Regulatory Flexibility Act

The Acting Administrator, in accordance with the Regulatory Flexibility Act (5 U.S.C. 601–612) (RFA), has reviewed this proposed rule and by approving it certifies that it will not have a significant economic impact on a substantial number of small entities. The purpose of this rule is to remove 6β-naltrexol from the list of schedules of the CSA. This action will remove regulatory controls and administrative, civil, and criminal sanctions applicable to controlled substances for handlers and proposed handlers of 6β-naltrexol. Accordingly, it has the potential for some economic impact in the form of cost savings.

If finalized, the proposed rule will affect all persons who would handle, or propose to handle, 6β-naltrexol. 6β-Naltrexol is the major metabolite of naltrexone and is not currently available or marketed in any country. Due to the wide variety of unidentifiable and unquantifiable variables that potentially could influence the distribution and dispensing rates, if any, of 6β-naltrexol, the DEA is unable to determine the number of entities and small entities which might handle 6β-naltrexol. In some instances where a controlled pharmaceutical drug is removed from the schedules of the CSA, the DEA is able to quantify the estimated number of affected entities and small entities because the handling of the drug is expected to be limited to DEA registrants even after removal from the schedules. In such instances, the DEA's knowledge of its registrant population forms the basis for estimating the number of affected entities and small entities. However, the DEA does not have a basis to estimate whether 6β-naltrexol is expected to be handled by persons who hold DEA registrations, by persons who are not currently registered with the DEA to handle controlled substances, or both. Therefore, the DEA is unable to estimate the number of entities and small entities who plan to handle 6β-naltrexol.

Although the DEA does not have a reliable basis to estimate the number of affected entities and quantify the economic impact of this final rule, a qualitative analysis indicates that this rule is likely to result in some cost savings. As noted above, the DEA is specifically soliciting comments on the economic impact of this proposed rule. The DEA will revise this section if warranted after consideration of any comments received. Any person planning to handle 6β-naltrexol will realize cost savings in the form of saved DEA registration fees, and the elimination of physical security, recordkeeping, and reporting requirements.

Because of these factors, DEA projects that this rule will not result in a significant economic impact on a substantial number of small entities.

Unfunded Mandates Reform Act of 1995

On the basis of information contained in the ''Regulatory Flexibility Act'' section above, the DEA has determined and certifies pursuant to the Unfunded Mandates Reform Act of 1995 (UMRA), 2 U.S.C. 1501 *et seq.,* that this action would not result in any federal mandate that may result ''in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of $100,000,000 or more (adjusted for inflation) in any one year * * *.'' Therefore, neither a Small Government Agency Plan nor any other action is required under provisions of UMRA.

Paperwork Reduction Act

This action does not impose a new collection of information requirement under the Paperwork Reduction Act, 44 U.S.C. 3501–3521. This action would not impose recordkeeping or reporting requirements on State or local governments, individuals, businesses, or organizations. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

List of Subjects in 21 CFR Part 1308

Administrative practice and procedure, Drug traffic control, Reporting and recordkeeping requirements.

For the reasons set out above, 21 CFR part 1308 is proposed to be amended to read as follows:

PART 1308— SCHEDULES OF CONTROLLED SUBSTANCES

■ 1. The authority citation for 21 CFR part 1308 continues to read as follows:

Authority: 21 U.S.C. 811, 812, 871(b), 956(b), unless otherwise noted.

■ 2. In § 1308.12, revise the introductory text paragraph (b)(1) to read as follows:

§ 1308.12 Schedule II.

* * * * *

(b) * * *

(1) Opium and opiate, and any salt, compound, derivative, or preparation of opium or opiate excluding apomorphine, thebaine-derived butorphanol, dextrorphan, nalbuphine, naldemedine, nalmefene, naloxegol, naloxone, 6β-naltrexol and naltrexone, and their respective salts, but including the following:

* * * * *

Dated: August 6, 2019.

Uttam Dhillon,

Acting Administrator.

[FR Doc. 2019–17630 Filed 8–20–19; 8:45 am]

BILLING CODE 4410–09–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Parts 5 and 200

[Docket No. FR–6160–N–01]

Notice of Demonstration To Assess the National Standards for the Physical Inspection of Real Estate and Associated Protocols

AGENCY: Office of the Assistant Secretary for Housing; Office of the Assistant Secretary for Public and Indian Housing, U.S. Department of Housing and Urban Development.

ACTION: Notice.

SUMMARY: The shift to the National Standards for the Physical Inspection of Real Estate (NSPIRE) will further one of HUD's highest priority strategic outcomes—resident health and safety. HUD is looking at the implementation of NSPIRE as an opportunity to reduce regulatory burden through alignment and consolidation compared to either maintaining or increasing the number of standards and protocols to evaluate HUD-assisted housing across multiple programs. During this demonstration, HUD will solicit volunteers to test the NSPIRE standards and protocols as the means for assessing the physical conditions of HUD-assisted and -insured housing. The demonstration, which will include approximately 4,500 properties, will be implemented on a rolling, nationwide basis and will assess all aspects of the physical inspection line of business of the Real Estate Assessment Center—the collection, processing, and evaluation of physical inspection data and information, including a new scoring model. As the first step in the implementation of NSPIRE, HUD is soliciting comment on this proposed, voluntary demonstration. HUD will consider the comments and incorporate them into the demonstration. Subjecting the NSPIRE model to a multistage demonstration will serve as an opportunity to refine processes and ensure all mechanisms are in place to facilitate the transition to a nationwide implementation. This demonstration will also serve as the precursor to any required rulemaking.

DATES: *Comment Due Date:* October 21, 2019.

ADDRESSES: HUD invites interested persons to submit comments to the Office of the General Counsel, Regulations Division, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410–0500. Communications should refer to the above docket number and title and should contain the information specified in the ''Request for Comments'' section. There are two methods for submitting public comments.

1. Submission of Comments by Mail. Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410–0500. Due to security measures at all Federal agencies, however, submission of comments by mail often results in delayed delivery. To ensure timely receipt, HUD recommends that comments be mailed at least 2 weeks in advance of the public comment deadline.

2. Electronic Submission of Comments. Comments may also be submitted electronically through the Federal eRulemaking Portal at *https://www.regulations.gov/.* HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make comments immediately available to the public. Comments submitted electronically through the website can be viewed by other commenters and interested members of the public. Commenters should follow instructions provided on that site to submit comments electronically.

Note: To receive consideration as public comments, comments must be submitted using one of the two methods specified above. Again, all submissions must refer to the docket number and title of the notice.

No Facsimile Comments. Facsimile (fax) comments are not acceptable.

Public Inspection of Comments. All comments and communications submitted to HUD will be available for public inspection and copying between 8 a.m. and 5 p.m., weekdays, at the above address. Due to security measures at HUD Headquarters, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at 202–708–3055. This is not a toll-free number. Copies of all comments submitted are available for inspection and downloading at *https://www.regulations.gov/.*

FOR FURTHER INFORMATION CONTACT: Daniel R. Williams, Real Estate Assessment Center, Office of Public and Indian Housing, Department of Housing and Urban Development, 550 12th Street SW, Suite 100, Washington, DC 20410–4000, telephone number 202–475–8873 (this is not a toll-free number). Persons with hearing or speech impairments may contact the numbers above via TTY by calling the Federal Relay Service at 800–877–8339 (this is a toll-free number).

SUPPLEMENTARY INFORMATION:

I. Structure of the Notice

The following five sections discuss the background through the solicitation of comments. Section II provides background information on HUD inspections and their applicability to HUD's oversight responsibility related to ensuring safe, habitable conditions within HUD housing. For the purposes of this notice, ''HUD housing'' is defined as housing assisted under the HUD programs listed in 24 CFR 200.853(a); housing with mortgages insured or held by HUD, or housing that is receiving assistance from HUD, under the programs listed in 24 CFR 200.853(b); and Public Housing (housing receiving assistance under the U.S. Housing Act of 1937, other than under section 8 of the Act). This does not apply to units assisted under the Housing Choice Voucher (HCV) program, including the Project-Based Voucher Program under the purview of the Office of Public and Indian Housing.[1] Once the NSPIRE standards have been validated through this demonstration, they will be tested with HCV properties under the existing demonstration authority for that program (See FR–5928–N–02, ''Notice of Continuation of Demonstration to Test Proposed New Method of Assessing the Physical Conditions of Voucher-Assisted Housing,'' 84 FR 24416). In section III, HUD explains the elements that will be assessed during the voluntary demonstration, which are: (1) The improved inspection model and demonstration protocols; (2) data standardization and information exchange of inspections and related information; (3) reduced costs of administrative activities; and (4) oversight and performance improvement. Also, in section III, HUD discusses which properties will be subject to inspections as part of the demonstration. In section IV, HUD describes the process it will use to assess the results of the demonstration. In section V, HUD outlines the policy deviations required for the demonstration. Finally, in section VI, HUD solicits public comment generally and on several questions of specific interest.

II. Background

HUD currently uses an inspection model established in 1998, relying on Uniform Physical Condition Standards (UPCS)[2] and managed under the Department's Real Estate Assessment Center (REAC). Since then, the housing portfolios HUD inspects have undergone major transformations. A housing portfolio once dominated by Government-owned properties has become largely populated by private entities. HUD, Congress, the public, and HUD's growing list of customers demand products and services that provide accurate and reliable evaluations of housing conditions, while reducing regulatory burden. HUD has found that some property owners have become more interested in meeting minimal compliance thresholds than incorporating best practices that relate to property maintenance. To address these developments, HUD proactively initiated a wholesale reexamination of its physical inspection process and began to lay the foundation of the NSPIRE model that supports two of three goals in the Department's overarching strategic plan.[3] The NSPIRE model will support HUD's objectives to:

- ''Rethink American Communities: . . . Protect the health of residents by addressing lead-based paint and other health and safety hazards in housing.''
- ''Reimagine the Way HUD Works: . . . Rethink how we deliver services directly to our customers to increase consistency and accountability.''

To help achieve these goals, the NSPIRE model will:

- For the first time, incorporate comprehensive, annual self-inspections by property management staff, the methods and results of which will be integral parts of HUD's real estate inspection process. By making regular, comprehensive self-inspections a part of HUD's physical assessment regimen, property managers will be more engaged in the process and more vested in the outcomes.

[1] Once deficiency criteria that make up NSPIRE are completed, such criteria will be included in the UPCS-Voucher demonstration.

[2] 24 CFR part 5, subpart G.

[3] U.S. Department of Housing and Urban Development Strategic Plan 2018–2022.

- Enhance accuracy through:
  - Better identification of substandard properties.
  - Increased objectivity and defensibility of inspections.
  - Reduced complexity of inspections and increased time in units.
- Place greater weight on health and safety (H&S) deficiencies than on function and appearance.
- Implement inspections that better reflect the true physical conditions of properties.
- Ensure owners adopt sound, year-round maintenance practices.

To achieve these outcomes, NSPIRE will aspire to align all inspection standards, while adopting flexible protocols to accommodate the unique circumstances of each program and housing type.

Recognizing the impact of these changes, HUD began to analyze the way inspections are conducted and to better understand areas in which its standards and processes needed to evolve. This analysis showed that HUD's current process for inspecting and assessing housing assets has not fundamentally changed since it was developed in 1998. Aspects of the UPCS model, such as problems in units carrying a low scoring weight, having standards with intentionally broad language, relying on resource-intensive manual processes to determine the quality of the results, and assuming that the individual inspector would not be a determining factor in inspection outcomes, are misaligned with HUD's priorities and the state of the housing inspection industry. Detailed documentation about how inspections are performed today can be found on the REAC website at *https://www.hud.gov/program_offices/public_indian_housing/reac/products/prodpass.*

More specifically, as HUD has developed the concept of NSPIRE, the review of the existing program has shown that standards for the assessment of existing housing need to be well-aligned to the livability and the residential use of the structures and that having too many indicators results in a highly complex task, which increases the chance for error. Similarly, processes that were designed for a different generation of technology capabilities can benefit from current advances in that field, such as machine learning, process automation, and automated data exchanges that bring consistency and transparency to processes and results. Additionally, a review of the items and deficiencies within the UPCS standards has shown that some rely too heavily on individual judgment, especially those oriented around the appearance of items that are otherwise functional.

From this analysis, HUD has started to develop, document, and propose standards and protocols for a new inspection model called NSPIRE. This demonstration seeks to target a diverse, representative group of stakeholders, including REAC, other HUD offices, public housing agencies (PHAs), and owners and agents (OAs), the last two of which are referred to, collectively, as POAs. After the public comment period has expired and HUD has considered the comments, HUD will subject the NSPIRE model to a multistage demonstration for the purpose of ensuring that all mechanisms are in place to support the transition to the NSPIRE model after all required rulemaking.

Demonstration participation is limited to volunteers; no POAs will be required to participate. This demonstration does not include properties under the HCV program as HUD has a separate demonstration program underway that covers that program. As NSPIRE is intended to be a single inspection standard for all of HUD, however, once the NSPIRE standards have been validated during the demonstration that is the subject of this notice, they will be migrated to the Uniform Physical Condition Standards for Vouchers (UPCS–V) demonstration for further testing with HCV properties. Feedback and lessons learned will be shared across the demonstrations to inform any subsequent rulemaking.

III. The NSPIRE Demonstration

A. Overview

Start here In executing the authorities [4] and in fulfillment of the oversight responsibilities provided to the Secretary, HUD is developing improved standards, protocols, and processes as part of NSPIRE. HUD will make drafts of the standards incrementally available on the department's website, as well as the final set of standards applicable to the demonstration. The NSPIRE Model is designed to better identify those POAs who are not adhering to minimum compliance standards [5] by:

- Establishing more objective, better-defined deficiency definitions which will be validated by a third-party contractor;
- Requiring properties to complete and submit their annual self-inspection results electronically;
- Incorporating less complex inspection protocols using indicators aligned to quality;
- Reducing the number of inspectable areas at properties to simplify the process and reduce administrative errors related to deficiency misclassification by regrouping the inspectable items into three categories from five [6]—note that this only changes the grouping of inspectable items, it does not change which items are being inspected;
- Deliberately grouping deficiencies into one of three categories;
- Better identifying all H&S deficiencies; and
- Adopting a new scoring model that places the most emphasis on the areas considered the most important—the residents' homes.

The demonstration will use objective condition standards that include a list of H&S items which must be addressed, revised Information Technology (IT) processes, and new oversight approaches. The specific H&S deficiency criteria are still in development and will be released on HUD's website as they become available. Demonstration participants will be notified by email and Listserv in advance when HUD plans to change criteria and again by the same method of notification after any changes are posted to the website. Moreover, this demonstration is the first step in implementing an NSPIRE Model that seeks to better identify H&S hazards in housing, more accurately assess the physical condition of HUD housing, improve inspection service delivery, encourage more active engagement by POAs in the physical assessment process, and enhance HUD's overall oversight and risk management capabilities.

The NSPIRE demonstration will test, and refine as necessary, processes comprised of the standards, regulations, business processes, risk models, IT systems, and support services necessary to meet the goals and objectives described above. Specifically, the NSPIRE Model is designed to improve objectivity, defensibility, and accuracy in order to achieve a more reliable assessment of housing conditions for those living in HUD housing. The scope of the inspection, the procedural guidelines, and the individual deficiencies have been modified to remove subjectivity and ambiguity and to emphasize those areas that present the highest risk of harm to those living in HUD housing. The fact that NSPIRE has three inspectable areas does not

[4] Including but not limited to those contained in 42 U.S.C. 3535(r) and 1437d(f)(3).

[5] Codified at 24 CFR 5.703.

[6] 24 CFR 902.3.

imply a reduction in what items may be cited or the physical locations to be inspected, but is intended to simplify the field protocols used by the inspector to achieve an increase in consistency. Accordingly, as a different way to aggregate inspection data, this does not imply a reduction in the quality of the inspection.

B. The NSPIRE Model and Demonstration Protocols

Under this voluntary demonstration, HUD will inspect, for up to two years, approximately 4,500 properties from a pool of volunteers who are willing to adopt the NSPIRE Model to assess the physical condition of HUD housing. To that end, HUD's NSPIRE Model has three major components: (1) Three Types of Inspections, (2) Three Categories of Deficiencies, and (3) Three Inspectable Areas. The Three Types of Inspections include POA self-inspections; those conducted by contractors and/or federal inspectors; and those conducted solely by federal inspectors. The Three Categories of Deficiencies are Health and Safety; Function and Operability; and Condition and Appearance, with each category ideally resulting in emergency work orders, routine work orders, and other maintenance respectively. The Three Inspectable Areas will be Inside, Outside, and Unit. ''Inside'' refers to all common areas and building systems (*e.g.,* HVAC) located inside a building. ''Outside'' refers to the building site, the building envelope, and any building systems located outside of the building or unit. ''Unit'' refers to the interior of an individual residential unit. The transition to these three major components will decrease inspection complexity, simplify the scoring model, and increase consistency in the way the standards are interpreted, and protocols are applied, during an inspection. Elements of each of the three components will be deployed simultaneously to refine the mechanics of administration during this demonstration; however, each type of inspection (POAs, Contract Inspectors, Federal Inspectors) will begin the demonstration in an incremental fashion.

As part of the NSPIRE implementation process, HUD intends to issue a proposed rule in late 2019 that will amend and align overarching policies related to the frequency of inspections, the method of appealing results, and the actors responsible for conducting the inspection. After having been validated through the demonstration and considering any public comments from the proposed rule, HUD will also publish separate notices in the **Federal Register** open for public comment which contain the detailed elements of the NSPIRE inspection itself to include the standards, sampling and scoring protocols.

For the demonstration, the following phases apply:

- Phase I—HUD will begin an iterative approach to receiving and processing participating POA annual inspection results and other data (*e.g.,* certificates, property profiles, work orders, and local code violations which occurred during the annual reporting period) to develop a reasonable assurance of property conditions at the time of the POAs' self-inspections. Capabilities within Phase I will include:
  - A system (POA-owned or HUD-provided) that POAs can use successfully to:
    - Inspect their properties, record the results, create work orders, and submit results to HUD; and
    - Stream property profiles, certificates, and work orders directly to HUD.
  - A HUD system that can successfully:
    - Receive and store POA self-inspections and related information;
    - Process and provide analysis of data provided through self-inspections; and
    - Update inspection profiles based on POA provided data and information.
- Phase II—HUD will begin iteratively deploying functionality to reach Phase II objectives; this will be achieved when HUD can better and more accurately determine when an owner is not providing acceptable housing. For the purpose of this demonstration only, contract and federal inspectors will assess properties using the Critical to Quality (CTQ) standards (further explained below) and protocols developed as part of the NSPIRE Model during Phase II, which will be incrementally posted on the NSPIRE website as they are developed. Each deficiency will be posted online in a manner that allows for targeted stakeholder feedback for that specific deficiency instead of requiring a comprehensive review of all the standards.

Additionally, HUD will create a demonstration scoring model which will be used to assess demonstration results. Similar to the publication of the NSPIRE deficiencies, HUD will publish the proposed weighting factors as a supplement to the item and deficiency descriptions on the website. Among other considerations, weighting factors are based on the importance of the item to the built environment, its potential impact on a resident if defective, and the extent to which any damage reflects on the ability of management to maintain a property. Capabilities within Phase II will include:

- A system of more objective standards and simpler protocols that will enable a trained inspector to better detect, identify, and record deficiencies and submit those results to HUD. These ''objective standards'' will be in the form of CTQs. CTQs will be a well-defined subset of the entire set of NSPIRE Standards that have a high correlation to overall quality and are calibrated to provide strong assurance that a property is not in compliance with HUD's minimum property standards. Simply put, when a deficiency is noted against a CTQ or a number of CTQs, there will be a high correlation to substandard conditions within a property. This direct correlation to quality allows for inspections built around CTQs to evaluate fewer standards but remain highly effective in determining substandard conditions. This capability should provide a higher level of confidence in evaluating property conditions than the POAs' self-inspections described in Phase I. For this phase of the demonstration, HUD may use contract inspectors, government employees, or both to inspect properties according to a revised set of deficiency definitions in lieu of those found in the current Dictionary of Deficiency Definitions (see 24 CFR 902.3).[7]
- A system of protocols and additional indicators, compared to those used by contract inspectors, that will enable trained federal employee inspectors to better detect, identify, and record evidence about the extent of substandard conditions and submit those results to HUD. These additional factors will be developed later in the demonstration based on the feedback federal inspectors have provided as they assist with the development of NSPIRE. Generally, these indicators are those that require more time, higher skills, or more equipment to identify such that they would not be practical for a contractor to perform on every inspection. This capability would provide the highest level of confidence in evaluating a property's condition compared to POA or contracted inspections with the results being used

[7] *Public Housing Assessment System (PHAS): Physical Condition Scoring Notice and Revised Dictionary of Deficiency Definitions; Notice;* **Federal Register**, Volume 77, Number 154, Part II, Department of Housing and Urban Development, August 9, 2012.

to support enforcement actions or sanctions.

○ A HUD analytic system capable of processing the inspection results, including the employment of a new scoring model, to provide a more accurate and defensible determination of those POAs who are not providing acceptable housing. For the purposes of the demonstration, a new scoring model will be used in lieu of the current Physical Condition Scoring Notice.[8] Nothing in this demonstration notice should be construed to mean any rights and obligations under 42 U.S.C. 1437d(j)(1)(K)(I) and 1437d(j)(2) are being waived, suspended, or superseded. HUD is undertaking this demonstration in accordance with 42 U.S.C. 1437d(j)(1)(K)(I) to ensure agencies are not penalized for circumstances beyond their control. All rights under 42 U.S.C. 1437d(j)(2) and as provided in 24 CFR 902.64, 902.66, 902.68 and 902.69, which deal with technical reviews and rights to petition and appeal troubled performer designation continue to apply.

Prior to the demonstration, HUD will publish a minimum, standardized list of exigent health and safety (EH&S) items to be included in the CTQ inspection that POAs participating in the demonstration must correct, remedy, or act to abate within 24 hours of receipt of notification of such deficiencies from HUD to include submitting evidence of repair, correction, or abatement (*e.g.,* closed work order and photo) to HUD through NSPIRE systems. At this time, HUD expects this list to be similar to the exigent health and safety items in UPCS and the list of published life-threatening conditions published as part of the UPCS–V demonstration. If at the time of the inspection, EH&S and H&S deficiencies are observed, the inspector will provide a list of such deficiencies to the POA that must be corrected and closed with HUD within established timeframes. As part of the demonstration, HUD will work with POAs to establish a process for validating repair of H&S deficiencies that do not require repair within 24 hours but must be corrected with evidence of the repair being submitted through NSPIRE systems. This collaborative effort will include determining reasonable times for repair for H&S deficiencies. Also, HUD will explore options to better address the pervasiveness of deficiencies throughout a property while retaining statistical samples within its protocols.

As part of the demonstration, HUD will inspect properties that have been selected through a voluntary application and selection process with the goal of ensuring the consistency, accuracy, and objectivity of the new indicators. In addition to general feedback, POAs will be provided the opportunity to participate in formal focus groups to review results and provide feedback on the indicators. HUD will inspect participating properties at least once during the demonstration using the NSPIRE standards. During the demonstration, HUD will explore multiple sampling formulas to determine the optimal sampling rates for both units and buildings. HUD will also explore the feasibility of implementing the new standards and protocols and identify refinements that are needed to fully implement the new model nationwide.

The demonstration will continue for at least two years and may be extended by subsequent **Federal Register** notice so HUD has sufficient information to evaluate the success of the new standards and protocols and assurance that the NSPIRE Model is achieving consistent results.

C. Data Standardization and Information Exchange of Inspections and Related Information

For participating POAs, this part of the demonstration will test the transition to automated systems/processes through which POAs will submit inspection results, work orders, certificates, and property profiles. POAs will be permitted to use their own software to perform their inspections; however, HUD will provide software to those POAs who request it. This software will be mobile-based so the POA will need an Android or iOS device. For POAs with their own IT systems, including POA-produced inspection software, HUD will work with participating agencies to establish the JavaScript Object Notation (JSON) or equivalent data standards for transferring physical inspection information between the POA and HUD systems. All IT configuration requirements will be made available for review on HUD's NSPIRE website. HUD will require POAs participating in this part to document and submit all inspections electronically to HUD. HUD anticipates that it will then review, analyze, and where appropriate, transform the inspection data into value-added information, such as relative risk reports, for electronic transmission back to the POAs for their use.

POAs participating in this part of the demonstration who choose to use their own software will be required to have and maintain the IT resources and support necessary to interface with HUD's systems using industry standard file transfer protocols such as Simple Object Access Protocol (SOAP) and Representational State Transfer (REST) standards and complying with all security requirements. Some data exchange may be via transfer of flat files (*e.g.,* spreadsheets), especially during the early portions of the demonstration.

D. Oversight and Performance Improvement

In this part of the demonstration, HUD will explore whether and how POAs are consistently identifying maintenance needs; remedying such needs appropriately and in a timely manner; and accurately reporting unit-based inspection outcomes to HUD. As part of the demonstration, HUD will analyze POAs' abilities to effectively evaluate units as decent, safe, and sanitary. Further, HUD will test the capability of NSPIRE to identify PHAs and properties that are at risk of falling into non-compliance before the next regularly scheduled inspection.

E. Participants

HUD plans to select POAs from all regions from within a nationwide pool of applicants with properties in HUD's Region III receiving preference as the initial cohort. Properties within other regions will be added on a regional, rolling basis throughout the demonstration period. Solicitation and application information will be made available through HUD's ''NSPIRE'' website at: *https://www.hud.gov/program_offices/public_indian_housing/reac/nspire.*

HUD is seeking participation from 4,500 properties across all regions; however, HUD will seek to increase this number if more data and/or information are required. Further, HUD may request POAs participating in any part of the demonstration to participate in focus groups, conference calls, and training sessions on policies and procedures. If required, HUD may make training available to participating POA inspectors, administrators, and quality control staff on the new inspection protocol, including how to use the inspection software. POAs will be responsible for scheduling, assigning inspectors, and conducting their self-inspections. POAs may incrementally submit their annual inspection results or submit the results all at once;

[8] *Public Housing Assessment System (PHAS): Physical Condition Scoring Notice and Revised Dictionary of Deficiency Definitions; Notice;* **Federal Register**, Volume 77, Number 154, Part II, Department of Housing and Urban Development, August 9, 2012.

however, POAs must meet the standard of 100 percent unit inspections annually.

Participating POAs will generally not be subject to both an NSPIRE and a Uniform Physical Condition Standards (UPCS) inspection. If during the NSPIRE demonstration, however, HUD believes substandard conditions exist, the Department, at its discretion, may order and execute a UPCS inspection to confirm substandard conditions and consequently apply any available remedies, sanctions, or other actions as determined by the results. The triggers for a UPCS inspection for a property accepted into the NSPIRE demonstration may include but are not limited to: The identification by HUD, through the NSPIRE inspection or other means, of significant, serious conditions at a property that call into question its prior UPCS scores or its current ability to provide safe, habitable housing to residents; a property not timely correcting healthy and safety issues; or other administrative information available to HUD that would give the Department reason to believe the property is unsafe or financially at risk.

Properties subject to an existing HUD Compliance, Disposition, and Enforcement or Corrective Action Plan will not be included in the demonstration. Any property with a current score of 70 or below but not currently under an enforcement action will be considered on a case-by-case basis but may be subject to both an NSPIRE and UPCS inspection.

F. Scoring

During the demonstration, HUD will develop and test a new scoring model that prioritizes H&S defects over function and appearance to achieve HUD's objectives of better identification of substandard properties and protection of residents. The NSPIRE scoring model to be tested in the demonstration will vary from the current Public Housing Assessment System scoring model.[9] Since the scoring model will be under development, any NSPIRE inspection scores HUD issues during the demonstration will be advisory and therefore, will only be used to refine the demonstration. If a POA participating in the demonstration has an administrative requirement for a UPCS inspection score, HUD may grant a POA's request for a UPCS inspection. HUD reminds properties that while NSPIRE scores will remain advisory during the demonstration, as today, a pattern of serious and substantial conditions that indicate a wide-spread failure to provide acceptable basic housing could subject the property to a UPCS inspection and any available remedies, sanctions, or other actions as determined by the results.

IV. Assessing the Demonstration

The demonstration will provide HUD with data on the NSPIRE Model, including its ability to improve HUD's oversight and risk management capabilities through a reliable, repeatable inspection process that better identifies health and safety risks to residents, before implementing such a program nationwide. The demonstration is anticipated to begin 60 days following the date of publication of this notice, with POAs being added on a rolling basis. Throughout the demonstration, HUD will assess its success and determine how to best implement the new model on a permanent basis throughout the country. In evaluating the demonstration, HUD will assess whether the use of the NSPIRE inspection protocol produces (1) more consistent and accurate results, (2) data standardization and a reliable and less-burdensome method for information exchange, and (3) better indications of substandard properties. Factors HUD may consider during its assessment include but are not limited to:

- Definition of Success
  - The new model provides a high probability (reasonable assurance) of detection of a property that is not meeting minimum condition standards.
- Consistency
  - Did interrater reliability among inspectors improve?
  - Were standards applied uniformly to the same inspectable item at multiple locations?
- Accuracy
  - Did cited deficiencies align to the inspector's overall professional judgment of the property/unit? (For example, a quality scale of 1–5 with ''1'' being worst and ''5'' being best.)
  - How did the NSPIRE result compare to previous inspection results?
  - Did all citable deficiencies have a rationale and an authoritative reference to describe potential hazards?
  - Were the rationales valid and did they accurately describe potential harm?
- Objectivity
  - From a linguistic standpoint, have the standards been written to remove as much subjective language as possible? Do they provide unequivocal ways to measure or prove the deficiency exists?
  - When presented to a focus group, is there a uniform understanding of the language among members?
  - In the field, has the need for an inspector to apply personal judgment, interpretation, or opinion been reduced or, if appropriate, even eliminated?
- Defensibility (Validity)
  - Do the standards focus on items that have the most impact on residents (H&S, function—less so for condition)?
  - Is there agreement on the rationales (potential harm) for most of the deficiencies?
  - Are the standards up-to-date? Do they align to expectations of housing quality and advances in building science and technology (*e.g.,* carbon monoxide, mold, lead, Americans with Disabilities Act, disaster resilience)?

V. Policy Deviations

For the purpose of the demonstration only, HUD will invoke the following policy deviations:

- For the purposes of meeting various program requirements, HUD will extend the inspection periodicity for demonstration properties based on their most recent inspection score in HUD's Physical Assessment Subsystem (PASS) for two years rather than on the periodicity outlined in 24 CFR 200.855, 200.857 and 902.13. All other statutory and regulatory requirements still apply. In other words, HUD is generally waiving the regulatory requirement to undergo a UPCS inspection for the duration of the demonstration for participating properties. However, as noted elsewhere, the Department, at its discretion, may order and execute a UPCS inspection (or equivalent) to confirm substandard conditions and consequently apply any available remedies, sanctions, or other actions as determined by the results, particularly in the event of the demonstration extending beyond a two-year period.
- Inspectable Areas: HUD will use an inspection protocol with only 3 inspectable areas (unit, outside, inside) rather than the 5 areas contained in 24 CFR 902.3.
- EH&S and H&S Deficiencies Repair: POAs will close out all EH&S and H&S deficiencies electronically. Further, in addition to EH&S and H&S deficiencies outlined in the current Dictionary of Deficiency Definitions,[10] HUD will

[9] *Public Housing Assessment System (PHAS): Physical Condition Scoring Notice and Revised Dictionary of Deficiency Definitions; Notice;* **Federal Register**, Volume 77, Number 154, Part II, Department of Housing and Urban Development, August 9, 2012.

[10] *Public Housing Assessment System (PHAS): Physical Condition Scoring Notice and Revised Dictionary of Deficiency Definitions; Notice;* **Federal Register**, Volume 77, Number 154, Part II,

Continued

inspect for the presence and function of carbon monoxide detectors. This constitutes an affirmative requirement for the installation of carbon monoxide detectors for properties/units that contain a fuel-burning appliance, fuel-burning fireplace, or are in buildings with attached private garages with an opening connected to the dwelling unit or sleeping unit.

• For the purposes of meeting various program requirements, HUD will carry forward for demonstration properties the most recent inspection score in HUD's Physical Assessment Subsystem (PASS).

VI. Solicitation of Public Comment

In accordance with section 470 of the Housing and Urban-Rural Recovery Act of 1983 (42 U.S.C. 3542), HUD is seeking comment on the demonstration. Section 470 provides that HUD may not begin a demonstration program not expressly authorized by statute until a description of the demonstration program is published in the **Federal Register** and a 60-day period expires following the date of publication, during which time HUD solicits public comment and considers the comments submitted. HUD has established a public comment period of 60 days. The 60-day public comment period allows HUD the opportunity to consider those comments and be in a position to commence implementation of the demonstration following the conclusion of the public comment period. While HUD solicits comment on all aspects of the demonstration, HUD specifically solicits comment on the following:

1. Are there specific H&S deficiencies that should be added to the current list of EH&S or H&S deficiencies?

2. Is the new model's focus on health, safety, and function while limiting the inspection of some condition and appearance deficiencies appropriate and acceptable?

3. Are there other property characteristics HUD should consider in its inspection and scoring protocols?

4. What inspection incentives should HUD consider providing to high-performing properties and what criteria should be included to determine that status?

5. Are there aspects of the new model that would be a higher administrative burden than the current model?

6. Are there are any low-value aspects of the UPCS model that HUD should not carry forward into NSPIRE?

HUD requests that POAs interested in participating in the demonstration follow the application guidance available on HUD's ''NSPIRE'' website: *https://www.hud.gov/program_offices/public_indian_housing/reac/nspire.*

Dated: August 13, 2019.

Dominique G. Blom,

General Deputy Assistant Secretary for Public and Indian Housing.

[FR Doc. 2019–17910 Filed 8–20–19; 8:45 am]

BILLING CODE 4210–67–P

Department of Housing and Urban Development, August 9, 2012.

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–121508–18]

RIN 1545–BO97

Multiple Employer Plans; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to a notice of proposed rulemaking.

SUMMARY: This document contains a correction to a notice of proposed rulemaking (REG–121508–18) that was published in the **Federal Register** on July 3, 2019. The proposed regulations relate to the tax qualification of plans maintained by more than one employer.

DATES: Written or electronic comments and requests for a public hearing are still being accepted and must be received by October 1, 2019.

ADDRESSES: Submit electronic submissions via the Federal eRulemaking Portal at *www.regulations.gov* (indicate IRS and REG–121508–18) by following the online instructions for submitting comments. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish for public availability any comment received to its public docket, whether submitted electronically or in hard copy. Send hard copy submissions to: CC:PA:LPD:PR (REG–121508–18), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG–121508–18), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW, Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Pamela Kinard at (202) 317–6000 or Jamie Dvoretzky at (202) 317–4102; concerning submission of comments or to request a public hearing, email or call Regina Johnson at *fdms.database@irscounsel.treas.gov* or (202) 317–6901 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

The proposed regulations that are the subject of this correction are under section 413 of the Internal Revenue Code.

Need for Correction

As published, the notice of proposed rulemaking (REG–121508–18) contains errors which may prove to be misleading and need to be clarified.

Correction of Publication

Accordingly, the notice of proposed rulemaking (REG–121508–18) that was the subject of FR Doc. 2019–14123, published at 84 FR 31777 (July 3, 2019), is corrected to read as follows:

■ 1. On page 31781, second column, the third line from the top of the second full paragraph, the language ''that, if a 413(c)'' is corrected to read ''that, if a section 413(c)''.

■ 2. On page 31781, second column, the eleventh line from the bottom of the second full paragraph, the language ''will be conditioned on the 413(c) plan'' is corrected to read ''will be conditioned on the section 413(c) plan''.

■ 3. On page 31783, first column, the last line of the second full paragraph, the language, ''small employers to adopt these plans.'' is corrected to read ''small employers adopting these plans.''.

■ 4. On page 31784, first column, the last line of the first full paragraph, the language ''employees and employee participants.'' is corrected to read ''employers and employee participants.''.

■ 5. On page 31784, third column, the eleventh line from the bottom of the first full paragraph, the language ''included both administrative and'' is corrected to read ''includes both administrative and''.

■ 6. On page 31785, first column, beginning on the fifth line from the bottom of the page, the language ''to attach auditor's reports'' is corrected to read ''to attach auditors' reports''.

■ 7. On page 31788, third column, the eighth line from the top of the first full paragraph, the language ''employer and to the Department of Labor.'' is corrected to read ''employer (and their beneficiaries) and to the Department of Labor.''.

§ 1.413–2 [Corrected]

■ 8. On page 31794, the second column, the sixth line of paragraph (g)(7)(i)(A),