

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: ANNETTE ANTHONY, HOUSING AND COMMUNITY SERVICES  
MANAGER  
SUBJECT: HOUSING AND COMMUNITY SERVICES  
UPDATE TO HOUSING CHOICE VOUCHER PROGRAM  
ADMINISTRATIVE PLAN - NATIONAL STANDARDS FOR THE  
PHYSICAL INSPECTION OF REAL ESTATE (NSPIRE)  
INSPECTION STANDARDS AND POLICY

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Department of Housing and Community Services that the Housing Authority, by resolution, adopt the Housing Choice Voucher Program Administrative Plan Chapter 8 – National Standards for the Physical Inspection of Real Estate and Rent Reasonableness Determinations effective July 1, 2024 to complete the implementation of National Standards for the Physical Inspection of Real Estate (NSPIRE) inspections for the Housing Choice Voucher and related programs of the Housing Authority.

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EXECUTIVE SUMMARY

The Administrative Plan is the major policy document guiding the ongoing administration of the federally regulated Housing Choice Voucher (HCV) program. Each Public Housing Agency (PHA) administering an HCV program is required to establish an Administrative Plan to outline the federal regulations and, where allowed under the law, enact local policies pertaining to the HCV program. The Administrative Plan must be reviewed at a public meeting and approved by the PHA's Board of Commissioners.

The Housing Opportunity Through Modernization Act of 2016 (HOTMA) made significant changes to the regulations pertaining to the HCV program, requiring numerous substantive changes to the Administrative Plan across all chapters. In addition to HOTMA changes, the Department of Housing and Urban Development (HUD) has updated the housing inspection standards for the HCV program. The HOTMA-compliant Administrative Plan for the City of Santa Rosa Housing Authority includes the NSPIRE inspection standards in Chapter 8. The entire Administrative Plan

was approved by the Board of Commissioners as part of the Annual PHA Plan process on March 25, 2024, and submitted to HUD on April 8, 2024.

By HUD regulation, the NSPIRE standards must be implemented and adopted by all PHAs no later than October 1, 2024. The City of Santa Rosa Housing Authority has served as a demonstration agency for NSPIRE and is scheduled to fully transition to NSPIRE on July 1, 2024. The NSPIRE standards were approved on March 25, 2024, and must now be published and implemented to complete the transition to NSPIRE by July 1, 2024.

The remaining chapters which were approved on March 25, 2024 are awaiting publication and implementation pending HUD's final steps of the national HOTMA implementation timeline.

## BACKGROUND

The Department of Housing and Community Services (HCS) administers the HCV program for the City of Santa Rosa Housing Authority. The HCV program, formerly known as Section 8, is a federally funded rental assistance program for qualifying extremely low and very low-income households. The Housing Authority currently has 1,925 vouchers under its Annual Contributions Contract (ACC) with HUD. In addition, the HCV program administers assistance for approximately 250 Santa Rosa households utilizing vouchers from other jurisdictions, referred to as "port-ins."

Housing Authorities administering the HCV program are required to maintain an Administrative Plan that outlines the federal regulations and, where allowed under the law, enact local policies pertaining to the program.

The policies outlined in the Administrative Plan include the protocols and standards used for housing inspections, which are required under the HCV regulations to ensure that the rental units assisted under the program are safe and habitable. HUD is changing these inspection standards from Housing Quality Standards (HQS) to NSPIRE; all PHAs must adopt the NSPIRE standards by October 1, 2024. The City of Santa Rosa Housing Authority is expected by HUD to fully transition to NSPIRE on July 1, 2024, and therefore, must now adopt the NSPIRE policies that were approved by the Board of Commissioners on March 25, 2024 and which are outlined in Chapter 8 of the Administrative Plan.

## *NSPIRE*

On May 11, 2023, HUD published the "Economic Growth Regulatory Relief and Consumer Protection Act: Implementation of National Standards for the Physical Inspection of Real Estate (NSPIRE)," final rule in the Federal Register (NSPIRE Final Rule). NSPIRE is intended to strengthen HUD's physical condition standards and

improve HUD oversight by aligning and consolidating the inspection regulations used to evaluate HUD-assisted housing as defined in 24 CFR 5.701(c), across multiple programs. The NSPIRE Standards were published for public comment on June 17, 2022, and posted as final on June 22, 2023. The NSPIRE Final Rule requires that PHAs update their inspection standards to NSPIRE between October 1, 2023, and October 1, 2024.

The City of Santa Rosa Housing Authority (Authority) began participating as a demonstration agency for HUD's new inspection standards in 2017, utilizing both HQS standards the new standards in parallel and developing internal systems to record and share NSPIRE inspection results with tenants and owners as it relates to their properties. The Authority is prepared to fully adopt NSPIRE by July 1, 2024, per HUD's expected schedule.

Minor revisions have been made to the version of Chapter 8 that was approved on March 25, 2024 to memorialize the adoption date of the NSPIRE standards for the Authority, clarify language and correct typographical errors, and to identify that the Authority is seeking HUD approval to add a local variation to the NSPIRE standards to align with certain state building and electrical code standards for life safety measures. These changes are outlined in the redline version of Chapter 8 provided as Attachment 1.

#### PRIOR HOUSING AUTHORITY REVIEW

On September 25, 2023, the Housing Authority heard a Study Session about the Administrative Plan including a preliminary review of the anticipated HOTMA changes and NSPIRE.

On October 23, 2023, the Housing Authority heard a Study Session updating the timeline and transition plan for the anticipated HOTMA changes, including NSPIRE.

On February 26, 2024, the Housing Authority heard a Study Session reviewing the draft HOTMA-compliant Administrative Plan, including the NSPIRE inspection standards and rent reasonableness policies in Chapter 8 of the Administrative Plan.

On March 25, 2024, the Housing Authority held a Public Hearing during which the full HOTMA-compliant Administrative Plan was approved, including the NSPIRE inspection standards and rent reasonableness policies in Chapter 8 of the Administrative Plan.

#### ANALYSIS

The current version of the HCV Administrative Plan is in need of updating to publish and implement the NSPIRE inspection standards in Chapter 8, which were approved by the Board of Commissioners on March 25, 2024.

The remaining chapters of the Administrative Plan contain HOTMA policies that were developed and approved by the Board of Commissioners on March 25, 2024 cannot be implemented until HUD's Housing Information Portal (HIP) is operational. The HIP system is where PHAs will submit family income, asset and rental calculation information collected and calculated under the new HOTMA rules. The HIP system is not expected to be operational until late Calendar Year 2024. The HOTMA policies that were approved by the Board of Commissioners on March 25, 2024 will be fully adopted on a date to be determined in the future when the HIP system is operational and HOTMA-compliant data can be submitted.

### FISCAL IMPACT

The proposed changes to the Administrative Plan do not have a fiscal impact on the HCV program; the funding is already available under the ACC with HUD.

### ENVIRONMENTAL IMPACT

The action to update the policies in the Administrative Plan is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and no further environmental review is required.

### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

### NOTIFICATION

Not applicable.

### ATTACHMENTS

- Attachment 1 – Housing Choice Voucher Program Administrative Plan Chapter 8: National Standards for the Physical Inspection of Real Estate and Rent Reasonableness Determinations (Redline Version)
- Resolution

### CONTACT

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