



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 982

[Docket No. FR-5928-N-02]

Notice of Continuation of Demonstration to Test Proposed New Method of Assessing the Physical Conditions of Voucher-Assisted Housing

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Demonstration Continuation.

SUMMARY: Through this document, HUD solicits comment on the continuation of a demonstration designed to test the new method of assessing the physical condition of housing assisted by HUD vouchers (voucher-assisted housing). The original announcement of the Demonstration was published in the Federal Register on May 4, 2016. In the Joint Explanatory Statement accompanying the act appropriating funds for HUD in Fiscal Year (FY 2016), Congress directed HUD to implement a single inspection protocol for public housing and voucher units. The continuation of this demonstration is necessary to meet that requirement. The demonstration commenced the process for implementing that single inspection protocol.

DATES: Comments Due Date: [INSERT DATE 60 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Interested persons are invited 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. 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 of comments, HUD recommends that comments submitted by mail be submitted at least two weeks in advance of the public comment deadline.

2. Electronic Submission of Comments. Interested persons may submit comments electronically through the Federal eRulemaking Portal at <http://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 <http://www.regulations.gov> Web site 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 the HUD Headquarters building, 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 <http://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT: George Forbes, Inspection Standards and

Data - Vouchers Division, 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) 475-8735 (this is not a toll-free number). Persons with hearing or speech impairments may contact this number via TTY by calling the toll-free Federal Relay Service at 800-877-8339.

SUPPLEMENTARY INFORMATION:

I. Structure of the Notice

This document discusses the background, goals, and comments received during the demonstration and the reasons for continuing the demonstration. Section II provides background on the origins of the Uniform Physical Condition Standards for Vouchers (UPCS-V) and progress of the demonstration. Section III discusses the impact of comments on the test plan for the demonstration and reframed goals based on those comments. Section IV describes what HUD is looking to accomplish in the next phase of the demonstration.

II. Background

Information on the Housing Choice Voucher program and the current Housing Quality Standards (HQS), codified at 24 CFR 982.401, was presented in the May 4, 2016 Demonstration Notice.¹ The HUD Office of Inspector General (OIG) released several audit reports and evaluations identifying weakness in the current HCV inspection program.² Additionally, the Senate Committee on Appropriations issued Report 113-045, accompanying the Senate bill for HUD's 2014 appropriations, directing HUD to "...move to a consistent inspection standard

¹ Notice of Demonstration to Test Proposed New Method of Assessing the Physical Conditions of Voucher-Assisted Housing, 81 Fed. Reg. 26759 (May 4, 2016).

² See e.g., HUD OIG Reports: 2018-PH-1002; 2017-PH-1007; 2016-AT-1005; 2015-CH-1007; 2014-NY-1003; 2012-BO-1005.

across housing assistance programs, as well as [for] oversight of Section 8 units.”³ In the Joint Explanatory Statement accompanying the Consolidated Appropriations Act of 2016, Public Law 114-113, approved December 18, 2015, Congress again directed HUD to implement a single inspection protocol for public housing and voucher units.⁴ Based on these findings and directives, HUD commenced the development of the UPCS-V inspection standard. Congress provided HUD with funding to improve its oversight of the HCV inspection program and to move the inspection standard for the HCV program to a standard consistent with other affordable housing programs, incorporating modern health and safety practices.⁵

HUD is developing a single inspection standard for all units under the Public Housing, Housing Choice Voucher (HCV) and Multifamily programs, called National Standards for the Physical Inspection of Real Estate (NSPIRE). NSPIRE will leverage the infrastructure of UPCS-V to demonstrate, test, and validate NSPIRE protocols. HUD envisions NSPIRE being used for all housing inspections.

Demonstration Progress

Under the demonstration, HUD trained numerous public housing agencies (PHAs) and continues to train PHAs on a regular basis. Currently over 200 PHAs are actively participating in the program. This participation has been critical to the development of a viable inspection protocol. Active PHA participation in the demonstration allows HUD to conduct analysis on a statistically valid number of inspections using the UPCS-V Protocol version 2.5.⁶ In addition to training on the protocol and inspection process, HUD provided devices to some demonstration participants to mitigate the potential cost of off-the-shelf devices.

³ See page 100 of <https://www.gpo.gov/fdsys/pkg/CRPT-113srpt45/pdf/CRPT-113srpt45.pdf>.

⁴ See page 41 of Division L of the FY2016 Joint Explanatory Statement. See <https://rules.house.gov/bill/114/hr-2029-sa>.

⁵ See Title II of Division K of the FY2015 Joint Explanatory Statement. See <https://www.congress.gov/congressional-record/2014/12/11/house-section/article/H9307-1>.

⁶ See <https://www.hud.gov/sites/documents/UPCS-V-PROTOCOLREV.PDF>.

UPCS-V Protocol version 2.5 is currently active in the field. The much improved, streamlined, and alphabetized Defect Dictionary of UPCS-V Beta was drafted while version 2.5 was active in the field. In order to validate the changes made to the inspection protocol, HUD must field test UPCS-V Beta over the next two years. Further, HUD hopes to increase demonstration participation to gather more representative and informative data. HUD continues to recruit PHAs to participate. Contact ISDV@HUD.GOV for more information on becoming a demonstration participant. HUD welcomes additional PHA participation.

III. Impact of Comments and Demonstration Goals

A. Impact of Comments

The initial demonstration was tailored to allow a variety of PHAs to participate. Many PHAs commented they wanted to participate but did not meet the initial selection criteria of the original demonstration notice, including PHA size, geographical spread, and/or number of inspections per week. HUD considered these comments and deemed it beneficial to allow some PHAs to participate in the demonstration that did not meet the initial criteria because it allowed stress testing in diverse environments and provided a more representative sample of inspections and issues. HUD also agreed with commenters with respect to allowing the participation of PHAs who use contract inspectors to conduct their inspections. Public comments supported the expansion of the selection criteria.

As a result of the ongoing demonstration, HUD developed, tested, and fielded a mobile inspection application that has received increasingly positive feedback from PHAs. PHA feedback has been critical throughout the demonstration, resulting in a significantly improved user experience for PHAs and increased data flow to HUD.

HUD's published list of Life-Threatening Conditions was an area of concern for several commenters.⁷ As many commenters noted, the expansion of UPCS-V will be easier to adopt by PHAs if the existing management applications is an integrated UPCS-V Protocol; to that end, HUD formatted the system to allow stakeholders to familiarize themselves with the progress of HUD's software development.⁸

B. Demonstration Goals

Decent, safe, and sanitary housing is the objective of National Housing Policy, 42 U.S.C. 12702, and the primary goal of UPCS-V. HUD seeks to provide PHAs with an inspection protocol that gives them insight into the housing quality of subsidized units so they can use data-driven decisions to guide their program administration. The protocol itself is objective, accurate, and consistent in order to realize the goals of insightful data, which ensures PHAs provide decent, safe, and sanitary housing.

The three components of the demonstration, (1) evaluation of the revised inspection model (UPCS-V), (2) data standardization and information exchange, and (3) insight for improvement have made significant progress during the demonstration.⁹ UPCS-V Beta is awaiting validation in the field. By standardizing inspection procedures with participating PHAs, HUD seeks to provide access to incisive inspection data unavailable before. HUD's work with software vendors represents the first step in honing data standardization and information exchange to facilitate PHA access to meaningful data metrics. The third component of the demonstration provides insight for improvement. HUD's increasing capacity to analyze data

⁷ Housing Opportunity Through Modernization Act of 2016 (HOTMA)- Housing Quality Standard (HQS) Implementation Guidance [Notice PIH 2017-20 (HA)], HUD.GOV (Oct. 27, 2017). *See also*, Housing Opportunity Through Modernization Act of 2016: Implementation of Various Section 8 Voucher Provisions, 82 Fed. Reg. 5458 (Jan. 18, 2017).

⁸ See https://www.hud.gov/program_offices/public_indian_housing/reac/isdv/it/vedga.

⁹ 81 Fed. Reg. 26760 (May 4, 2016) (the three components of the Demonstration were originally identified as: Evaluation of Revised Inspection Model (UPCS-V); Data Standardization and Information Exchange; and Oversight and Performance Improvement).

provides PHAs with insight needed to improve their detailed understanding of the condition of voucher-assisted housing available through their program.

IV. The Next Phase of the Demonstration:

To gather additional data and allow increased PHA participation, while avoiding the burden of defaulting to their original inspection models by current participants, HUD recognized the need to continue the UPCS-V Demonstration.

HUD welcomes input from every sector of the stakeholder population including tenants, landlords, and 3rd party software developers. HUD received positive feedback with respect to the streamlined and alphabetized defect dictionary of UPCS-V Beta. The current inspection application has significant improvements based on user feedback. HUD's software development team continues to communicate with stakeholders. These achievements are the groundwork for successfully modernizing the voucher-assisted housing inspection standard.

HUD must consider several factors of significance in evaluating UPCS-V for successful completion. Does the protocol meet PHA needs? Is UPCS-V clear, accurate, objective, and consistent? Is it practical for all inspectors, from entry level to experienced? Does it provide valuable insight to PHAs, and is it cost effective for them to use? Inspection application development, training, and user acceptance testing are all critical components of providing stakeholders a quality product. The demonstration must encompass all these necessary components to provide stakeholders with a tool that meets their needs. To meet PHA needs and thoroughly address the above questions, a two-year continuation of the UPCS-V demonstration is necessary.

Dated: May 8, 2019

R. Hunter Kurtz
Principal Deputy Assistant Secretary for
Public and Indian Housing

[BILLING CODE 4210-67]

[FR Doc. 2019-11059 Filed: 5/24/2019 8:45 am; Publication Date: 5/28/2019]