

# Paperwork Reduction Act Submission

Please read the instruction before completing this form. For additional forms or assistance in completing this forms, contact your agency's Paperwork Reduction Officer. Send two copies of this form, the collection instrument to be reviewed, the Supporting Statement, and any additional documentation to: Office of Information and Regulatory Affairs, Office of Management and Budget, Docket Library, Room 10102, 725 Seventeenth St. NW, Washington, DC 20503.

1. Agency/Subagency Originating Request: <b>U.S. Department of Housing and Urban Development</b> Office of Housing Multifamily Programs Office of Asset Management		2. OMB Control Number: a. <b>2502-0369</b> b. None	
3. Type of information collection: (check one) a. <input type="checkbox"/> New Collection b. <input type="checkbox"/> Revision of a currently approved collection c. <input checked="" type="checkbox"/> Extension of a currently approved collection d. <input type="checkbox"/> Reinstatement, <b>without change</b> , of previously approved collection for which approval has expired e. Reinstatement, <b>with change</b> , of previously approved collection for which approval has expired f. <input type="checkbox"/> Existing collection in use without an OMB control number For b-f, note item A2 of Supporting Statement instructions.		4. Type of review requested: (check one) a. <input checked="" type="checkbox"/> Regular b. <input type="checkbox"/> Emergency - Approval requested by c. <input type="checkbox"/> Delegated 5. Small entities: Will this information collection have a significant economic impact on a substantial number of small entities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 6. Requested expiration date: a. <input checked="" type="checkbox"/> Three years from approval date    b. <input type="checkbox"/> Other (specify)	
7. Title: <b>Uniform Physical Standards &amp; Physical Inspection Requirements</b>			
8. Agency form number(s): (if applicable) None			
9. Keywords: Housing Physical Inspections			
10. Abstract: All multifamily properties owned by HUD or with HUD-insured mortgages must be inspected regularly. Mortgagees/lenders inspect projects with HUD-insured mortgages. HUD/REAC inspects HUD-owned properties. All owners/agents must certify that Exigent Health and Safety (EH&S) deficiencies noted during the inspections have been repaired. HUD uses the information to ensure that the properties are maintained in a condition that is decent, safe, sanitary, and in good repair.			
11. Affected public: (mark primary with "P" and all others that apply with "X") a. Individuals or households      e. Farms b. <b>P</b> Business or other for-profit      f. Federal Government c. Not-for-profit institutions      g. State, Local or Tribal Government		12. Obligation to respond: (mark primary with "P" and all others that apply with "X") a. Voluntary b. <b>P</b> Required to obtain or retain benefits c. Mandatory	
13. Annual reporting and recordkeeping hour burden: a. Number of respondents      12,857 b. Total annual responses      12,901 Percentage of these responses collected electronically      100% c. Total annual hours requested      38,824 d. Current OMB inventory      38,824 e. Difference (+,-) f. Explanation of difference: 1. Program change: 2. Adjustment:		14. Annual reporting and recordkeeping cost burden: (in thousands of dollars) Do not include costs based on the hours in item 13. a. Total annualized capital/startup costs b. Total annual costs (O&M) c. Total annualized cost requested d. Total annual cost requested e. Current OMB inventory f. Explanation of difference: 1. Program change: 2. Adjustment:	
15. Purpose of Information collection: (mark primary with "P" and all others that apply with "X") a. Application for benefits      e. Program planning or management b. Program evaluation      f. Research c. General purpose statistics      g. <b>P</b> Regulatory or compliance d. Audit		16. Frequency of recordkeeping or reporting: (check all that apply) a. <input type="checkbox"/> Recordkeeping      b. <input type="checkbox"/> Third party disclosure c. <input checked="" type="checkbox"/> Reporting: 1. <input checked="" type="checkbox"/> On occasion      2. <input type="checkbox"/> Weekly      3. <input type="checkbox"/> Monthly 4. <input type="checkbox"/> Quarterly      5. <input checked="" type="checkbox"/> Semi-annually      6. <input checked="" type="checkbox"/> Annually 7. <input type="checkbox"/> Biennially      8. <input checked="" type="checkbox"/> Other (describe) Every 3 yrs	
17. Statistical methods: Does this information collection employ statistical methods? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		18. Agency contact: (person who can best answer questions regarding the content of this submission) Name: Eric Ramsey Phone: 202-402-0614	

---

## 19. Certification for Paperwork Reduction Act Submissions

On behalf of the U.S. Department of Housing and Urban Development, I certify that the collection of information encompassed by this request complies with 5 CFR 1320.9.

**Note:** The text of 5 CFR 1320.9, and the related provisions of 5 CFR 1320/8(b)(3) appears at the end of the instructions. The certification is to be made with reference to those regulatory provisions as set forth in the instructions.

The following is a summary of the topics, regarding the proposed collections of information that the certification covers:

- (a) It is necessary for the proper performance of agency functions;
- (b) It avoids unnecessary duplication;
- (c) It reduces burden on small entities;
- (d) It uses plain, coherent, and unambiguous terminology that is understandable to respondents;
- (e) Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
- (f) It indicates the retention periods for recordkeeping requirements;
- (g) It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
  - (i) Why the information is being collected;
  - (ii) Use of the information;
  - (iii) Burden estimate;
  - (iv) Nature of response (voluntary, required for a benefit, or mandatory);
  - (v) Nature and extent of confidentiality; and
  - (vi) Need to display currently valid OMB control number;
- (h) It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to collected (see note in item 19 of the instructions);
- (i) It uses effective and efficient statistical survey methodology; and
- (j) It makes appropriate use of information technology.

If you are unable to certify compliance with any of these provisions, identify the item below and explain the reason in item 18 of the Supporting Statement.

---

Signature of Program Official:

Date:

X  
Michael E. Winiarski, Acting Director, Organization, Policy, Planning & Analysis Division, HRO

---

Signature of Senior Officer or Designee:

Date:

X  
Lillian Deitzer, Departmental Reports Management Officer,  
Office of the Chief Information Officer

# Supporting Statement for Paperwork Reduction Act Submissions

## Uniform Physical Inspection Reporting Requirements

### 2502-0369

#### A. Justification

1. Section 207 of the National Housing Act authorizes the information collection. All other multifamily regulations and statutes reference the Section 207 requirements. Regulations at 24 CFR Parts 5, 207, 266, 880, 881, 882, 883, 884, 886, 891, and 965 establish uniform physical condition standards for public housing, and housing that is insured and/or assisted under certain HUD programs which are critical in the life of a HUD multifamily project and of the mortgage encumbering the project. The uniform physical condition standards are intended to ensure that HUD program participants carry out their legal obligations to maintain HUD properties in a condition that is decent, safe, sanitary, and in good repairs. The Department of Housing and Urban Development (HUD) has both the authority and the duty to closely monitor the operation of the properties encumbered by mortgages that HUD insures or holds. The authority for this function can be found in the National Housing Act and the Regulatory Agreements between the Secretary of HUD and the mortgagor of each HUD related project. The duty to perform this function stems from HUD's responsibility to the taxpayers to guard the insurance fund. The best way to prevent claims on the fund is to anticipate and identify problems (e.g., physical, financial, managerial, legal) with the project before they precipitate delinquencies and ultimately assignments of the mortgages in the case of the insured projects or nonpayment in the case of HUD-held projects.
  
2. All multifamily properties owned by HUD or with HUD-insured mortgages must be inspected regularly to ensure that they are maintained in a condition that is decent, safe, sanitary, and in good repairs. Depending on the results of the inspections, a multifamily housing property is assigned one of the following designations:

<u>Score</u>	<u>Designation</u>	<u>Next Inspection</u>
90 or above	Standard 1 performing property	Must undergo a physical inspection once every three years
80 - 89	Standard 2 performing property	Must undergo a physical inspection once every two years
79 and below	standard 3 performing property	Must undergo a physical inspection annually

Mortgagees/lenders of HUD insured mortgages are required to perform physical inspections on the mortgaged properties, and must do so using the same physical inspection protocol HUD uses to collect data on the physical condition of their inventory. HUD/REAC performs inspections of HUD-owned properties. Lenders and HUD/REAC use a Data Collection Device (DCD) to collect the information.

The uniform inspection protocols are intended to ensure that, to the greatest extent possible, there is uniformity and objectivity in the evaluation of the physical condition of HUD properties. HUD's Real Estate Assessment Center (REAC) is charged, with the responsibility for assessing and scoring physical condition of HUD properties. Regulations established for multifamily housing properties certain administrative processes by which (1) HUD notifies owners of HUD's assessment of the physical condition of their multifamily housing properties; (2) the owners, under certain circumstances, are provided an opportunity to seek technical or other review of HUD's physical condition assessment of the multifamily housing properties; and (3) HUD may take action in certain cases where a property is found not to be in compliance with the physical condition standards.

Based on the 3-2-1 inspection cycle, HUD estimates that lenders will perform an average of 6,130 inspections annually. HUD estimates that HUD/REAC will perform an average of 6,727 inspections annually. HUD does not ascribe burden hours to the HUD-performed inspections.

There will be a total of 12,857 inspections annually. Regardless of who performed the inspection, owners/agents are required to respond to Exigent Health & Safety (EH&S) deficiencies discovered during the inspections. EH&S deficiencies observed by inspectors during the inspection are recorded in the DCD and downloaded to HUD. These observations are subsequently reported to the owner/agent who must certify to HUD that the observed EH&S deficiencies have been corrected or mitigated. The number of EH&S certifications received will depend on the results of the REAC’s review of multifamily properties physical condition. Of the 12,857 total annual inspections, HUD estimates that 6,771 owners/agents will be required to respond to the EH&S deficiencies.

3. HUD developed and implemented software programmed into a hand held data collection device (DCD) that inspectors (HUD contractors) and lenders use to record and transmit information concerning physical conditions observed at each property. All inspections are performed using the DCD. Following the inspection, inspectors download the physical inspection data to HUD to assess. Subsequent to HUD’s assessing and scoring its properties’ physical condition, owners are notified, via email, of the physical inspection results. Owners/agents may certify by email.
4. There is no duplication among the documents and information requested.
5. The collection of information does not impact small businesses or other small entities.
6. The consequences to the Federal program if this collection is not conducted may result in addition burden to the taxpayers regarding the insurance fund.
7. There are no special circumstances.
8. The information collection is conducted in manner consistent with 5 CFR 1320.6 guidelines. The announcement was published (not published yet).
9. There will be no gifts or payments given to respondents.
10. None of the information covered in this request is of personal or confidential nature. Normal practices of the Department should assure adequate privacy of these forms.
11. There are no sensitive questions involved in this collection.
12. Estimate of public burden.

	Number of Respondents	Frequency of Response	Number of Responses	Average Hours per Response	Total Annual Burden	Hourly Cost	Total Annual Cost
<b>Inspections:</b> Mortgagees Lenders inspections of HUD-insured properties	6,130	1	6,130	6.0	36,780	\$100	\$3,678,000
<b>Certifications:</b> MF Owners or Agents (see tables below)	12,857	Varies	6,771	0.3	2,044	\$24.68	\$50,446
<b>Totals</b>	<b>12,857</b>		<b>12,901</b>		<b>38,824</b>		<b>\$3,728,446</b>

(a) The estimated annual cost to mortgagees/lenders is based on an estimated \$100.00 per hour, including overhead and staff time.

The estimated annual burden for owners/agents to respond to EH&S deficiencies are provided in the tables below.

**Total Burden Hours Estimates for MF Owners/Agents  
Exigent, Health & Safety (EH&S) Deficiencies**

Number of EH&S Deficiencies	Number of Respondents*	Frequency of Requirement	Est. Avg. Time for Requirement (Hrs)	Est. Annual Burden (Hrs)
1	2,443	1	0.20	488.60
2	1,344	1	0.20	268.80
3 – 4	1,368	1	0.30	410.40
5 – 6	635	1	0.40	254.00
7 – 8	324	1	0.50	162.00
9 – 10	216	1	0.60	129.60
11+	441	1	0.75	330.75
<b>Total</b>	<b>6,771</b>			<b>2,044.15</b>

\*MF properties that have no EH&S deficiencies are not included.

\*\*Hourly cost for response assuming a manager annual salary of \$51,508; hourly rate is \$24.68

13. There is no additional capital or start up costs.

14. Annualized cost to the Federal Government:

HUD solicits contractors to perform the inspection for HUD-held, 202/811 and Section 8 assisted properties. There are an estimated 6,727 properties. The cost for HUD contractors to perform physical inspections is based on an estimated \$100.00 per hour, including overhead and staff time. By multiplying \$100 per hour by 6 hour for 6,727 inspections the total cost is estimated at \$4,036,200.

15. The number of respondents has decreased since the last submission due to the elimination of double counting the number of inspections and the number of owners/agents who must respond to EH&S concerns.

16. Collection of this information will not be published. Each inspection report will be maintained with the HUD program offices in individual case files.

17. HUD is not requesting approval to not display the expiration date of OMB approval.

18. We are not requesting exceptions to the “Certification for Paperwork Act Submissions.”

**B. Collections of Information Employing Statistical Methods**

No statistical methods are employed for the collection of this information