

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

November 18, 2019

The Honorable Benjamin S. Carson
Secretary
U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, DC 20410-0001

Dear Secretary Carson:

We write to express our concerns regarding HUD's proposed National Standards for the Physical Inspection of Real Estate (NSPIRE) demonstration and its current lack of resident participation in both the development and implementation of the agency's new physical inspection model. The NSPIRE demonstration, in part, was born out of the recognition that the current inspection protocol did not place enough emphasis on assessing the conditions of residents' homes and was too focused on the "curb appeal" of the property, leading to properties in poor condition still receiving passing inspection scores. The demonstration seeks to address this problem by allowing public housing agencies (PHAs) and owners that opt into the demonstration to be subjected to a revised inspection protocol. The revisions are designed to rebalance the scoring criteria to place greater weight on health and safety issues, especially those within housing units.

While we appreciate HUD's efforts to overhaul the current physical inspection model to increase consistency and accountability, and better protect the health and safety of residents, we are concerned that HUD's implementation of the demonstration so far has not included tenant perspectives in its stakeholder engagement, and that HUD has failed to indicate how it will do so. In its recently published notice to implement the NSPIRE demonstration, HUD states that it is seeking feedback from a "diverse, representative group of stakeholders."¹ However, according to the National Housing Law Project, HUD has only engaged HUD officials, as well as public housing agencies, owners and agents (POAs), to develop the demonstration. The HUD notice is also disconcertingly silent on the issue of resident engagement.² Residents are one of the most important stakeholders, who can offer critical insight on how the NSPIRE demonstration can better ensure accuracy and accountability and call attention to issues not currently captured by the NSPIRE model.

As Congress and HUD have already acknowledged, resident participation is essential to helping maintain the physical conditions of assisted properties.³ By ensuring residents have the ability to provide feedback to HUD at some point during the inspection protocol, the agency can better capture a more accurate assessment of the physical conditions of properties. But despite statutory and regulatory provisions recognizing the importance of resident participation, HUD's current inspection protocol does not include resident engagement and HUD has

¹ 84 Fed. Reg. 43,536, 43,538 (Aug. 21, 2019).

² Notice of Demonstration to Assess the National Standards for the Physical Inspection of Real Estate and Associated Protocols, 84 Fed. Reg. 43,536, (Aug. 21, 2019).

³ 12 U.S.C. § 1715z-1b(a) (2018), 24 C.F.R. § 245.5 (2019) (recognizing the importance and benefit of residents participation in the creation and operation of suitable living environment, including the good physical condition of and proper maintenance of the property); 24 C.F.R. § 964.11 (2019) (promoting resident participation and active involvement in all aspects of the operation of Public Housing); HUD, Notice H 2012-21 (A) (Oct. 17, 2012) (stating "tenant participation is an important element to maintaining sustainable [properties] and communities").

continuously excluded residents from participating in the physical inspection process.⁴ The NSPIRE demonstration is a critical opportunity for HUD to correct this oversight, and to enhance its ability to ensure HUD-supported housing is safe and decent for current and future residents. Given the growing body of evidence showing that health outcomes rely heavily on conditions of homes and neighborhoods, these changes are needed to ensure the overall well-being of families receiving HUD-assistance.

As you work to fully implement the NSPIRE demonstration, we urge you to ensure that tenants and advocates are provided an opportunity to give feedback through the use of focus groups, as well as hosting listening sessions at assisted properties participating in the demonstration. Thank you for your consideration, and please don't hesitate to reach out to Elayne Weiss with my staff at (202) 225-4247 if you have any questions about this letter.

Sincerely,



MAXINE WATERS
Chairwoman



Representative Rashida Tlaib



Representative Ayanna Pressley

⁴ The Real Estate Assessment Center (REAC) previously used customer satisfaction surveys as part of the physical inspection process but discontinued using them due to administrative costs. HUD should reinstate the use of the tenant surveys as part of the NSPIRE model and demonstration.