

# Owner & Agent Training

# **Mastering Physical Inspections**

**Presenter: Jose Zavala, Senior AM Physical Inspector**



# Physical Inspection Session Agenda

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- **Physical Inspection Purpose**

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- **Inspection Workflow Process**
- **NSPIRE/UPCS Inspection Protocol and Cure Periods**

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- **Inspection Video**

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- **New Report Design**
- **Inspection Results**
- **Acceptable Compliance Documents**

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- **IRS 8823 Reporting of Noncompliance**





# Physical Inspection Purpose

Physical inspections are conducted to ensure the quality, safety, and sanitation of properties that receive HUD assistance under **National Standards for the Physical Inspection of Real Estate (NSPIRE)** or **Uniform Physical Condition Standard (UPCS)** inspection protocol.



# Inspection Process Workflow



## Before Inspection

- Scheduling
- Confirmation
- Tenant Notification

## Day of Inspection

- Interview
- Review Inspection Checklist
- Site Updates
- Rent Roll Review and Unit Program Sampling
- Physical Inspection of Site

## After Inspection

- Closing interview
- Review of Health and Safety deficiencies found
- Work Order(s) and Cure period requirements



Click on the image to view the Physical Inspection Training video.

# IHDA PHYSICAL INSPECTION PROTOCOLS

As a Housing Finance Agency, IHDA uses three inspection protocols:



## National Standards for the Physical Inspection of Real Estate (NSPIRE)

- **What is the NSPIRE inspection process?** NSPIRE is a comprehensive set of guidelines designed to enhance affordable housing quality and safety while aligning expectations and consolidating inspection standards across HUD programs.
- **What is the intent of NSPIRE?** It implements inspections that better reflect the true physical conditions of the property. The NSPIRE model supports the adoption of sound, year-round maintenance practices.

## Uniform Physical Condition Standard (UPCS)

- **What is the UPCS inspection process?** UPCS is to ensure decent, safe, and sanitary housing at an affordable cost to low-income families by defining standard housing and establishing the minimum quality criteria necessary for the health and safety of program participants.

## Real Estate Assessment Center (REAC)

- **What is the HUD REAC inspection process and IHDA's relationship?** A program that evaluates the physical condition and management of housing projects receiving HUD funding

**Note:** The final rule for NSPIRE became effective on October 1, 2023, excluding managing programs such as HOME, Housing Trust Fund, Section 8 Mod Rehab, Section 811 Project Rental Assistance, Long Term Operating Support (LTOS), and developments participating in the Statewide Referral Network. These programs will remain under UPCS standards.



# NSPIRE Changes to Health and Safety Deficiency Cure Periods



NSPIRE severity levels are shorter than previous UPCS standards

UPCS report does not show cure periods. The cure period for UPCS protocols are 72 Hours for Health and Safety and 30 days from the date of email with report..

	Outside	Inside	Unit
Life - Threatening			
24-hour cure period	Gas dryer exhaust ventilation system has restricted airflow	Structural System exhibits signs of serious failure	Flammable or combustible material is on or near a gas ignition source, e.g. water heater or furnace
Severe			
24-hour cure period	A sharp edge that can result to a cut or puncture hazard is present	Fire labeled door does not close and latch or self-close and latch	Call for aid system is blocked
Moderate			
30-day cure period	Trip hazard on walking surface	Plumbing leak that allows for water intrusion in unintended areas	Refrigerator component is damaged such that it impacts functionality
Low			
30-day cure period	Water runoff is unable to flow through the site drainage system	Exterior gate will not close	Presence of mold-like substance at very low levels is observed visually

# New Health & Safety Inspection Report



## **Physical Inspecton**

**Easy Living Apartments**

**Health and Safety Report**

**04/24/2025**

**ID: 601939**

**Performed By:**

**J Zavala**



# New Health & Safety Inspection Report

(601939)

## Easy Living Apts: (Multiple Units) Health and Safety Report Physical Inspection: Triennial Inspection



Scheduled: 04/24/2025

Closed: Apr 29 2025

ID: 601939

### Inspection Notes

TC-1200

### Inspection Results - Health/Safety Only

Inside								
00296								
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By
Hallways & Corridors (Bldg)	Lighting – Auxiliary	Auxiliary lighting component fails to illuminate when tested	All floors	1	04/24/25 12:00 KF		Severe	24H
Unit								
00296: Unit 104								
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By
Bathroom 1	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)		2	04/24/25 11:29 KF		Severe	24H
00296: Unit 304								
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By
Bathroom 1	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)		3	04/24/25 12:07 KF		Severe	24H

The new Health and Safety report shows the deficiency location, on the left-hand column, result description, picture number of deficiency, severity and cure period. Here you can see under location where the deficiency was located.

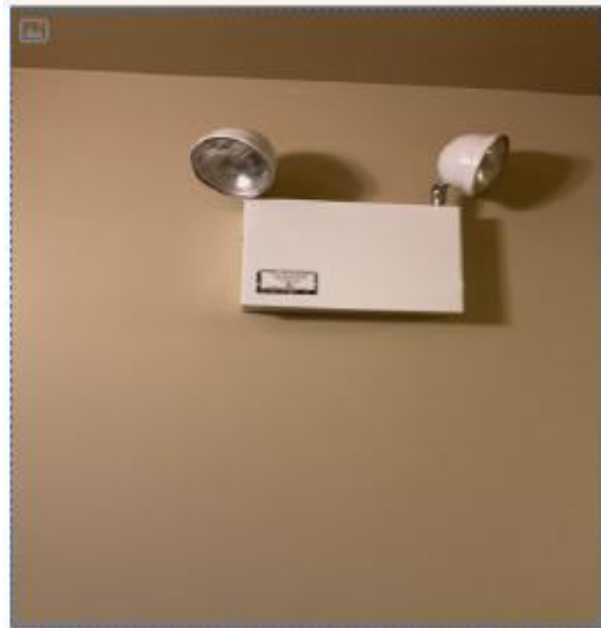
Example: Item Auxiliary Lighting, Results, Auxiliary light inoperable, Note/Comments, located on all floors, PICTURE NUMBER - Severity and Fix By 24H which is fix by 24 Hours.

# Inspection Photos



## Inside

00296



1

00296 - Hallways & Corridors (Bldg) -  
Lighting – Auxiliary - Apr 24 2025  
12:00PM - K Fuqua CAPTION: All floors



2

00296 - Restrooms - Bathtub/Shower  
(Common Area) - Apr 24 2025 11:35AM -  
K Fuqua CAPTION: Large hole around  
sprinkler head (1st floor hall)

## Unit

00296: Unit 104



3

00296 Unit 104 - Bathroom 1 -  
GFCI/AFCI - Apr 24 2025 11:29AM - K  
Fuqua

Here are some examples of the deficiencies taken. Here you can see the emergency light noted as inoperable WHICH IS PICTURE NUMBER 1, inoperable GFCI PICTURE NUMBER 3, and large hole around sprinkler head WHICH IS PICTURE NUMBER 2. The pictures will be in the last page of the report.

# Copy of Email with report



Good morning,

The Illinois Housing Development Authority appreciates the cooperation received from your staff while performing our program physical inspection we conducted on 0/00/0000.

As part of our monitoring responsibilities under your development's legal documents, IHDA requires exercising all available rights and remedies in its effort to collect required compliance monitoring documents. This can include declaring a non-monetary default should the Owner fail to submit the requested data in a complete, accurate, and timely manner.

Attached is the report and inspection results of your latest Illinois Housing Development Authority Physical Inspections. The inspections covered the physical monitoring requirement for the programs listed in the report.

Please send completed work orders that are signed and dated in correlation to the deficiencies and protocol. NSPIRE inspection results are shown under the 'results' column. Signed-dated work orders needed on or before 'Fix by date'. UPCS inspection results are shown under the 'results' column. Signed-dated work orders are needed 30 days from the date the inspection took place. If there were no deficiencies in the inspected areas and locations, under 'results' it will show 'no issues found' denoting 'Pass'.

# New Inspection Results Report 5214



## Physical Inspection

Easy Living Apts

Final Inspection Report

04/15/2025

ID: 605225

Performed By:

J Zavala





Easy Living Apts: (Multiple Units) Final  
Inspection Report  
Physical Inspection: Triennial Inspection



Scheduled: 04/24/2025

Closed: Apr 29 2025

ID: 601939

Inspection Notes

TC-1200

Inspection Results

Inside									
00296									
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By	
Alternate Location - See Notes for Details Hallways & Corridors (Bldg)	Elevator Certificate	CERTIFICATION: Missing/Expired/or Not Displayed			04/24/25 12:46 KF			N/A	
	Lighting – Auxiliary	Auxiliary lighting component fails to illuminate when tested (17221)	All floors	1	04/24/25 12:00 KF		Severe	24H	
Restrooms	Bathtub/Shower (Common Area)	General Comment	Large hole around sprinkler head (1st floor hall)	2	04/24/25 11:35 KF				
00296 Inside NSPIRE Totals									
Life Threatening: 0/0		Severe: 1/13.4		Moderate: 0/0		Low: 0/0			
Unit									
00296: Unit 101									
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By	
Entire Unit	No Issues/Violations	Inspected - No Issues Were Found			04/24/25 17:13				
00296: Unit 101 Unit NSPIRE Totals									
Life Threatening: 0/0		Severe: 0/0		Moderate: 0/0		Low: 0/0			

This is an example of the report for NSPIRE. The report is like the Health and Safety report with the Location, Item, Results, Notes, Severity and fix by date. On the last column, under "Fix By" you can see 24H with means you have 24 hours to submit a completed work order or 30D which means you have 30 days to submit a completed work order. PLEASE NOTE THAT THE UPCS REPORTS WILL NOT HAVE A FIX BY DATE ON RIGHT SIDE column BUT SHOULD BE CURED WITHIN 72 HOURS FOR LIFE THREATENING (LT) AND 30 DAYS FOR NON-LIFE THRETHING.



# Inspection Photos (Continued)

## 00296: Unit 304



6

00296 Unit 304 - Bathroom 1 -  
GFCI/AFCI - Apr 24 2025 12:07PM - K  
Fuqua

A photo will be taken of all deficiencies noted where you can review these pictures on the last page of the report.

## 00296: Unit 406



7

00296 Unit 406 - Hallways & Corridors -  
Ceiling Covering and Finishes - Apr 24  
2025 11:49AM - K Fuqua CAPTION:  
Another smoke alarm present



8

00296 Unit 406 - Hallways & Corridors -  
Door - General - Apr 24 2025 11:52AM -  
K Fuqua CAPTION: Off track



9

00296 Unit 406 - Kitchen - Infestation -  
Apr 24 2025 11:56AM - K Fuqua

All repairs made to inspect  
able items addressing  
deficiencies:

- Must be made in a good and work manlike manner
- Use materials that are suitable for the purpose of the inspected item and free from defects, damage or deterioration.

# Acceptable Work Order



Here is an example of a completed work order.

Here on the upper left-hand corner, it shows the developments name, address;

On the left side center, you can see the deficiency description and notes of work done

on the upper right-hand side, you can see the STATUS SHOWN AS COMPLETED, completion date and address of deficiency, and finally, near the bottom of the right-hand corner the work order is signed.


<b>Development Name</b>	
<b>Development Address</b>	
<b>Phone -</b>	
<b>Fax -</b>	

<b>Work Order #</b>	21740-1
<b>Status</b>	Completed No Need To Bill
<b>Created On</b>	08/15/2024
<b>Estimate Requested On</b>	—
<b>Estimate Amount</b>	—
<b>Estimated On</b>	—
<b>Scheduled On</b>	—
<b>Completed On</b>	08/19/2024
<b>Tenant(s) Notified</b>	—
<b>Permission to Enter</b>	N/A
<b>Job Site</b>	Address including unit number

<b>Tenant(s)</b>	
<b>Tenant Name</b>	Unit number:
<b>Deficiency Description:</b>	
Example: Repaired damaged seal in refrigerator	

<b>Pet(s)</b>	—
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<b>Created By:</b>	_____
<b>Authorized By:</b>	_____
<b>Signed By:</b>	_____
<b>Dated By:</b>	_____
<b>Invoice #:</b>	_____

Technician's Note: 



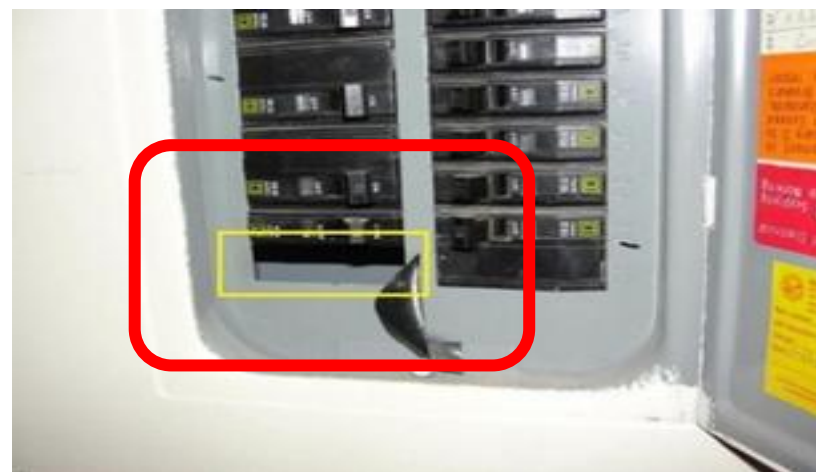
# Common Life-Threatening Deficiencies Found



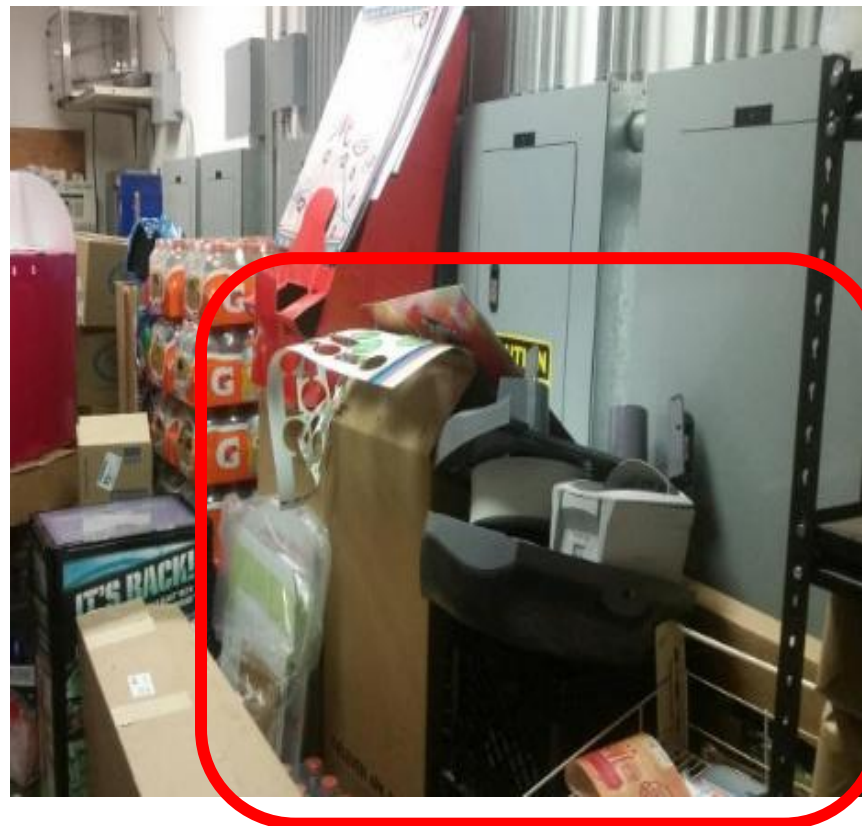
Chimney or flue piping is blocked, **misaligned**, or missing.



The relief valve discharge piping is missing or terminates greater than 6 inches or less than 2 inches from waste receptor flood-level.



Electrical conductor is not enclosed with blank, breaker, or knockout and missing electrical box plug. Covering these openings helps to prevent accidental shocks.



Electrical service panel is not readily accessible. In case of emergency.



# Not Blocked Egress



New NSPIRE standards allows tenant owned furniture to block window(s) in a sleeping room. UPCS does not allow any items to a block window that is the secondary means of egress in a sleeping room.



Functional and operable window bars quick release mechanics are acceptable under NSPIRE and UPCS standards.



Unblock window allows fire fighters access





# Blocked Egress



Windows with stationary security bars are unacceptable under NSPIRE and UPCS standards. Windows with stationary security bars slows fire fighter rescue time



Excessive clutter blocks all emergency evacuations for example EMT service. NSPIRE and UPCS standards require an exit access to serve as is a path from any interior location to an exit.



NSPIRE does not allow a keyed exterior gate, or fence. It is considered a condition that may obstruct the means of egress.



# IRS 8823

## REPORTING OF NONCOMPLIANCE FOR LIHTC PROGRAM

### ONLY

- IHDA is required to file an IRS-8823 filing(s) for Federal Tax Credit awarded program failed inspections during the compliance period indicated in the Extended Use Agreement (normally 15 years) for Low Income Housing Tax Credit (LIHTC).
- **THE 8823 FORM WILL ONLY BE FILLED OUT WITH PROPERTIES THAT HAVE A FEDERAL TAX CREDIT AWARD PROGRAM.**
- 8823 filings are not reported for IAHTC (State Tax Credits) nor the 1602 Grant Program.
- 8823 are created once the 30-day cure period has ended.  
8823 are corrected when work orders/compliance documents are received by IHDA.
- If IHDA grants the property a compliance extension, the 8823 will be filed at the end of the extension date. Compliance extensions are granted for weather related repairs during the winter months; or major multiple repairs; or fire or natural disaster related damages.
- Considered as an Owner commitment made to IHDA under other Programs or Agreements.



# Q & A





# AM Physical Inspection Contact Information



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