



Emergency:

Affordable Housing's Pull Cord Problem and the Unintended Insurance Ramifications

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The pull cord problem

The affordable housing community, specifically HUD Section 202 for elderly housing, is experiencing an avoidable crisis. This crisis originates from the expanded scope of service and responsibility placed upon affordable housing organizations by the U.S. Department of Housing and Urban Development (HUD). HUD Section 202 for elderly subsidized housing specifically states that the program provides options to allow seniors to age in their community by providing independent elderly living in an environment that offers support for community-based services, such as cleaning, cooking, and transportation (Perl, 2010). Yet HUD's most recent Minimum Property Standards for Multifamily Housing handbook states that all elderly multifamily communities must install call-for-aid systems (HUD, 1994). Therefore, the requirement for continuous call-for-aid systems, such as pull cords, forces affordable housing owners and operators to engage in the practice of nonstop-24/7-resident monitoring. In our highly litigious society, the requirement for continual resident monitoring represents a significant liability for potential future legal action. Insurance companies have taken notice of this potential liability and have responded with action.

Many insurance companies are hesitant (or, more commonly, simply refuse) to insure elderly affordable housing communities with installed call-for-aid systems. Nationwide, Cincinnati, State Auto, Liberty Mutual, Acuity, Auto Owners, EMC, Grand River, Travelers, Hartford, and Chubb cited heightened risks with call-for-aid systems and will not write insurance to cover any affordable housing elderly communities with installed pull cords. With limited access to insurance, affordable housing communities have no ability to negotiate insurance premiums and are forced to pay significantly higher premiums with high deductibles. Some affordable housing community owners and operators reported premium increases of 25-75% due to the presence of pull cords. In addition to the threat of higher insurance costs, there is a real possibility that more insurers will leave this marketplace and there won't be any insurers willing to underwrite these residential properties. A lack of insurance forces these elderly affordable housing communities to terminate operations.

History of Section 202

Supportive affordable housing for the elderly, HUD Section 202, was created in 1959 with the passage of the Housing Act. The purpose of the act was to provide assistance with housing and supportive services to allow seniors to age in their local community. Since 1959, the program has changed numerous times with different funding structures, incentives, and benefits. However, the main purpose of the original act has not changed. This legislation promotes aging in place and avoids unwanted and more costly institutionalization in assisted living or nursing home facilities. Additionally, the focus of Section 202 elderly communities is to support living independently.

To support independent living, elderly affordable housing communities may engage residents with cooking, cleaning, or transportation services. However, the expectation of supportive community-based services for independent living in these elderly affordable housing communities is distinct and different from the level of care provided and required by assisted living or nursing home facilities. Section 202 communities are neither equipped nor staffed to provide residents with the same amount of health care as an assisted living or nursing home facility.

A brief history of call-for-aid systems

Prior to 1973, neither the Federal Housing Administration nor the U.S. Department of Housing and Urban Development required the installation of emergency call systems in multifamily housing. The installation standards originated in the 1973 handbook of the Minimum Property Standards for Multifamily Housing handbook. This HUD document required emergency call systems for multifamily projects containing 20 or more living units of housing for the elderly (HUD, 1973). According to section 616-6.4, property owners must install a call system in each bathroom and in each bedroom location, which would register a call at one or more central locations. Pull cords were the technology of choice in the 1970s to provide this emergency service and satisfy these minimum property standards.

In the 1979 update to the Minimum Property Standards for Multifamily Housing, HUD expanded the notification options for emergency call systems for housing of the elderly. Under the revised code for section 616-6.4, an emergency call system must: 1) register a call at one or more central, supervised location, 2) connect to a 24-hour monitored switchboard, or 3) sound an alarm and provide a visual signal in the corridor at the living unit entrance. This minimum property standards language remained the same in the 1984 and 1994 versions of the handbook.

In 2014, HUD provided a memorandum seeking to clarify program policy regarding emergency call systems in elderly communities (HUD, 2014). This memorandum referenced HUD's 1994 edition of the handbook on Minimum Property Standard for Housing, which stipulated the requirement to install an emergency call system for elderly properties. In 2019, the Office of Public and Indian Housing issued a notice on emergency call systems for Public Housing Agencies. This document deviated from the recommendations used in the 1994 handbook by stating that, "there is no programmatic requirement for Public Housing Authorities (PHAs) to install emergency call-for-aid systems in any public housing property including those occupied by the elderly or disabled" (HUD, 2019). While there are different statutes, legislation, and funding structures between HUD and PIH, these conflicting notices created confusion for elderly affordable housing owners and operators. Some believed the PIH notice applied to elderly affordable housing communities and incorrectly removed physical call-for-aid systems. Ultimately, there is a dire need for more emergency call-for-aid guidance from HUD.

The solution

HUD updates its policy on emergency call-for-aid systems. Numerous conversations with owners and operators of elderly affordable housing communities illustrated significant uncertainty and fear of losing insurance coverage. Once published, new HUD guidance would reduce emergency call-for-aid confusion and help owners and operators focus on community residents instead of procuring insurance.

The most transparent policy update for the elderly affordable housing community would be a conditional waiver. This conditional waiver would delineate the process to obtain relief from emergency call-for-aid systems once the specific criteria were met. This conditional waiver would promote policy clarity while recognizing the challenging reality of obtaining insurance.

While political challenge may exist to a conditional waiver, HUD should publish its unofficial process to help Section 202 elderly affordable housing owners and operators navigate the insurance and emergency call-for-aid problem in a newsletter or other widely disseminated article. Written guidance reduces confusion and improves the operations of all elderly affordable housing communities.

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