disability must meet all applicable **NSPIRE** requirements and conform to the design, construction, or alteration of facilities contained in the UFAS and the ADA Accessibility Guidelines (ADAAG) [28 CFR 35.151(c) and Notice 2003-31] See Chapter 2 of this plan for additional information on reasonable accommodations for persons with disabilities.

### OHCD Policy

Any owner that intends to negotiate a restoration agreement or requires an escrow account must submit the agreement(s) to the OHCD for review.

### **8-I.D. ADDITIONAL LOCAL REQUIREMENTS [24 CFR 5.705(a)(3) and Notice PIH 2023-28]**

The PHA may impose variations to the **INSPIRE standards** as long as the additional criteria are not likely to adversely affect the health or safety of participant families or severely restrict housing choice for families. HUD approval is required for variations to the **NSPIRE standards and approval variations must be added to the Administrative Plan.**

**HUD may approve inspection criteria variations if the variations apply standards in local housing codes or other codes adopted by the PHA or because of local climatic or geographic conditions. Acceptability criteria variations may only be approved by HUD if such variations either meet or exceed the performance requirements or significantly expand affordable housing opportunities for families assisted under the program.**

### OHCD Policy

#### **Four Things a Room MUST Have to be Considered a Bedroom:**

- **Entrance:** A bedroom needs at least two methods of egress, so it should be accessible from the house (commonly through a door), and then have one other exit (window or door).
- **Ceiling Height:** A bedroom ceiling needs to be at least 7 ft. tall. It is okay if some of portion of the ceiling are below this level, but at least 50% of the ceiling needs to be a minimum of 7 ft. in height. Most ceilings tend to be at least 8 ft. tall.
- **Escape:** A bedroom must have one other method of egress beyond the entrance point. A door to the exterior works as an exit point and so does a window. According to the International Residential Code, a bedroom window can be between 24 and 44 inches from the floor, it needs at least 5.7 square feet for the opening, and it must measure no less than 24 inches height and 20 inches wide.
- **Size:** The bedroom should be at least 70 sq. ft. and more specifically the room cannot be smaller than 4 feet in a horizontal direction.

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### Prince William County Zoning Ordinances Section 32-300.13

The Prince William County Zoning Ordinance states:

- Properties can only have 1 kitchen unless a special permit is approved.
- There can be no more than 3 unrelated adults residing in a property.
- If room(s) or a basement is being rented the tenants must have access to the kitchen, laundry facility and full access to the entire property.
- No portion of a property being rented can be locked and/or separated for that tenant from the rest of the residents

In the event that a property violates this Zoning Ordinance the property is not eligible for consideration under the Housing Choice Voucher Program.

### **8-I.E. LIFE-THREATENING DEFICIENCIES [Notice PIH 2023-28]**

HUD previously required the PHA to define life-threatening conditions in the Administrative Plan. The INSPIRE standards now describe those conditions which are considered life-threatening and must be corrected within 24 hours.

The following area I list of life-threatening deficiencies under NSPIRE

| <b>Inspectable Item</b>                  | <b>Deficiency</b>   |
|--|---|
| <b>Call-for-Aid System</b>               | System is blocked, or pull cord is higher than 6 inches off the floor.  |
|  | System does not function properly   |
| <b>Carbon Monoxide Alarm</b>             | Carbon monoxide alarm is missing, not installed, or not installed in a proper location.   |
|  | Carbon monoxide alarm is obstructed.  |
|  | Carbon monoxide alarm does not produce an audio or visual alarm when tested.  |
| <b>Chimney</b>                           | A visually accessible chimney, flue, or firebox connected to a fireplace or wood-burning appliance is incomplete or damaged such that it may not safely contain fire and convey smoke and combustion gases to the exterior. |
|  | Chimney exhibits signs of structural failure.   |
| <b>Clothes Dryer Exhaust Ventilation</b> | Electric dryer transition duct is detached or missing.  |
|  | Gas dryer transition duct is detached or missing.   |
|  | Electric dryer exhaust ventilation system has restricted airflow.   |
|  | Dryer transition duct is constructed of unsuitable material.  |

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| <b>Inspectable Item</b>                           | <b>Deficiency</b>   |
|---|---|
|   | Gas dryer exhaust ventilation system has restricted airflow.  |
| Dorr – Entry                                      | Entry door is missing.  |
| Door – Fire Labeled                               | Fire labeled door is missing.   |
| Egress  | Obstructed means of egress.   |
|   | Sleeping room is located on the third floor or below and has an obstructed rescue opening.  |
|   | Fire escape is obstructed.  |
| Electrical – Conductor, Outlet, and Switch        | Outlet or switch is damaged.  |
|   | Exposed electrical conductor.   |
|   | Water is currently in contact with an electrical conductor.   |
| Electrical – Service Panel                        | The overcurrent protection device is damaged.   |
| Exit Sign   | Exit sign is damaged, missing, obstructed, or not adequately illuminated.   |
| Fire Escape                                       | Fire extinguisher is damaged or missing.  |
| Fire Extinguisher                                 | Fire extinguisher pressure gauge reads over or under-charged.   |
|   | Fire extinguisher service tag is missing, illegible, or expired.  |
|   | Fire extinguisher is damaged or missing.  |
| Flammable and Combustible Items                   | Flammable or combustible item is on or within 3 feet of an appliance that provides heat for thermal comfort or a fuel-burning water heater; OR<br>Improperly stored chemicals.  |
| Guardrail   | Guardrail is missing or not installed.  |
|   | Guardrail is not functionally adequate.   |
| Heating, Ventilation, and Air Conditioning (HVAC) | The inspection date is on or between October 1 and March 31 and the permanently installed heating source is not working or the permanently installed heating source is working and the interior temperature is below 64 degrees Fahrenheit. |
|   | Unvented space heater that burns gas, oil, or kerosene is present.  |
|   | Combustion chamber cover or gas shutoff valve is missing from a fuel burning heating appliance.   |
|   | Fuel burning heating system or device exhaust vent is misaligned, blocked, disconnected, improperly connected, damaged, or missing.   |

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| <b>Inspectable Item</b> | <b>Deficiency</b>   |
|-------------------------|---|
| Leak – Gas or Oil       | Natural gas, propane, or oil leak.  |
| Mold-like Substance     | Presence of mold-like substance at extremely high levels is observed visually.  |
| Smoke Alarm             | Smoke alarm is not installed where required.  |
|                         | Smoke alarm is obstructed.  |
|                         | Smoke alarm does not produce an audio or visual alarm when tested.  |
| Sprinkler Assembly      | Sprinkler head assembly is encased or obstructed by an item or object that is within 18 inches of the sprinkler head. |
|                         | Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance.                 |
|                         | Sprinkler assembly has evidence of corrosion.   |
|                         | Sprinkler assembly has evidence of foreign material that is detrimental to performance.                               |
| Structural System       | Structural system exhibits signs of serious failure.  |
| Toilet                  | Only 1 toilet was installed, and it is missing.   |
| Water Heater            | Chimney or flue piping is blocked, misaligned, or missing.  |
|                         | Gas shutoff valve is damaged, missing, or not installed.  |

However, PHA’s may add additional deficiencies which the PHA considers life-threatening provided they are described in the Administrative Plan.

### OHCD Policy

In addition to those listed under the NSPIRE standards, the following are considered life-threatening conditions:

- Utilities not in service, including no running hot water

### **8-I.F. OWNER AND FAMILY RESPONSIBILITIES [24 CFR 982.404]**

#### **Family Responsibilities**

The family is responsible for correcting the following deficiencies:

- Participant-paid utilities not in service
- Failure to provide or maintain appliances owned by the family.
- Damage to the unit or premises caused by a household member or guest beyond normal wear and tear.

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If a family fails to correct a family-caused life-threatening condition as required by the PHA, the PHA will enforce the family obligations. See 8.II.H.

### OHCD Policy

Damages beyond ordinary wear and tear will be considered to be damages which could be assessed against the security deposit under state law or in court practice.

### **Owner Responsibilities**

The owner must maintain the unit in accordance with NSPIRE regulations and standards. The owner is not responsible for a breach of the standards that is not caused by the owner, and for which the family is responsible (as provided in 24 CFR 982.404(b) and 982.551(c)).

### OHCD Policy

The owner is responsible for all INSPIRE violations not listed as a family responsibility above, even if the violation is caused by the family's living habits (e.g., vermin infestation). However, if the family's actions constitute a serious or repeated lease violation the owner may take legal action to evict the family.

The owner will be required to repair an inoperable smoke detector unless the OHCD determines that the family has intentionally disconnected it (by removing batteries or other means). In this case, the family will be required to repair the smoke detector within 24 hours.

If the owner fails to correct life-threatening conditions as required by OHCD, OHCD will enforce the NSPIRE standards in accordance with HUD requirements. See 8-II-G.

### **8-I.G. LEAD-BASED PAINT**

PHAs and owners must comply with the requirements and timelines in 24 CFR Part 35 Subpart M—Tenant-Based Rental Assistance and Subpart H—Project-Based Assistance. PHAs and owners are reminded that any deteriorated paint in target housing, or other lead-based paint hazard identified through a lead-based paint risk assessment or lead-based paint inspection is considered a violation of NSPIRE standards.

For the HCV program, Subpart M applies to units where a child under age six resides or is expected to reside, common areas that service that unit, and exterior painted surfaces associated with that unit or common areas. For project-based programs, Subpart H applies to assisted units and common areas of the property regardless of whether a child under age six resides or is expected to reside in the unit. NSPIRE does not alter any of the lead-based paint requirements in Part 35 for these programs.

### **Special Requirements for Children with Elevated Blood Lead Levels [24 CFR 35.1225; FR Notice 1/13/17; Notice PIH 2017-13]**

If the PHA is notified by a public health department or other medical health care provider, or verifies information from a source other than a public health department or medical health care provider, that a child of less than six (6) years of age, living in an HCV-assisted unit has been identified as having an elevated blood lead level, the PHA must complete an environmental



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investigation of the dwelling unit within 15 calendar days after being notified by a public health department or other medical health care provider. The environmental investigation must be completed in accordance with program requirements, and the result of the environmental investigation must be immediately provided to the owner of the dwelling unit. In cases where the public health department has already completed an evaluation of the unit, this information must be provided to the owner.

Within 30 days after receiving the environmental investigation report from the PHA, or the evaluation from the public health department, the owner is required to complete the reduction of identified lead-based paint hazards in accordance with the lead-based paint regulations [24 CFR 35.1325 and 35.1330, 40 CFR 745.227]. If the owner does not complete the “hazard reduction” as required, the dwelling unit is in violation of HQS and the PHA will take action in accordance with Section 8-II.G.

PHA reporting requirements, and data collection and record keeping responsibilities related to children with an elevated blood lead level are discussed in Chapter 16.

### **8-I.H. VIOLATION OF SPACE STANDARDS [24 CFR 5.703(d)(5)]**

Units assisted under the HCV or PBV programs must have at least one bedroom or living/sleeping room for each two persons. A living room may be used as sleeping (bedroom) space, but no more than two persons may occupy the space [HCV GB p. 10-6]. Each habitable room must have two working outlets or one working outlet and a permanent light. HUD defines a *habitable room* as a room in a building for living, sleeping, eating, or cooking, but excluding bathrooms, toilet rooms, closets, hallways, storage or utility spaces, and similar areas [FR Notice 5/11/23].

A unit that does not meet these space standards is defined as *overcrowded*.

If the PHA determines that a unit is overcrowded because of an increase in family size or a change in family composition, the PHA must issue the family a new voucher, and the family and the PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the PHA must terminate the HAP contract in accordance with its terms.

#### OHCD Policy

Reasonable Accommodation: Annual requirement to verify use of extra bedroom. If a family member has been approved for an extra bedroom as a Reasonable Accommodation for Medical equipment; Separate sleeping room for the person with a disability; or a live-in aide, OHCD will verify at each inspection whether or not the extra bedroom is being utilized as approved in the reasonable accommodation.

Examples of improper use of the extra bedroom include but are not limited to:

- size of equipment does not warrant an extra bedroom
- no medical equipment present in the extra bedroom
- bedroom not utilized as a bedroom for live in aide
- bedroom not utilized as a bedroom for the person with a disability

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### PART II: THE INSPECTION PROCESS

#### 8-II.A. OVERVIEW [24 CFR 982.405]

##### Types of Inspections

The PHA conducts the following types of inspections as needed. Each type of inspection is discussed in the paragraphs that follow.

- *Initial Inspections.* The PHA conducts initial inspections in response to a request from the family to approve a unit for participation in the HCV program. The unit must pass the HQS inspection on or before the effective date of the HAP Contract.
- *Annual/Biennial Inspections.* HUD requires the PHA to inspect each unit under lease at least annually or biennially, depending on PHA policy, to confirm that the unit still meets **NSPIRE standards**.
- *Special Inspections.* A special inspection may be requested by the owner, the family, or a third party as a result of problems identified with a unit between annual inspections.
- *Quality Control Inspections.* HUD requires that a sample of units be inspected by a supervisor or other qualified individual to evaluate the work of the inspector(s) and to ensure that inspections are performed in compliance with the **NSPIRE standards**.

##### Inspection Costs [Notice PIH 2016-05; 24 CFR 5.705(d)]

The PHA may not charge the family for unit inspections or re-inspections [24 CFR 982.405(e)].

The PHA may not charge the owner for the inspection of the unit prior to the initial term of the lease or for a first inspection during assisted occupancy of the unit. However, the PHA may charge a reasonable fee to owners for re-inspections in two situations: when the owner notifies the PHA that a repair has been made but the deficiency has not been corrected, and when the time for repairs has elapsed and the deficiency has not been corrected. Fees may not be imposed for tenant-caused damages, for cases in which the inspector could not gain access to the unit, or for new deficiencies discovered during a reinspection.

The owner may not pass the cost of a reinspection fee to the family. Reinspection fees must be added to the PHA's administrative fee reserves and may only be used for activities related to the provision of tenant-based assistance.

##### OHCD Policy

OHCD will not charge a fee for failed re-inspections.

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### **Remote-Video Inspections (RVIs) [Notice PIH 2020-31]**

As an alternative to some or all on-site inspections, the PHA may, but is not required to, perform **NSPIRE** inspections from a remote location using video streaming technology and a proxy at the inspection site. Since there may be some circumstances in which the application of technology provides insufficient information or evidence to allow the PHA to make appropriate determinations about whether a condition violates **NSPIRE standards**, Notice PIH 2020-31 requires that if a PHA chooses to implement RVIs, the PHA should have policies and procedures in place to address such limitations.

#### OHCD Policy

The OHCD will not conduct any inspection using RVI.

### **Notice and Scheduling**

The family must allow the PHA to inspect the unit at reasonable times with reasonable notice. [24 CFR 982.551(d)].

#### OHCD Policy

Both the family and the owner will be given reasonable notice of all inspections. Except in the case of a life-threatening emergency, reasonable notice is considered to be not less than 48 hours. Inspections may be scheduled between 8:00 a.m. and 7:00 p.m. Generally, inspections will be conducted on business days only. In the case of a life-threatening emergency, OHCD will give as much notice as possible, given the nature of the emergency.

### **Owner and Family Inspection Attendance**

HUD permits the PHA to set policy regarding family and owner presence at the time of inspection [HCV GB p. 10-27].

#### OHCD Policy

When a family occupies the unit at the time of inspection, an authorized adult must be present for the inspection. The presence of the owner or the owner's representative is encouraged but is not required.

At initial inspection of a vacant unit, OHCD will inspect the unit in the presence of the owner, or owner's representative. If the owner is not available for the inspection or a representative, the owner can grant permission for OHCD to inspect the unit by providing the "lock box" key code. The presence of a family representative is permitted but is not required.

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### 8-II.B. INITIAL INSPECTION

#### **Approving Units [FR Notice 1-18-17; Notice PIH 2017-20; and 24 CFR 982.406]**

HUD regulations require that units assisted under the HCV program be inspected to determine that the units meet NSPIRE standards before the PHA approves assisted tenancy. However, while the PHA is required to conduct an inspection prior to approving assisted tenancy, PHAs have two options for bringing units under HAP contract (or, in the case of PBV, approving occupancy and the execution of a lease) more quickly. The PHA may, but is not required to approve assisted tenancy and start HAP if the unit:

- Fails the initial inspection, but only if no life-threatening deficiencies are identified.
- Passed an alternative inspection in the last 24 months.

Otherwise, if neither of the above provisions are adopted, the PHA must determine that the unit the family selects meets NSPIRE standards prior to approving tenancy.

#### OHCD Policy

The unit must pass the **initial** inspection on or before the effective date of the HAP contract.

OHCD will not rely on alternative inspections and will conduct an HQS inspection for each unit prior to executing a HAP contract with the owner.

#### **Timing of Initial Inspections [24CFR 982.395(b)(2)(i)]**

HUD requires PHAs with fewer than 1,250 budgeted units to complete the initial inspection, determine whether the unit satisfies **NSPIRE standards**, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA). For PHAs with 1,250 or more budgeted units, to the extent practicable such inspection and determination must be completed within 15 days. The 15-day period is suspended for any period during which the unit is not available for inspection.

#### OHCD Policy

The OHCD will complete the initial inspection, determine whether the unit satisfies **NSPIRE standards**, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA).

If an RTA has been received for a unit and the unit is not ready for inspection within 15 calendar days, OHCD will deny the RTA.

#### **Inspection Results and Re-inspections**

**For new units proposed for the HCV program, life-threatening deficiencies must be resolved before HAP contract is executed and the family moves into the unit.**

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### OHCD Policy

If any **deficiencies** are identified, the owner will be notified of the deficiencies and be given a time frame to correct them. If requested by the owner, the time frame for correcting the deficiencies may be extended by OHCD for good cause. OHCD will re-inspect the unit within five business days of the date the owner/tenant notifies OHCD that the required corrections have been made.

If the time period for correcting the deficiencies (or any OHCD-approved extension) has elapsed, or the unit fails at the time of the re-inspection, OHCD will notify the owner and the family that the unit has been rejected and that the family must search for another unit. OHCD may agree to conduct a second re-inspection, for good cause, at the request of the family and owner.

Following a failed re-inspection, the family may submit a new Request for Tenancy Approval (HUD 52517) after the owner has made repairs if they are unable to locate another suitable unit.

### **Utilities**

Generally, at initial lease-up the owner is responsible for demonstrating that all utilities are in working order including those utilities that the family will be responsible for paying.

### OHCD Policy

**Utility service must be available** for testing at the time of the initial inspection.

### **Appliances**

### OHCD Policy

If the family is responsible for supplying the stove and/or refrigerator, OHCD will allow the stove and refrigerator to be placed in the unit after the unit has met all other **NSPIRE** requirements. The required appliances must be in place before the HAP contract is executed by OHCD. OHCD will execute the HAP contract based upon a certification from the family that the appliances have been installed and are working. A confirmatory inspection will be scheduled within 30 days of HAP contract approval.

### **8-II.C. ANNUAL/BIENNIAL INSPECTIONS [24 CFR 982.405; and 982.406; PIH Notice 2016-5]**

**HUD requires the PHA to inspect each unit under HAP contract at least biennially to confirm that the unit still meets NSPIRE standards. The inspection may be conducted in conjunction with the family's annual reexamination but also may be conducted separately.**

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### OHCD Policy

Each unit under HAP contract must be inspected biennially within 24 months of the last full inspection. The OHCD reserves the right to require annual inspections of any unit or owner at any time.

An inspection will be conducted every year annually (within a 12-month period), dependent on the following general criteria:

- If the unit did not successfully pass the prior year's HQS inspection,
- If the landlord and/or tenant requested a Special or Emergency HQS inspection to be done since the last required HQS inspection, and
- If there have been HQS complaints about the unit from the tenant.
- Non-adherence to HUD policy for SEMAP review of HQS inspections

OHCD will not rely on alternative inspection methods.

### Scheduling the Inspection

#### OHCD Policy

If an adult cannot be present on the scheduled date, the family should request that OHCD reschedule the inspection. OHCD and family will agree on a new inspection date that generally should take place within five (5) business days of the originally scheduled date. OHCD may schedule an inspection more than five (5) business days after the original date for good cause.

If the family misses the first scheduled appointment without requesting a new inspection date, OHCD will automatically schedule a second inspection. If the family misses two scheduled inspections without OHCD approval, OHCD will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with Chapter 12.

### 8-II.D. SPECIAL INSPECTIONS [24 CFR 982.405(g)]

If a participant family or government official reports a life-threatening condition in which the owner would be required to repair within 24 hours, the PHA must inspect the unit within 24 hours of notification. If the reported condition is not life-threatening, the PHA must inspect the unit within 15 days of notification.

#### OHCD Policy

In the case of life-threatening conditions, OHCD will contact the owner/agent and family by phone to schedule and conduct a special inspection within 24 hours from receiving notification of the life-threatening condition.

In the reported condition of non-life-threatening conditions, OHCD will contact the owner/agent and family by phone to schedule a special inspection within two (2) business days, from receiving notification of the non-life-threatening condition. OHCD will

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conduct the special inspection within five (5) business days from the date of the request for an inspection. If the unit fails inspection, a reinspection will be scheduled for 30-days from the failed inspection letter date.

During a special inspection, OHCD generally will inspect only those deficiencies that were reported. However, the inspector will record any additional deficiencies that are observed and will require the responsible party to make the necessary repairs.

If the annual/biennial inspection has been scheduled or is due within 90 days of the date the special inspection is scheduled, OHCD may elect to conduct a full annual/biennial inspection.

### **8-II.E. QUALITY CONTROL INSPECTIONS [24 CFR 985.3e); HCV GB, p. 10-32]**

HUD requires a PHA supervisor or other qualified person to conduct quality control inspections of a sample of units to ensure that each inspector is conducting accurate and complete inspections and that there is consistency in the application of the **NSPIRE standards**.

The unit sample must include only units that have been inspected within the preceding three months. The selected sample should be drawn to represent a cross section of neighborhoods and the work of a cross section of inspections.

#### OHCD Policy

The minimum number of annual-required quality control inspections is calculated based on OHCD's total baseline voucher count, which is calculated using the following methodology.

| <b>Total Baseline Voucher Count</b> | <b>Minimum Number of Files or Records to be Sampled</b> |
|-------------------------------------|---|
| 50 or less                          | 5   |
| 51-600                              | 5 plus 1 for each 50 (or part of 50) over 50            |
| 601-2,000                           | 16 plus 1 for each 100 (or part of 100) over 600        |
| Over 2,000                          | 30 plus 1 for each 200 (or part of 200) over 2,000      |

Based on OHCD's baseline voucher count, the number of annual quality control inspections will be calculated using the over 601-2,000 baseline voucher count formula [HCV GB, p. 10-32].



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### 8-II.F. INSPECTION RESULTS AND RE-INSPECTIONS FOR UNITS UNDER HAP CONTRACT

#### Correction Timeframes

Each deficiency is identified in the NSPIRE standards as either life-threatening, severe, moderate, or low.

For units under HAP contract, life-threatening deficiencies must be corrected within 24 hours after notice has been provided. All other non-life-threatening deficiencies (severe and moderate) must be corrected within 30 days (or a PHA-approved extension) after notice has been provided. If low deficiencies are present in a unit, these deficiencies result in a pass and would only be noted by the inspector for informational purposes.

#### Notification of Corrective Actions

The owner and the family will be notified in writing of the results of all inspections. When an inspection identifies deficiencies, the PHA will determine (1) whether or not the failure is a life-threatening condition and (2) whether the family or owner is responsible.

##### OHCD Policy

When life-threatening deficiencies are identified, OHCD will immediately notify both parties by telephone, and email. The notice will specify who is responsible for correcting the violation. The corrective actions must be taken within 24 hours of OHCD's notice,

When failures that are severe or moderated are identified, OHCD will send the owner and the family a written notification of the inspection results within five business days of the inspection. The written notice will specify who is responsible for correcting the violation, and the time frame within which the failure must be corrected. Corrections must be completed within 30 days from the date of the inspection letter. If low deficiencies are identified, these deficiencies will only be noted for informational purposes.

The notice of inspection results will inform the owner that if life threatening conditions are not corrected within 24 hours, and non-life-threatening conditions are not corrected within the specified time frame (or any OHCD-approved extension), the owner's HAP will be abated in accordance with OHCD policy (see 8-II.G.).

Likewise, in the case of family caused deficiencies, the notice will inform the family that if corrections are not made within the specified time frame (or any OHCD-approved extension, if applicable) the family's assistance will be terminated in accordance with OHCD policy (see Chapter 12).

#### Extensions

For life-threatening deficiencies, the PHA cannot grant an extension to the 24-hour corrective action period. For conditions that are severe or moderate, the PHA may grant an exception to the required time frames for correcting the violation, if the PHA determines that an extension is appropriate.

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### OHCD Policy

Extensions will be granted in cases where OHCD has determined that the owner has made a good faith effort to correct the deficiencies and is unable to for reasons beyond the owner's control. Reasons may include, but are not limited to:

- A repair cannot be completed because required parts or services are not available.
- A repair cannot be completed because of weather conditions.
- A reasonable accommodation is needed because the family includes a person with disabilities.

The length of the extension will be determined on a case-by-case basis, but will not exceed 60 days, except in the case of delays caused by weather conditions. In the case of weather conditions, extensions may be continued until the weather has improved sufficiently to make repairs possible. The necessary repairs must be made within 15 calendar days once the weather conditions have subsided. (NOTE: Generally, for winter delays, repairs must be completed no later than June 15<sup>th</sup>.)

### **Re-inspections**

#### OHCD Policy

OHCD will conduct a re-inspection by the end of the corrective period, or any OHCD approved extension. The family and owner will be given reasonable notice of the reinspection appointment. If the deficiencies have not been corrected by the time of the reinspection, OHCD will send a notice of abatement to the owner, or in the case of family caused violations, a notice of termination to the family, in accordance with OHCD policies.

If OHCD is unable to gain entry to the unit in order to conduct the scheduled inspection, OHCD will allow the re-inspection to be rescheduled once. If OHCD is unable to gain entry to the unit in order to conduct the rescheduled inspection, OHCD will consider the family to have violated its obligation to make the unit available for reinspection. This may result in termination of the family's assistance in accordance with Chapter 12.

**The OHCD will not accept self-certification of HQS repairs. Photos or other documentation of repairs will not be accepted in lieu of a reinspection.**

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### 8-II.G. ENFORCING OWNER COMPLIANCE

If the owner fails to maintain the dwelling unit in accordance with **NSPIRE standards**, the PHA must take prompt and vigorous action to enforce the owner obligations.

#### HAP Abatement

If an owner fails to correct deficiencies by the time specified by the PHA, HUD requires the PHA to abate housing assistance payments no later than the first of the month following the specified correction period (including any approved extension) [24 CFR 985.3(f)]. No retroactive payments will be made to the owner for the period of time the rent was abated. Owner rents are not abated as a result of **deficiencies** that are the family's responsibility.

#### OHCD Policy

OHCD will make all HAP abatements effective the first of the month following the expiration of OHCD specified correction period (including any extension).

OHCD will inspect abated units within five (5) business days of the owner's notification that the work has been completed.

If the owner/agent corrects identified deficiencies and the unit passes HQS inspection prior to the first of the month or abatement effective date, the abatement action will be canceled and OHCD will reinstate HAP payments on the day the owner complies.

Following a failure to comply with notice of deficiency owners are not entitled to HAP payments from the first of the month following the expiration of the specified correction period (including any approved extensions) until the day the unit passes HQS. OHCD will abate the monthly HAP for a period not to exceed 60 calendar days. If the owner/agent corrects the deficiencies and schedules the re-inspection with OHCD, they will remove the abatement for the remaining months of the HAP contract after verifying the deficiencies have been corrected. For each day the required repairs are not completed during the abatement period, the owner/agent will not receive retroactive payment. As part of the failed reinspection and abatement process, a tenant will be offered a voucher to move to a new unit.

During the abatement period, the family has the option to remain in the unit through the 60-day abatement period and will continue to be responsible for its share of the rent. Or, the family can request a voucher to move. The owner must not seek payment from the family for abated amounts and may not use the abatement as cause for eviction. If the tenant chooses to reside in the unit passed the 60-day abatement period, the tenant will be responsible for the unit's full contract rent.

Payment will resume effective on the day the unit passes inspection.

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### Moves during Abatement

In order to move with continued assistance during the abatement period, the participant must provide to both OHCD and the owner either:

- A signed Mutual Lease Termination if they are in their initial lease term; or
- Written 30-day notice if currently under a month-to-month lease and must be in Good Standing.

During any abatement period the participant continues to be responsible for its share of the rent. The owner must not seek payment from the participant for abated amounts and may not use the abatement as cause for eviction.

### **HAP Contract Termination**

The PHA must decide how long any abatement period will continue before the HAP contract will be terminated. The PHA must give the owner reasonable notice of the termination. The PHA will issue a voucher to permit the family to move to another unit as described in Chapter 10.

### OHCD Policy

The maximum length of time that HAP may be abated is 60 calendar days from the abatement effective date, which starts on the first of the month following the first failed reinspection. However, if the owner/agent completes corrections and notifies the PHA before the 60-day termination of the HAP contract, OHCD may rescind the termination notice if (1) the family still resides in the unit and wishes to remain in the unit and (2) the unit passes inspection.

If the owner/agent fails to correct the deficiencies, the HAP contract will be terminated at the end of the 60-day abatement period. OHCD will give the tenant and owner/agent a reasonable notice of HAP contract termination of at least 30 days prior to the HAP termination effective date. Should the family remain in the unit beyond the HAP termination effective date, the family will be responsible for the unit's full rent.

Exceptions to this policy will be considered as a reasonable accommodation.

### **8-II.H. ENFORCING FAMILY COMPLIANCE [24 CFR 982.404(b)]**

Families are responsible for correcting any **deficiencies** listed in paragraph 8.I.D. If the family fails to correct a violation within the period allowed by the PHA (and any extensions), the PHA will terminate the family's assistance, according to the policies described in Chapter 12.

If the owner carries out a repair for which the family is responsible under the lease, the owner may bill the family for the cost of the repair.

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### PART III: RENT REASONABLENESS [24 CFR 982.507]

#### 8-III.A. OVERVIEW

No HAP contract can be approved until the PHA has determined that the rent for the unit is reasonable. The purpose of the rent reasonableness test is to ensure that a fair rent is paid for each unit rented under the HCV program.

HUD regulations define a reasonable rent as one that does not exceed the rent charged for comparable, unassisted units in the same market area. HUD also requires that owners not charge more for assisted units than for comparable units on the premises. This part explains the method used to determine whether a unit's rent is reasonable.

#### 8-III.B. WHEN RENT REASONABLENESS DETERMINATIONS ARE REQUIRED

##### Owner-Initiated Rent Determinations

The PHA must make a rent reasonableness determination at initial occupancy and whenever the owner requests a rent adjustment.

The owner and family first negotiate the rent for a unit. The PHA will assist the family with the negotiations upon request. At initial occupancy the PHA must determine whether the proposed rent is reasonable before a HAP Contract is signed. The owner must not change the rent during the initial lease term. Subsequent requests for rent adjustments must be consistent with the lease between the owner and the family. Rent increases will not be approved unless any failed items identified by the most recent inspection have been corrected.

##### OHCD Policy

For rent reasonableness, property evaluations are based upon the number of bedrooms, baths, and square footage on the County Assessment. If the owner has made alterations to the property such as finishing a basement or adding an additional bath if permits were acquired, the additional bedrooms and baths may not be reflected on County Assessment. Therefore, if the owner provides a copy of the required building permit(s) along with the final inspections through Prince William County Planning Division which identifies and includes additional bedroom(s), bathroom(s) and/or finished living area then the additional rooms as identified and approved will be considered when evaluating rent reasonableness. (Clarification March 30, 2023).

If there are discrepancies between the County Assessment and the County's Developmental Services (Agency that provides and approves building permits) regarding permits being obtained, the OHCD Inspectors will determine the number of legal bedrooms and bathrooms. (see 8-I.B. ADDITIONAL LOCAL REQUIREMENTS pages 8-4- 8-6)

After the initial occupancy period, the owner may request a rent adjustment in accordance with the owner's lease. For rent increase requests after initial lease-up,

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OHCD may request owners to provide information about the rents charged for other units on the premises, if the premises include more than 4 units. In evaluating the proposed rents in comparison to other units on the premises OHCD will consider unit size and length of tenancy in the other units.

OHCD will determine whether the requested increase is reasonable within 10 business days of receiving the request from the owner. The owner will be notified of the determination.

All rent adjustments will be effective the first of the month following 60 days after OHCD's receipt of the owner's request or on the date specified by the owner, whichever is later.

### **PHA and HUD-Initiated Rent Reasonableness Determinations**

HUD requires the PHA to make a determination of rent reasonableness (even if the owner has not requested a change) if there is a 10 percent decrease in the Fair Market Rent that goes into effect at least 60 days before the contract anniversary date. HUD also may direct the PHA to make a determination at any other time. The PHA may decide that a new determination of rent reasonableness is needed at any time.

#### OHCD Policy

In addition to the instances described above, OHCD will make a determination of rent reasonableness at any time after the initial occupancy period if: (1) OHCD determines that the initial rent reasonableness determination was in error or (2) OHCD determines that the information provided by the owner about the unit or other units on the same premises was incorrect.

### **8-III.C. HOW COMPARABILITY IS ESTABLISHED**

#### **Factors to Consider**

HUD requires the PHA to take into consideration the factors listed below when determining rent comparability. The PHA may use these factors to make upward or downward adjustments to the rents of comparison units when the units are not identical to the HCV-assisted unit.

- Location and age
- Unit size including the number of rooms and square footage of rooms
- The type of unit including construction type (e.g., single family, duplex, garden, low-rise, high-rise)
- The quality of the units including the quality of the original construction, maintenance and improvements made.
- Amenities, services, and utilities included in the rent.

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### Units that Must Not be Used as Comparable

Comparable units must represent unrestricted market rents. Therefore, units that receive some form of federal, state, or local assistance that imposes rent restrictions cannot be considered comparable units. These include units assisted by HUD through any of the following programs: Section 8 project-based assistance, Section 236 and Section 221(d)(3) Below Market Interest Rate (BMIR) projects, HOME or Community Development Block Grant (CDBG) program-assisted units in which the rents are subsidized; units subsidized through federal, state, or local tax credits; units subsidized by the Department of Agriculture rural housing programs, and units that are rent controlled by local ordinance [Notice PIH 2002-22, Notice PIH 2005-20 and Notice PIH 2020-19].

*Note:* PIH Notice 2020-19 issued August 21, 2020, provides further guidance on the issue of what constitutes an assisted unit.

### Rents Charged for Other Units on the Premises

The Request for Tenancy Approval (HUD-52517) requires owners to provide information, on the form itself, about the rent charged for other unassisted comparable units on the premises if the premises include more than 4 units.

By accepting the PHA payment each month the owner certifies that the rent is not more than the rent charged for comparable unassisted units on the premises. If asked to do so, the owner must give the PHA information regarding rents charged for other units on the premises.

## 8-III.D. PHA RENT REASONABLENESS METHODOLOGY

### How Market Data Is Collected

#### OHCD Policy

OHCD will collect and maintain data on market rents in OHCD's jurisdiction. Information sources include MRIS, realtors, market surveys, inquiries of owners and other available sources. The data will be maintained by bedroom size and market areas. Market areas may be defined by zip codes, census tract, neighborhood, and identifiable natural or man-made boundaries. The data will be updated on an ongoing basis and rent information that is more than 12 months old will be eliminated from the database.

### How Rents Are Determined

#### OHCD Policy

The rent for a unit proposed for HCV assistance will be compared to the rent charged for comparable units in the same market area. Typically, units may be similar, but not exactly like the unit proposed for HCV assistance. Therefore, OHCD may make upward and downward dollar adjustments for differences between the proposed HCV unit and the comparable to determine the reasonable rent for the HCV unit.

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The adjustment must reflect the local market. Not all differences in units require adjustments (e.g., the presence of absence of a garbage disposal may not affect the rent in some market areas). In comparing rents, OHCD will take into account critical market factors that impact rent, including the location, quality, size, unit type and age of the contract unit, as well as any amenities, housing services, maintenance, and utilities to be provided by the owner in accordance with the lease.

Adjustments may vary by unit type (e.g., a second bathroom may be more valuable in a three-bedroom unit than in a two-bedroom).

The adjustment must reflect the rental value of the difference – not its construction costs (e.g., it might cost \$20,000 to put on a new roof, but the new room might not make any difference in what a tenant would be willing to pay because rental units are presumed to have a functioning roof).

When a comparable project offers rent concessions (e.g., first month rent free or reduced rent) the concession is allocated over a 12-months and subtracted from the monthly rent to arrive at a true base rent. For example, if a comparable project reports rent of \$500/month, but new tenants receive the first month's rent free, the actual rent for the unit would be calculated as follows:  $\$500 - (\$500/12) =$  actual monthly rent of \$458.

The OHCD will notify the owner of the rent OHCD can approve based upon its analysis of rents for comparable units. The owner may submit information about other comparable units in the market area. OHCD will confirm the accuracy of the information provided and consider this additional information when making rent determinations. The owner must submit any additional information within 5 business days of the OHCD's request for information or the owner's request to submit information.



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### **EXHIBIT 8-1: AFFIRMATIVE HABITABILITY REQUIREMENTS**

#### **Affirmative Habitability Requirements: Inside**

Must include at least 1 battery-operated or hard-wired smoke detector, in proper working condition, on each level of the property.

Must meet or exceed the carbon monoxide detection standards set by the Secretary through *Federal Register* notification.

Any outlet installed within 6 feet of a water source must be GFCI protected.

Must have a guardrail when there is an elevated walking surface with a drop off of 30 inches or greater measured vertically.

Must have permanently mounted light fixtures in any kitchens and each bathroom.

May not contain unvented space heaters that burn gas, oil or kerosene.

#### **Affirmative Habitability Requirements: Outside**

Any outlet installed within 6 feet of a water source must be GFCI-protected.

Must have a guardrail when there is an elevated walking surface with a drop off of 30 inches or greater measured vertically.

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| <b>Affirmative Habitability Requirements: Unit</b>  |
|---|
| Must have hot and cold running water in the bathroom and kitchen, including an adequate source of safe drinking water in the bathroom and kitchen.  |
| Must include its own bathroom or sanitary facility that is in proper operating condition and usable in privacy. It must contain a sink, a bathtub or shower, and an interior flushable toilet.  |
| Must have at least one battery-operated or hard-wired smoke detector, in proper working condition, in the following locations: <ul style="list-style-type: none"><li>• On each level of the unit AND</li><li>• Inside each bedroom or sleeping area AND</li><li>• With 21 feet of any door to a bedroom measured along a path of travel AND</li><li>• Where a smoke detector is installed outside a bedroom is separated from an adjacent living area by a door, a smoke detector must also be installed in the living area side of the door.</li></ul> |
| If the unit is occupied by a hearing-impaired person, the smoke detectors must have an alarm system designed for hearing-impaired persons.  |
| Must have a living room and a kitchen area with a sink, cooking appliance, refrigerator, food preparation area and food storage area.   |
| Must have two working outlets or one working outlet and one permanent light fixture within all habitable rooms.   |
| Must have a permanently mounted light fixture in each bathroom and in the kitchen.  |
| Outlets within 6 feet of water source must be GFCI-protected.   |
| Must have permanently installed heating source.   |
| No units may contain unvented space heaters that burn gas, oil or kerosene.   |
| Must have a guard rail when there is an elevated walking surface with a drop off of 30 inches or greater measured vertically.   |
| Must have at least one bedroom or living/sleeping room for each two persons.  |