



FAQ

LIHTC PROPERTY INSPECTIONS

These FAQs are based on staff interpretations or understanding of IRS rules and guidance for the Low Income Housing Tax Credit Program. Ultimately, owners are responsible for making sure their properties are in compliance with both federal regulations and state requirements as outlined in the Commission's Policies, Regulatory Agreements, and published compliance guidance.

Q: How do I know which of my properties will be inspected each year?

A: Each December, WSHFC assigns an annual report type to every property. We publish the assignments as a list on this web page: <https://www.wshfc.org/managers/forms-tc.htm>. Download the "Report Types by Property Name List" as an Excel file and you can filter your projects by your property management or owner company name. The relevant report type – including inspection report types – is noted next to each property name.

Q: Why is US Housing Consultants (USHC) so strict in their interpretation of NSPIRE?

A: US Housing Consultants is a nationally recognized affordable housing consulting firm which provides significant guidance to regulatory agencies, developers, syndicators and operators in our industry. They have deep knowledge of NSPIRE standards and were heavily involved during the NSPIRE demonstration phase. During the pilot, they provided feedback to HUD based on their field experience with numerous housing finance agencies and public housing authorities. As a consultant for WSHFC, USHC's job is to apply NSPIRE standards consistently and accurately in order to ensure good outcomes for our properties and to manage risk for our agency.

Q: Does the Commission have an appeals process for LIHTC inspections?

A: Unlike the appeals process available to recipients of HUD REAC inspections, there is no formal appeals process for LIHTC inspections, neither at the federal level nor the state level. WSHFC does not remove deficiencies from an inspection report. If you have a concern about a deficiency or set of deficiencies, contact your property's monitoring Portfolio Analyst to discuss what options may be available to resolve the situation.

Q: Why don't Commission staff conduct the inspections themselves?

A: While WSHFC staff used to conduct inspections of LIHTC properties, our portfolio has grown too large for our staff to complete both file reviews and physical inspections. Moreover, we want to provide a fair, objective inspection process for all our properties. To ensure a fair and objective assessment, we have chosen to contract with independent third-party evaluators to do this work.

Q: Why won't the USHC inspector tell me how to repair a deficiency?

A: To maintain the integrity of the inspection process, our vendors are required to remain neutral. They provide a list of deficiencies based on NSPIRE standards, but they cannot offer repair advice. This ensures there is no conflict of interest between the person identifying the problem and the person suggesting the solution. Because the inspector's contract is with WSHFC and not the property owner, providing specific repair recommendations could create a conflict of interest or lead to liability issues if a suggested fix does not meet local building codes. For the best results, please share your inspection report with a licensed professional to determine the best repair strategies.

Q: One of the deficiencies the USHC inspector identified is not a problem according to local building code – does that make a difference?

A: Yes! Federal guidance does allow LIHTC properties to meet either HUD inspection standards or local building code. Therefore, if a report finding constitutes a deficiency under NSPIRE BUT is something which is allowable under local building code, WSHFC will accept confirmation from local building code officials in place of requiring the owner to repair the deficiency.

To ensure that you can take advantage of this option, be sure to send your monitoring Portfolio Analyst the right information. For properties built or rehabbed after 2022, a copy of the property's Certificates of Occupancy can be sufficient to confirm local building code exceptions. If your property was built or rehabbed *prior* to 2022, you will need to get an email or a letter from someone who works for your city or locality's building code department confirming that the inspection deficiency is allowable under local building code.

Q: What do I do if I don't understand a deficiency or need more clarification after the inspection is over?

A: If you don't understand a deficiency identified during the inspection, ask the inspector to explain it to you more clearly. After the inspection, review the photo taken by the inspector (which is linked to the deficiency grid) and review NSPIRE definitions and guidance to get greater clarity. Finally, you can contact your property's monitoring Portfolio Analyst to discuss the situation so we can get you the information you need.

Q: Can I reschedule my inspection?

A: Under most circumstances, no. However, if all your agency staff will be unavailable on the inspection date (due to an agency retreat or similar event), please contact USHC immediately to let them know. They will coordinate with us to discuss rescheduling the inspection.

Q: Can I get more than two weeks' notice before the inspection date?

A: Federal regulations prohibit the Commission from providing more than two weeks' advance notice of the specific inspection date. However, we publish a list of all properties being inspected in the following calendar year on our website every December so that some advance planning can be done by owners.