

Chapter 8

HOUSING QUALITY STANDARDS AND NATIONAL STANDARDS FOR THE PHYSICAL INSPECTION OF REAL ESTATE AND RENT REASONABLENESS DETERMINATIONS

[24 CFR 5 Subpart G and Notice PIH 2024-26, REV-1]

INTRODUCTION

~~HUD requires that all units occupied by families receiving Housing Choice Voucher (HCV) assistance meet HUD's Housing Quality Standards (HQS) and permits the CCHA to establish additional requirements. The use of the term "HQS" in this plan refers to the combination of both HUD and CCHA established requirements.~~

Owners must maintain all units occupied by families receiving Housing Choice Voucher (HCV) and Project Based Voucher (PBV) assistance in accordance with housing quality standards. Units assisted under the program must comply with HUD's National Standards for the Physical Inspection of Real Estate (NSPIRE) regulations and standards no later than February 1, 2027. The inspection performance standards and procedures for conducting NSPIRE inspections must be included in the administrative plan [Notice PIH 2024-26, REV-1].

All units must pass an ~~HQS~~ inspection ~~for non-life-threatening conditions~~ prior to the approval of a lease (with some exceptions) and at least once every 24 months during the term of the HAP contract, and at other times as needed, to determine that the unit meets housing quality standards. Effective July 1, 2014, CCHA may establish a policy for performing unit inspections biennially rather than annually. This policy could apply to some or all assisted units. CCHA still has the option to inspect every unit annually. See Section 8-II.G for further details.

HUD also requires CCHA to determine that rents for units under the program are reasonable when compared to comparable unassisted units in the market area.

Provided they meet certain requirements, HUD permits CCHA to establish some additional local requirements in CCHA's administrative plan. The use of the term *NSPIRE standards* in this plan refers to the combination of both HUD and CCHA-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 CCHA requirements related to housing quality and rent reasonableness as follows:

Part I. Physical Standards. This part discusses the ~~physical~~ NSPIRE standards required of units occupied by HCV and PBV-assisted families. ~~It also identifies decisions about the acceptability of the unit that may be made by the family based upon the family's preference. It also identifies life-threatening conditions that must be addressed on an expedited basis.~~ 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 CCHA will make and the steps that will be taken when units do not meet **HQS NSPIRE standards.**

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

Special HQS requirements for homeownership, manufactured homes, and other special housing types are discussed in Chapter 15 to the extent that they apply in this jurisdiction. Special requirements for the PBV and RAD PBV programs (if applicable) are discussed in Chapters 17 and 18, respectively.

NSPIRE and HQS

Even once the HQS inspection standard has sunset, the regulations at 24 CFR Part 982 and 983 governing the HCV and PBV programs will continue to use the terms *HQS* and *housing quality standards* rather than *NSPIRE*. This is because the definition of *housing quality standards (HQS)* at 24 CFR 982.4 means the minimum quality standards developed by HUD in accordance with 24 CFR 5.703 for the HCV program, including any variations approved by HUD for the CCHA. As such, the model policy uses the term *housing quality standards* whenever applicable regulations use this term. Except in the chapter describing HQS, the acronym *HQS* is not used in the model policy in order to avoid confusion between the umbrella term meaning housing standards and the specific inspection protocol. The model policy only uses the term *NSPIRE* when referring to specific NSPIRE standards.

PART I: PHYSICAL STANDARDS

~~8-I.A. GENERAL HUD REQUIREMENTS~~

~~HUD Performance and Acceptability Standards~~

~~HUD's performance and acceptability standards for HCV-assisted housing are provided in 24 CFR 982.401. These standards cover the following areas:~~

- ~~• Sanitary facilities~~
- ~~• Food preparation and refuse disposal~~
- ~~• Space and Security~~
- ~~• Thermal Environment~~
- ~~• Illumination and electricity~~
- ~~• Structure and materials~~
- ~~• Interior Air Quality~~
- ~~• Water Supply~~
- ~~• Lead-based paint~~
- ~~• Access~~
- ~~• Site and neighborhood~~
- ~~• Sanitary condition~~
- ~~• Smoke Detectors~~

~~A summary of HUD performance criteria is provided in Exhibit 8-1. Additional guidance on these requirements is found in the following HUD resources:~~

- ~~• Housing Choice Voucher Guidebook, Chapter 10.~~
- ~~• HUD Housing Inspection Manual for Section 8 Housing~~
- ~~• HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)~~
- ~~• HUD Notice 2003-31, Accessibility Notice: Section 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Architectural Barriers Act of 1968 and the Fair Housing Act of 1988.~~

~~Tenant Preference Items~~

~~HUD requires the CCHA to enforce minimum HQS but also recognizes that certain judgments about the acceptability of the unit are left to the family. For example, the CCHA must ensure that the unit contains the required sanitary facilities, but the family decides whether the cosmetic appearance of the facilities is acceptable. Exhibit 8-2 summarizes those items that are considered tenant preferences.~~

PART I: NSPIRE STANDARDS

NSPIRE standards are published on HUD's NSPIRE website as well as in the NSPIRE Final Rule [FR Notice 5/1//2023].

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-I.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).

As of December 29, 2004, (the effective date of the Public and Federally Assisted Housing Fire Safety Act of 2022), smoke alarms have must have either a sealed 10-year battery or be hard wired.

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 not refuse the request of a family that contains a person with a disability to make necessary and reasonable modifications to the unit.~~ 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. 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 ~~HQS~~ 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.

CCHA Policy

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

8-I.B. ADDITIONAL LOCAL REQUIREMENTS

The CCHA may impose variations to the ~~HQS NSPIRE~~ as long as the additional criteria are not likely to adversely affect the health or safety of participant families or severely restrict housing choices for families. HUD approval is required for variations to the ~~HQS NSPIRE standards and approved variations must be added to the administrative plan. HUD approval is not required if the variations are clarifications of HUD's acceptability criteria or performance standards [24 CFR 982.401(a)(4)].~~

~~HUD may approve inspection criteria variations if the variations apply standards in local housing codes or other codes adopted by the CCHA 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.~~

CCHA Policy

The CCHA has not requested any HUD-approved variations to NSPIRE standards.

~~Thermal Environment [HCV GB p.10-7]~~

~~The CCHA must define a “healthy living environment” for the local climate. This may be done by establishing a temperature that the heating system must be capable of maintaining, that is appropriate for the local climate.~~

CCHA Policy

~~The heating system must be capable of maintaining an interior temperature of 65 degrees Fahrenheit between October 1 and May 1.~~

8-I.E. LIFE-THREATENING DEFICIENCIES [Notice PIH 2024-26, REV-1 and FR Notice 7/14/17]

HUD previously required the CCHA to define life-threatening conditions in the administrative plan. The NSPIRE standards now describe those conditions which are considered life-threatening and must be corrected within 24 hours.

The following are a list of life-threatening deficiencies under NSPIRE:

<u>Inspectable Item</u>	<u>Deficiency</u>
<u>Call-for-Aid System</u>	<u>System is blocked or pull cord is higher than 6 inches off the floor.</u>
	<u>System does not function properly</u>
<u>Carbon Monoxide Alarm</u>	<u>Carbon monoxide alarm is missing, not installed, or not installed in a proper location.</u>
	<u>Carbon monoxide alarm is obstructed.</u>
	<u>Carbon monoxide alarm does not produce an audio or visual alarm when tested.</u>

<u>Inspectable Item</u>	<u>Deficiency</u>
<u>Chimney</u>	<u>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.</u>
	<u>Chimney exhibits signs of structural failure.</u>
<u>Clothes Dryer Exhaust Ventilation</u>	<u>Electric dryer transition duct is detached or missing.</u>
	<u>Gas dryer transition duct is detached or missing.</u>
	<u>Electric dryer exhaust ventilation system has restricted airflow.</u>
	<u>Dryer transition duct is constructed of unsuitable material.</u>
	<u>Gas dryer exhaust ventilation system has restricted airflow.</u>
<u>Door – Entry</u>	<u>Entry door is missing.</u>
<u>Door – Fire Labeled</u>	<u>Fire labeled door is missing.</u>
<u>Egress</u>	<u>Obstructed means of egress.</u>
	<u>Sleeping room is located on the third floor or below and has an obstructed rescue opening.</u>
	<u>Fire escape is obstructed.</u>
<u>Electrical – Conductor, Outlet, and Switch</u>	<u>Outlet or switch is damaged.</u>
	<u>Exposed electrical conductor.</u>
	<u>Water is currently in contact with an electrical conductor.</u>
<u>Electrical – Service Panel</u>	<u>The overcurrent protection device is damaged.</u>
<u>Exit Sign</u>	<u>Exit sign is damaged, missing, obstructed, or not adequately illuminated.</u>
<u>Fire Escape</u>	<u>Fire escape component is damaged or missing.</u>
<u>Fire Extinguisher</u>	<u>Fire extinguisher pressure gauge reads over or under-charged.</u>
	<u>Fire extinguisher service tag is missing, illegible, or expired.</u>
	<u>Fire extinguisher is damaged or missing.</u>
<u>Flammable and Combustible Items</u>	<u>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</u>
	<u>Improperly stored chemicals.</u>
<u>Guardrail</u>	<u>Guardrail is missing or not installed.</u>
	<u>Guardrail is not functionally adequate.</u>

<u>Inspectable Item</u>	<u>Deficiency</u>
<u>Heating, Ventilation, and Air Conditioning (HVAC)</u>	<u>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.</u>
	<u>Unvented space heater that burns gas, oil, or kerosene is present.</u>
	<u>Combustion chamber cover or gas shutoff valve is missing from a fuel burning heating appliance.</u>
	<u>Fuel burning heating system or device exhaust vent is misaligned, blocked, disconnected, improperly connected, damaged, or missing.</u>
<u>Leak – Gas or Oil</u>	<u>Natural gas, propane, or oil leak.</u>
<u>Mold-like Substance</u>	<u>Presence of mold-like substance at extremely high levels is observed visually.</u>
<u>Smoke Alarm</u>	<u>Smoke alarm is not installed where required.</u>
	<u>Smoke alarm is obstructed.</u>
	<u>Smoke alarm does not produce an audio or visual alarm when tested.</u>
<u>Sprinkler Assembly</u>	<u>Sprinkler head assembly is encased or obstructed by an item or object that is within 18 inches of the sprinkler head.</u>
	<u>Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance.</u>
	<u>Sprinkler assembly has evidence of corrosion.</u>
	<u>Sprinkler assembly has evidence of foreign material that is detrimental to performance.</u>
<u>Structural System</u>	<u>Structural system exhibits signs of serious failure.</u>
<u>Toilet</u>	<u>Only 1 toilet was installed, and it is missing.</u>
<u>Water Heater</u>	<u>Chimney or flue piping is blocked, misaligned, or missing.</u>
	<u>Gas shutoff valve is damaged, missing, or not installed.</u>

However, CCHA may add additional deficiencies which the CCHA considers life-threatening provided they are described in the administrative plan.

CCHA 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

Clarifications of HUD Requirements

CCHA Policy

As permitted by HUD, the CCHA has adopted the following specific requirements that elaborate on HUD standards.

Walls

~~In areas where plaster or drywall is sagging, severely cracked, or otherwise damaged, it must be repaired or replaced.~~

Windows

~~Window sashes must be in good condition, solid and intact, and properly fitted to the window frame. Damaged or deteriorated sashes must be replaced.~~

~~Windows must be weather-stripped as needed to ensure a weather-tight seal.~~

~~Window screens must be in good condition (applies only if screens are present).~~

Doors

~~All exterior doors must be weather-tight to avoid any air or water infiltration, be lockable with a single cylinder deadbolt (open-able from the inside without the use of a key) have no holes, have all trim intact, and have a threshold.~~

~~All interior doors must have no holes, have all trim intact, and be open-able without the use of a key.~~

Floors

~~All wood floors must be sanded to a smooth surface and sealed. Any loose or warped boards must be re-secured and made level. If they cannot be leveled, they must be replaced.~~

~~All floors must be in a finished state. Raw wood or unsealed concrete is not permitted.~~

~~All floors should have some type of base shoe, trim, or sealing for a "finished look." Vinyl base shoe is permitted.~~

Sinks

~~All sinks and commode water lines must have shut off valves, unless faucets are wall mounted.~~

~~All sinks must have functioning stoppers.~~

Toilets

~~All worn or cracked toilet seats and tank lids must be replaced and toilet tank lid must fit properly.~~

Security

If window security bars or security screens are present on emergency exit windows, they must be equipped with a quick release system. The owner is responsible for ensuring that the family is instructed on the use of the quick release system.

All doors leading to the exterior must be lockable with a single cylinder deadbolt, open-able from the inside without the use of a key.

General Safety

Carbon monoxide detectors are required for dwelling units that have fossil fuel burning appliances and/or attached garages.

8-I.C. LIFE-THREATENING CONDITIONS [24 CFR 982.404(a)]

HUD requires the CCHA to define life-threatening conditions and to notify the owner or the family (whichever is responsible) of the corrections required. The responsible party must correct life-threatening conditions within 24 hours of CCHA notification.

CCHA Policy

The following are considered life-threatening conditions:

Any condition that jeopardizes the security of the unit

Major plumbing leaks or flooding, waterlogged ceiling or floor in imminent danger of falling

Natural or LP gas or fuel oil leaks

Any electrical problem or condition that could result in shock or fire

Absence of a working heating system when outside temperature is below 60 degrees Fahrenheit.

Utilities not in service, including no running hot water

Conditions that present the imminent possibility of injury

Obstacles that prevent safe entrance or exit from the unit

Absence of a functioning toilet in the unit

Absence of functioning smoke detectors/carbon monoxide detectors

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

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

The owner will be required to repair an inoperable smoke detector unless the CCHA 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.

8-I.D. OWNER AND FAMILY RESPONSIBILITIES [24 CFR 982.404]

Owner Obligation

The owner must maintain the unit in accordance with housing quality standards. A unit is not in compliance with housing quality standards if the CCHA or other inspector authorized by the state or local government determines that the unit has housing quality standards deficiencies based upon an inspection, notifies the owner in writing of the deficiencies, and the deficiencies are not remedied within the appropriate time frame.

In the case of a housing quality standards deficiency that the CCHA determines is caused by the tenant, any member of the household, or any guest or other person under the tenant's control (other than damage resulting from ordinary use), the CCHA may waive the owner's responsibility to remedy the violation. The HAP to the owner may not be withheld or abated if the owner responsibility has been waived. However, if the family's actions constitute a serious or repeated lease violation, the owner may take legal action to evict the family. In addition, the CCHA may terminate the family's assistance because of a housing quality standards breach (beyond damage resulting from ordinary use) caused by any member of the household, guest, or other person under the tenant's control.

CCHA Policy

The CCHA will waive the owner's responsibility for housing quality standards deficiencies that have been determined to have been caused by the tenant, any member of the household, or any guest or other person under the tenant's control, to the extent the tenant can be held responsible for ensuring that the deficiencies are corrected: the tenant must take all necessary steps permissible under the lease and state and local law to remedy the deficiency. This may include paying the owner for the cost of the necessary repairs in accordance with the lease.

Family Responsibilities

The family may be held responsible for correcting the following HQS deficiencies:

- Tenant-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 that results in a breach of the HQS. "Normal wear and tear" is defined as items which could not be charged against the tenant's security deposit under state law or court practice.

CCHA 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.

If the CCHA has waived the owner's responsibility to remedy the violation as outlined under the owner obligations above, the following applies:

- If the housing quality standards breach caused by the family is life-threatening, the family must take all steps permissible under the lease and state and local law to ensure the deficiency is corrected within 24 hours of notification.
- For other family-caused deficiencies, the family must take all steps permissible under the lease and state and local law to ensure the deficiency is corrected within 30 calendar days of notification (or any CCHA-approved extension).

If the family has caused a breach of housing quality standards, the CCHA must take prompt and vigorous action to enforce the family obligations. The CCHA may terminate assistance for the family in accordance with 24 CFR 982.552.

Owner Responsibilities

~~The owner is responsible for all HQS 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.~~

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 Level [24 CFR 35.1225; FR Notice 1/13/17; Notice PIH 2017-13]

If CCHA 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 6 years of age, living in an HCV-assisted unit has been identified as having an environmental intervention blood lead level, the CCHA must complete a risk/environmental assessment of the dwelling unit within 15 calendar days after being notified by a public health department or other medical health care provider. The risk assessment must be completed in accordance with program requirements, and the result of the risk assessment 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 risk assessment report from the CCHA, 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 35.133040; CFR 745.227]. If the owner does not complete the “hazard reduction” as required, the dwelling unit is in violation of HQS and the CCHA will take action in accordance with Section 8-II.G.

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

8-I.H. VIOLATION OF HQS SPACE STANDARDS [24 CFR 982.401, 24 CFR 982.403]

~~A dwelling unit must:~~

- ~~• Provide adequate space and security for the family~~
- ~~• Have at least one bedroom or living/sleeping room for each two persons~~

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

~~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]. A bedroom or living/sleeping room must have at least:~~

- ~~One window~~
- ~~Two electrical outlets in proper operating condition (permanent overhead or wall-mounted light fixtures may count as one of the required electrical outlets)~~

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

PART II: THE INSPECTION PROCESS

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

Types of Inspections

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

- *Initial Inspections.* The CCHA conducts initial inspections in response to a request from the family to approve a unit for participation in the HCV program.
- *Annual/Biennial Periodic Inspections.* HUD requires the CCHA to inspect each unit under lease at least annually or biennially, depending on CCHA policy, to confirm that the unit still meets HQS. ~~The inspection may be conducted in conjunction with the family's annual reexamination but also may be conducted separately.~~
- *Special Interim 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.
- *Supervisory 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 HQS.

Inspection of CCHA-Owned Units [24 CFR 982.352(b)]

The CCHA must obtain the services of an independent entity to perform all HQS inspections in cases where an HCV family is receiving assistance in a CCHA-owned unit. A CCHA-owned unit is defined as a unit that is owned by the CCHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the CCHA). The independent agency must communicate the results of each inspection to the family and the CCHA. The independent agency must be approved by HUD and may be the unit of general local government for the CCHA jurisdiction (unless the CCHA is itself the unit of general local government or an agency of such government).

For information on the inspection of PHA-owned units in the PBV program, see Chapters 17 and 18.

Inspection Costs

The CCHA may not charge the family or owner for unit inspections or re-inspections [24 CFR 982.405(e)]. In the case of inspections of CCHA-owned units, the CCHA may compensate the independent agency from ongoing administrative fee for inspections performed. The CCHA and the independent agency may not charge the family any fee or charge for the inspection [24 CFR.982.352(b)].

The CCHA 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 CCHA may charge a reasonable fee to owners for reinspections if an owner notifies the CCHA that a repair has been made or the allotted time for repairs has elapsed and a reinspection reveals that any deficiency cited in the previous inspection that the owner is responsible for repairing, pursuant to 24 CFR 982.404(a), was not 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 an inspection. The owner may not pass the cost of a reinspection fee to the family. Reinspection fees must be added to the CCHA's administrative fee reserves and may only be used for activities related to the provision of tenant-based assistance.

CCHA Policy

The CCHA will not charge a fee for failed reinspections.

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

As an alternative to some or all on-site inspections, the CCHA 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 CCHA 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 CCHA should have policies and procedures in place to address such limitations.

CCHA Policy

The CCHA will not conduct any inspection using RVI.

Notice and Scheduling

The family must allow the CCHA to inspect the unit at reasonable times with reasonable notice [24 CFR 982.5 51(d)].

CCHA 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 5:00 p.m.

Inspections will be conducted on business days only. In the case of a life-threatening emergency, the CCHA will give as much notice as possible, given the nature of the emergency.

Owner and Family Inspection Attendance

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

CCHA Policy

When a family occupies the unit at the time of inspection an adult family member must be present for the inspection. When an adult family member is not able to be present, the family may request to have an adult representative present for the inspection.

At initial inspection of a vacant unit, the CCHA will inspect the unit in the presence of the owner or owner's representative. The presence of a family representative is permitted, but is not required.

8-II.B. INITIAL HQS INSPECTION [24 CFR 982.401(a)]

Initial Inspections [FR Notice 1/18/17]

~~The CCHA may, but is not required to, approve assisted tenancy and start HAP if the unit fails HQS inspection, but only if the deficiencies identified are non-life threatening. Further, the CCHA may, but is not required to, authorize occupancy if a unit passed an alternative inspection in the last 24 months.~~

~~CCHA Policy~~

~~The CCHA will approve an assisted tenancy and start the HAP contract if the unit fails HQS inspection, but only if the deficiencies identified are not life threatening.~~

~~The CCHA will rely on alternative inspections to authorize occupancy if a unit passed an alternative inspection within the previous 24 months. The CCHA will inspect the unit within 15 days of receiving the Request for Tenancy Approval. Once the unit passes HQS, the CCHA will make retroactive assistance payments.~~

~~Inspection Results and Re-inspections~~

~~CCHA Policy~~

~~If any life-threatening HQS violations are identified, the owner will be notified of the deficiencies which need to be corrected in order for the HAP contract to commence. A time frame may be assigned by the CCHA. If requested, the time frame for correcting the deficiencies may be extended by the CCHA for good cause. The CCHA will re-inspect the unit within 10 business days of the date the CCHA is notified that the required corrections have been made.~~

~~If the time period for correcting the deficiencies (or any CCHA-approved extension) has elapsed, or the unit fails HQS at the time of the re-inspection, the CCHA will notify the owner and the family that the unit is not approved and that the family must search for another unit. The CCHA 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 for the unit if the family has not found another unit by the time the owner completes all repairs and the family continues to wish to live in the unit.~~

~~If any non-life-threatening HQS violations are identified, the owner will be notified of the deficiencies and will be given 30 days to complete the cited repairs. If requested, the time frame for correcting the deficiencies may be extended by the CCHA for good cause. Failure to complete repairs will result in abatement in accordance with CCHA policy (see 8-II.G.)~~

HUD regulations require that units assisted under the HCV program be inspected to determine that the units meet housing quality standards before the CCHA approves assisted tenancy. However, CCHA has 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 CCHA 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; and/or
- Passed an alternative inspection in the last 24 months.

If the CCHA adopts the alternative inspection option in combination with the non-life-threatening deficiencies option, the CCHA must follow family and owner notification requirements listed at 24 CFR 982.406(f). Otherwise, if neither of the above provisions are adopted, the CCHA must determine that the unit the family selects meets NSPIRE standards prior to approving tenancy.

Approving Units with Non-Life-Threatening Deficiencies [FR Notice 1/18/17; Notice PIH 2017-20; FR Notice 5/7/24; and 24 CFR 982.405(j)]

The CCHA may approve assisted tenancy, execute a HAP contract, and begin paying HAP if a unit fails an initial inspection, but only if the deficiencies identified are non-life threatening. This is known as the “NLT option.” A PHA that implements the NLT option may apply the option to all the PHA's initial inspections or may limit it to certain units. If the NLT option is adopted, the CCHA must follow requirements listed at 24 CFR 982.405(j) for family and owner notification.

The CCHA's administrative plan must specify the circumstances under which the CCHA will exercise the NLT option, if any.

CCHA Policy

The CCHA will approve an assisted tenancy and start the HAP contract if the unit fails HQS inspection, but only if the deficiencies identified are not life-threatening

Approving Units Using Alternative Inspections [FR Notice 1/18/17; Notice PIH 2017-20; FR Notice 5/7/24; and 24 CFR 982.406]

The PHA may approve assisted tenancy, execute a HAP contract, and begin paying HAP if a unit passed an alternative inspection (i.e., an inspection conducted for another housing program) conducted in the last 24 months provided the PHA is able to obtain the results of the alternative inspection, the property received a “pass” score (if applicable), and the inspection meets the requirements at 24 CFR 982.406(c) and (d). The PHA may implement the use of alternative inspections for both initial and periodic inspections or may limit the use of alternative inspections to either initial or periodic inspections. If alternative inspections are used, the PHA must follow requirements listed at 24 CFR 982.406(e)(2) for family and owner notification.

A PHA relying on an alternative inspections must identify the alternative inspection method being used in the PHA’s administrative plan.

CCHA Policy

The CCHA will rely on alternative inspections to authorize occupancy if a unit passed an alternative inspection within the previous 24 months. The CCHA will inspect the unit

within 15 days of receiving the Request for Tenancy Approval. Once the unit passes HQS, the CCHA will make retroactive assistance payments.

Timing of Initial Inspections [24 CFR 982.305(b)(2)(i)]

Unless the CCHA relies on alternative inspections, HUD requires CCHA to complete the initial inspection, determine whether the unit satisfies housing quality standards, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA). The 15-day period is suspended for any period during which the unit is not available for inspection.

CCHA Policy

The CCHA 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).

Inspection Results and Reinspections

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

CCHA 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 the CCHA for good cause. The CCHA will reinspect the unit within five business days of the date the owner notifies the CCHA that the required corrections have been made.

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

Following a failed reinspection, the family may submit a new Request for Tenancy Approval for the same unit 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.

CCHA Policy

If utility service is not available for testing at the time of the initial inspection, the CCHA will allow the utilities to be placed in service after the unit has met all other HQS requirements. The CCHA will re-inspect the unit to confirm that utilities are operational before the HAP contract is executed by the CCHA.

Appliances

CCHA Policy

If the family is responsible for supplying the stove and/or refrigerator, the CCHA will allow the stove and refrigerator to be placed in the unit after the unit has met all other HQS requirements. The required appliances must be in place before the HAP contract is executed by the CCHA. The CCHA 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~~ PERIODIC INSPECTIONS [24 CFR 982.405(a)] and Notice PIH 2016-05

HUD requires the CCHA 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.

CCHA Policy

The CCHA will inspect each unit under lease within 12 months of HAP contract execution to confirm that the unit continues to meet NSPIRE requirements. Units that fail for tenant-correction items will be inspected annually.

Units that pass the first annual inspection following program admission with no tenant-correction items will be inspected biennially.

The CCHA will accept the results of inspections performed by HUD or for other housing programs such as HOME or LIHTC.

Scheduling the Inspection

CCHA Policy

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

If the family misses the first scheduled appointment without requesting a new inspection date, the CCHA will automatically schedule a second inspection. If the family misses two scheduled inspections without CCHA approval, the CCHA 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~~ INTERIM INSPECTIONS [~~HCV-GB, p. 10-30~~] [24 CFR 982.405(g)]

~~The CCHA will conduct a special inspection if the owner, family, or another source reports HQS violations in the unit. If the reported condition is not life-threatening (i.e., the CCHA would require the owner to make the repair within no more than 30 calendar days), then the CCHA must inspect the unit within 15 days of when the CCHA received the complaint.~~

If a participant family or government official notifies the CCHA of a potential deficiency, the following applies:

- If the reported deficiency is life-threatening, the CCHA must, within 24 hours of notification, both inspect the housing unit and notify the owner if the life-threatening deficiency is confirmed. The owner must then make the repairs within 24 hours of CCHA notification.
- If the reported deficiency is non-life-threatening, the CCHA must, within 15 days of notification, both inspect the unit and notify the owner if the deficiency is confirmed.

The owner must then make the repairs within 30 days of notification from the CCHA or within any PHA-approved extension.

CCHA Policy

During an ~~special~~ interim inspection, the CCHA 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~~ periodic inspection has been scheduled or is due within 90 days of the date the ~~special~~ interim inspection is scheduled the CCHA may elect to conduct a full annual inspection.

8-II.E. SUPERVISORY QUALITY CONTROL INSPECTIONS [24 CFR 982.405(b); HCV GB, p. 10-32]

HUD requires a CCHA 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 ~~HQS~~ NSPIRE standards.

The unit sample must include only units that have been inspected within the preceding 3 months. The selected sample will include (1) each type of inspection (initial, annual, and special), (2) inspections completed by each inspector, and (3) units from a cross-section of neighborhoods.

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

Correction Timeframes [Notice PIH 2024-26, REV-1]

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 CCHA-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 HQS failures, the CCHA will determine (1) whether or not the failure is a life-threatening condition and (2) whether the family or owner is responsible.~~

The owner must maintain the unit in accordance with housing quality standards. The unit is in noncompliance with housing quality standards if:

- The CCHA or authorized inspector determines the unit has housing quality standards deficiencies based upon an inspection
- The CCHA notified the owner in writing of the unit housing quality standards deficiencies; and
- The unit's housing quality standards deficiencies are not corrected within the required timeframes.

CCHA may withhold assistance payments for units that have deficiencies once the owner has been notified in writing of the deficiencies. The CCHA's administrative plan must identify the conditions under which the CCHA will withhold HAP. In this case, if the unit is brought into compliance during the applicable cure period, the CCHA must resume assistance payments and provide payments to cover the time period for which the payments were withheld.

The CCHA must abate the HAP, including amounts that had been withheld, if the owner fails to make the repairs within the applicable cure period. The CCHA must notify the family and the owner that it is abating payments and, if the unit does not meet housing quality standards within 60 days (or a reasonable longer period established by the CCHA), the CCHA will terminate the HAP contract for the unit and the family will have to move to receive continued assistance.

CCHA Policy

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

When failures that are not life-threatening are identified, the CCHA will send the owner and the family a written notification of the inspection results within 10 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. Generally, not more than 30 days will be allowed for the correction.

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 CCHA-approved extension), the owner's HAP will be abated in accordance with CCHA 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 CCHA-approved extension, if applicable) the family's assistance will be terminated in accordance with CCHA policy (see Chapter 12).

Extensions

For conditions that are life-threatening, the CCHA cannot grant an extension to the 24-hour corrective action period. For conditions that are ~~not life-threatening~~ severe or moderate, the CCHA may grant an exception to the required time frames for correcting the violation, if the CCHA determines that an extension is appropriate [24 CFR 982.404].

CCHA Policy

Extensions will be granted in cases where the CCHA 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

Extension requests must be received in writing at least one week prior to the due date of cited repairs. The length of the extension will be determined on a case-by-case basis, but generally will not exceed ~~30~~ 60 days, except in the case of delays caused by weather conditions or complexity of repair. 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.

Re-inspections

When a PHA must verify correction of a deficiency, the CCHA may use verification methods other than another on-site inspection.

CCHA Policy

The CCHA will conduct a re-inspection immediately following the end of the corrective period, or any CCHA approved extension.

The family and owner will be given reasonable notice of the re-inspection appointment. If the deficiencies have not been corrected by the time of the re-inspection, the CCHA 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 CCHA policies. If the CCHA is unable to gain entry to the unit in order to conduct the scheduled re-inspection, the CCHA 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.

CCHA will accept self-certification of repairs.

8-II.G. ENFORCING OWNER COMPLIANCE

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

HAP Withholding [24 CFR 982.404(d)(1)]

CCHA may withhold assistance payments for units that have housing quality standards deficiencies once the CCHA has notified the owner in writing of the deficiencies. The CCHA's administrative plan must identify the conditions under which the CCHA will withhold HAP. In this case, if the unit is brought into compliance during the applicable cure period, the CCHA resumes assistance payments and provides assistance payments to cover the time period for which the payments were withheld.

CCHA Policy

The CCHA will not withhold assistance payments upon notification to the owner of the deficiencies

HAP Abatement

~~If an owner fails to correct HQS deficiencies by the time specified by the CCHA, HUD requires the CCHA 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 HQS failures that are the family's responsibility.~~

The CCHA must abate the HAP, including amounts that had been withheld, if the owner fails to make the repairs within the applicable cure period. In this case, the CCHA must notify the family and the owner that it is abating payments and, if the unit does not meet housing quality standards within 60 days (or a reasonable longer period established by the CCHA), the CCHA will terminate the HAP contract for the unit and the family will have to move to receive continued assistance.

The owner may not terminate the tenancy of any family due to the withholding or abatement of assistance.

CCHA Policy

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

The CCHA will inspect abated units within 10 business days of the owner's notification that the work has been completed. Payment will resume effective on the day the unit passes inspection.

During any abatement period the family continues to be responsible for its share of the rent. ~~The owner must not seek payment from the family for abated amounts and may not use the abatement as cause for eviction.~~ For CCHA policies on family moves when units are in abatement and termination of the HAP contract when a family moves due to deficiencies, see Section 10-I.B.

HAP Contract Termination

The CCHA must decide how long any abatement period will continue before the HAP contract will be terminated. ~~The CCHA should not terminate the contract until the family finds another unit, provided the family does so in a reasonable time [HCV GB p. 10-29] and must give the owner reasonable notice of the termination. The CCHA will issue a voucher to permit the family to move to another unit as described in Chapter 10.~~ If the unit does not meet housing quality standards within 60 days (or a reasonable longer period established by the CCHA), the CCHA will terminate the HAP contract for the unit, and the family will have to move to receive continued assistance. In this case, the CCHA must issue the family its voucher to move at least 30 days prior to the termination of the HAP contract.

CCHA Policy

The maximum length of time that HAP may be abated is ~~90~~ 60 days. However, if the owner completes corrections and notifies the CCHA before the termination date of the HAP contract, the CCHA 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.

Reasonable notice of HAP contract termination by the CCHA is 30 days. The PHA will issue a voucher to permit the family to move to another unit as described in Chapter 10.

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

~~Families are responsible for correcting any HQS violations listed in paragraph 8-I.D. If the family fails to correct a violation within the period allowed by the CCHA (and any extensions), the CCHA 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.~~

If the CCHA waived the landlord responsibility for housing quality standards deficiencies that have been determined to have been caused by the tenant, any member of the household, or any guest or other person under the tenant's control, (see section 8-I.D), the family is responsible for correcting any housing quality standards violations listed in paragraph 8.I.D. If the family fails to correct a violation within the period allowed by the CCHA (and any extensions), the CCHA 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 and may enter into a repayment agreement with the family.

PART III: RENT REASONABLENESS [24 CFR 982.507]

8-III.A. OVERVIEW

Except in the case of certain LIHTC- and HOME-assisted units, no HAP contract can be approved until the CCHA 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.

CCHA-Owned Units [24 CFR 982.352(b)]

In cases where an HCV family is receiving assistance in a CCHA-owned unit, the CCHA must obtain the services of an independent entity to determine rent reasonableness in accordance with program requirements, and to assist the family in negotiating the contract rent when the family requests assistance. A CCHA-owned unit is defined as a unit that is owned by the CCHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the CCHA). The independent agency must communicate the results of the rent reasonableness determination to the family and the CCHA. The independent agency must be approved by HUD, and may be the unit of general local government for the CCHA jurisdiction (unless the CCHA is itself the unit of general local government or an agency of such government).

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

Owner-Initiated Rent Determinations

The CCHA 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 CCHA (or independent agency in the case of CCHA-owned units) will assist the family with the negotiations upon request. At initial occupancy the CCHA 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 HQS inspection have been corrected.

CCHA Policy

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, the CCHA 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 the CCHA will consider unit size and length of tenancy in the other units.

The CCHA 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 in writing.

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

CCHA- and HUD-Initiated Rent Reasonableness Determinations

HUD requires the CCHA 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 CCHA to make a determination at any other time. The CCHA may decide that a new determination of rent reasonableness is needed at any time.

CCHA Policy

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

LIHTC- and HOME-Assisted Units [24 CFR 982.507(c)]

For units receiving low-income housing tax credits (LIHTCs) or units assisted under HUD's HOME Investment Partnerships (HOME) Program, a rent comparison with unassisted units is not required if the voucher rent does not exceed the rent for other LIHTC- or HOME-assisted units in the project that are not occupied by families with tenant-based assistance.

For LIHTCs, if the rent requested by the owner does exceed the LIHTC rents for non-voucher families, the CCHA must perform a rent comparability study in accordance with program regulations. In such cases, the rent shall not exceed the lesser of: (1) the reasonable rent as determined from the rent comparability study; or (2) the payment standard established by the CCHA for the unit size involved.

8-III.C. HOW COMPARABILITY IS ESTABLISHED

Factors to Consider

HUD requires CCHA to take into consideration the factors listed below when determining rent comparability. The CCHA 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

Units that Must Not Be Used as Comparables

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.

Note: Notice PIH 2011-46, issued August 17, 2011, 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 CCHA 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 CCHA information regarding rents charged for other units on the premises.

8-III.D. CCHA RENT REASONABLENESS METHODOLOGY

How Market Data Is Collected

CCHA Policy

The CCHA will collect and maintain data on market rents in the CCHA's jurisdiction. Information sources include newspapers, 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.

How Rents Are Determined

CCHA 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. The CCHA will develop a range of prices for comparable units by bedroom size within defined market areas. Units proposed for HCV assistance will be compared to the units within this rent range. Because units may be similar, but not exactly like the unit proposed for HCV assistance, the CCHA may make adjustments to the range of prices to account for these differences.

The adjustment must reflect the local market. Not all differences in units require adjustments (e.g., the presence or absence of a garbage disposal may not affect the rent in some market areas).

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 roof might not make any difference in what a tenant would be willing to pay because rental units are presumed to have functioning roofs).

When a comparable project offers rent concessions (e.g., first month rent-free, or reduced rent) reported monthly rents will be adjusted accordingly. For example, if a comparable project reports rents 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 \times 11 \text{ months} = 5500/12 \text{ months} = \text{actual monthly rent of } \488 .

The CCHA will notify the owner of the rent the CCHA can approve based upon its analysis of rents for comparable units. The owner may submit information about other comparable units in the market area. The CCHA 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 CCHA's request for information or the owner's request to submit information.

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EXHIBIT 8-1: OVERVIEW OF HUD HOUSING QUALITY STANDARDS

Note: This document provides an overview of HQS. For more detailed information see the following documents:

- 24 CFR 982.401, Housing Quality Standards (HQS)
- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)

Sanitary Facilities

The dwelling unit must include sanitary facilities within the unit. The sanitary facilities must be usable in privacy and must be in proper operating condition and adequate for personal cleanliness and disposal of human waste.

Food Preparation and Refuse Disposal

The dwelling unit must have space and equipment suitable for the family to store, prepare, and serve food in a sanitary manner.

Space and Security

The dwelling unit must provide adequate space and security for the family. This includes having at least one bedroom or living/sleeping room for each two persons.

Thermal Environment

The unit must have a safe system for heating the dwelling unit. Air conditioning is not required but if provided must be in proper operating condition. The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Portable electric room heaters or kitchen stoves with built-in heating units are not acceptable as a primary source of heat for units located in climatic areas where permanent heat systems are required.

Illumination and Electricity

Each room must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. The dwelling unit must have sufficient electrical sources so occupants can use essential electrical appliances. Minimum standards are set for different types of rooms. Once the minimum standards are met, the number, type and location of electrical sources are a matter of tenant preference.

Structure and Materials

The dwelling unit must be structurally sound. Handrails are required when four or more steps (risers) are present, and protective railings are required when porches, balconies, and stoops are thirty inches or more off the ground. The elevator servicing the unit must be working [if there is one]. Manufactured homes must have proper tie-down devices capable of surviving wind loads common to the area.

Interior Air Quality

~~The dwelling unit must be free of air pollutant levels that threaten the occupants' health. There must be adequate air circulation in the dwelling unit. Bathroom areas must have one openable window or other adequate ventilation. Any sleeping room must have at least one window. If a window was designed to be opened, it must be in proper working order.~~

Water Supply

~~The dwelling unit must be served by an approved public or private water supply that is sanitary and free from contamination. Plumbing fixtures and pipes must be free of leaks and threats to health and safety.~~

Lead-Based Paint

~~Lead-based paint requirements apply to dwelling units built prior to 1978 that are occupied or can be occupied by families with children under six years of age, excluding zero-bedroom dwellings. Owners must:~~

- ~~• Disclose known lead-based paint hazards to prospective tenants before the lease is signed,~~
- ~~• Provide all prospective families with "Protect Your Family from Lead in Your Home",~~
- ~~• Stabilize deteriorated painted surfaces and conduct hazard reduction activities when identified by the CCHA~~
- ~~• Notify tenants each time such an activity is performed~~
- ~~• Conduct all work in accordance with HUD safe practices~~
- ~~• As part of ongoing maintenance ask each family to report deteriorated paint.~~

~~For units occupied by environmental intervention blood lead level (lead poisoned) children under six years of age, a risk assessment must be conducted (paid for by the CCHA). If lead hazards are identified during the risk assessment, the owner must complete hazard reduction activities.~~

~~See HCV GB p. 10-15 for a detailed description of these requirements. For additional information on lead-based paint requirements see 24 CFR 35, Subparts A, B, M, and R.~~

Access

~~Use and maintenance of the unit must be possible without unauthorized use of other private properties. The building must provide an alternate means of exit in case of fire.~~

Site and Neighborhood

~~The site and neighborhood must be reasonably free from disturbing noises and reverberations, excessive trash or vermin, or other dangers to the health, safety, and general welfare of the occupants.~~

Sanitary Condition

The dwelling unit and its equipment must be in sanitary condition and free of vermin and rodent infestation. The unit must have adequate barriers to prevent infestation.

Smoke Detectors

Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard (NFPA) 74 (or its successor standards). If the dwelling unit is occupied by any person with a hearing impairment, smoke detectors must have an appropriate alarm system as specified in NFPA 74 (or successor standards).

Hazards and Health/Safety

The unit, interior and exterior common areas accessible to the family, the site, and the surrounding neighborhood must be free of hazards to the family's health and safety.

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 <i>Federal Register</i> 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.	
Affirmative Habitability Requirements: Unit	
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:	
• On each level of the unit AND • Inside each bedroom or sleeping area AND • With 21 feet of any door to a bedroom measured along a path of travel AND • Where a smoke detector is installed outside the bedroom and 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.	
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.