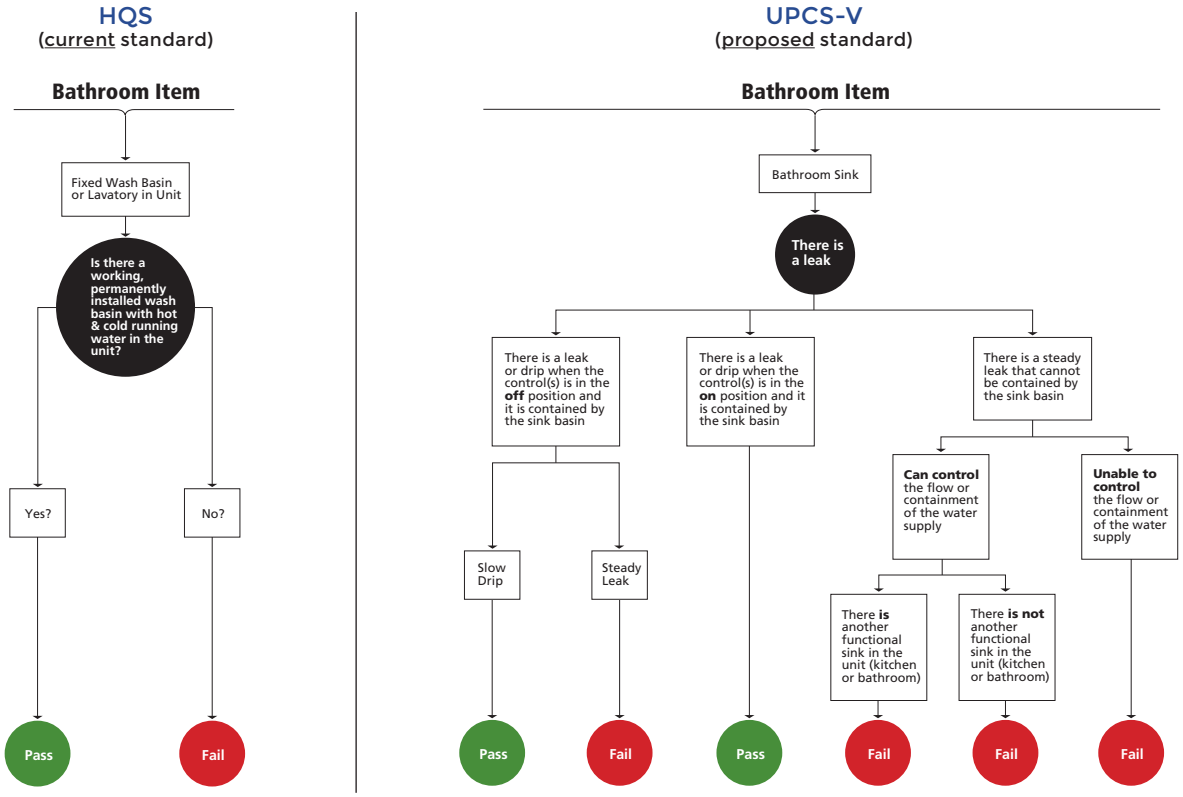
PHADA Comments on UPCS-V Demonstration

Potential Outcomes Raise Concerns, Many Unanswered Questions Remain

PHADA SUBMITTED COMMENTS to the Department of Housing and Urban Development's (HUD) "Notice of Demonstration to Test a Proposed New Method of Assessing the Physical Conditions of Voucher-Assisted Housing." The Association's submission included approximately 20 pages of questions and concerns for the Department related to both the demonstration and the new proposed inspection standard for the Housing Choice Voucher program (HCV), UPCS-V. Listed below are a selection of highlights from the July 2016 comment letter submitted to the Department. **PHADA will continue to urge HUD to move ahead cautiously with the demonstration, and will keep members apprised of its development as it progresses**.

- While PHADA has and continues to support improvements to Housing Quality Standards (HQS) related to the current science of health and safety standards, the demonstration and potential nationwide implementation of a wholly new physical inspection standard in the HCV program – in the current environment of decreased federal funding and increased administrative and regulatory burdens – is imprudent. It could also have **serious and far-reaching consequences** to the voucher program as a whole.
- It is imperative that HUD **actively engage all key stakeholders**, including, but not limited to: owners, voucher-assisted participants, industry groups, advocacy groups, contract inspectors and other HAs that have opted not to participate in the demonstration. It is also crucial that other HUD departments like the Office of Policy Development and Research, the Office of Public Housing and Voucher Programs, as well as the Office of Policy, Programs and Legislative Initiatives contribute throughout the entire process in order to adequately and accurately evaluate and anticipate barriers to implementation and detrimental negative impacts to the program itself and key stakeholders.
- **HUD's timeline to launch the demonstration appears rushed**. Comments to the Federal Register Notice are due no later than July 5, 60 days following the issuance of the notice. HUD states that the launch of the demonstration to test UPCS-V is "anticipated to begin 60 days following the date of publication of this notice." Clearly, the Department intends to move forward with the launch of the Demonstration immediately following the close of the comment period. In PHADA's opinion, that does not give HUD adequate time to thoroughly review all comments submitted to the notice and to implement changes to the demonstration based on comments, concerns and suggestions received.
- Inspectable items within the proposed standard are significantly expanded. Specifically, the current HQS Inspection Checklist, form HUD-52580-A, includes approximately seven pages of inspectable items. **HUD's decision trees, which will shape the structure of the proposed electronic inspection software for UPCS-V, specifies 38 pages of potential inspectable pass/fail items** (see figure on page 2 for an example). Given that the majority of Fair Market Rents are at the bottom 40th percentile of the rental housing market available and affordable for program participation, **further expanding inspectable items under UPCS-V will increase the likelihood that a larger number of the available, affordable rental units in the current market will become unavailable to HCV participants, thereby decreasing housing choice and voucher success rates**.
- The Department's eligibility requirements for participation result in an inherent flaw in the design of the demonstration. In order to be eligible to participate in the demonstration, HUD requires the HA to conduct at least 10 inspections per week. Taking into account a reasonable presumption of reinspections approxi-

UPCS-V Standard Excessive and Impractical



The figure above conveys just one example of how burdensome the proposed standard could be compared to HQS, as well as how there are significantly expanded opportunities for a unit to fail an inspection when compared to HQS. The HQS graphic depicts the complete HQS standard as it exists today related to the item "fixed wash basin or lavatory in unit." Adjacent to the HQS graphic is just one example of how UPCS-V addresses the inspectable item "bathroom sink." The UPCS-V graphic depicts an inspector's judgment that "there is a leak." Other examples in the HUD provided decision trees related to bathroom sink deficiencies include such decisions as: problem with drainage, missing or loose sink, cracks or discoloration in the basin, missing or not functioning hardware, etc.

mately 35 percent of the time, it could now be assumed that agencies with approximately 338 vouchers under lease would qualify for the demonstration, if PHADA understands HUD's methodology correctly. **As a result, approximately 55 percent of agencies are not eligible to participate in the UPCS-V demonstration**. Essentially, this means that HUD will be drawing their "representative sample" of participating agencies from only 45 percent of the current HA universe. **A huge portion of small agencies may not be able to participate, nor be able to provide valuable and necessary feedback to the demonstration at all**. This will have a detrimental effect on the eventual implementation of UPCS-V nationwide.

- **HUD's proposed Unit Condition Index will likely be associated with increased quality control and oversight from the Department**. It is unclear exactly how the new inspection standard will improve the quality management programs of HAs "…that experience challenges in managing their HCV inspection programs. HUD- REAC will analyze inspection data to determine if individual PHAs need additional support. In such instances, HUD will provide technical assistance to help PHAs address quality management challenges they may be facing." PHADA anticipates that the Department will utilize the Unit Condition Index data to determine which HAs need "additional support." How this will be determined is extremely vague, if not absent, in the Federal Register Notice. It is uncertain how data found in the Unit Condition Index could determine how adequately, or inadequately an agency manages its HCV inspection program. **HAs do not control the quality of their jurisdiction's housing stock or the units that participants chose to rent. Nor does the condition of a particular unit relate to how well an inspection program is managed**.

If you have any questions or would like additional information, please contact Policy Analyst, Crystal Wojciechowski, at: 202-546-5445, or via email: cwojciechowski@phada.org. To read the full 20-page comment letter, visit: www.phada.org/pdf/UPCSV-FR-Notice_Comments-to-Demo-Due-July5_FINAL.pdf