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## 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), appear 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.

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Signature of Program Official:

Date:

X  
Elizabeth A. Hanson, Deputy Assistant Secretary  
PIH Real Estate Assessment Center

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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

## A. Justification

1. This is a revision of a currently approved information collection, the Allocation of Operating Subsidies under the Operating Fund Formula: Data Collection. The three forms listed in this collection will be automated in the Subsidy and Grant Information System (SAGIS) that is under development and will be operational in April 2007. The goal of SAGIS is to establish an electronic portal with the Grants.gov Interfaces Services package and to encapsulate a HUD system-to-system interface with the Grants.gov federal grants management system. The automation of these forms will provide more accurate and timely information reporting by public housing agencies (PHAs).

The Operating Fund Program provides operating subsidies of roughly \$3.6 billion annually to 3,141 PHAs to fund the operating and maintenance expenses associated with 1.2 million public housing units. Section 9(a) of the U.S. Housing Act of 1937, 42 U.S.C. 1437q, authorizes the Secretary of the Department of Housing and Urban Development to make annual contributions for the operation of low-income housing projects (operating subsidy). The 1937 Act limits eligibility for public housing to low-income families and caps the public housing rents at 30 percent of a family's income. Accordingly, PHAs rely on the HUD operating subsidies, rather than rental income, to cover a significant amount of the costs associated with operating their public housing units. The operating fund formula was developed in 1975 and was largely based on the actual costs associated with public housing. With some adjustments, the current formula consists of the 1975 cost allowances that have been inflated annually.

On October 21, 1998, the Congress enacted the Quality Housing and Work Responsibility Act of 1998 (P.L. 105-276, approved October 21, 1998) (referred to as "QHWRA"). The QHWRA made sweeping changes to HUD's public and assisted housing programs. Among other changes, section 519 of the QHWRA amended section 9 of the 1937 Act. Section 9, as amended, establishes an operating fund for the purpose of making assistance available to PHAs for the operation and management of public housing.

The current Operating Fund Program final rule, found at 24 CFR part 990, was published in the Federal Register on September 19, 2005. A correction to the final rule was published in the Federal Register on January 5, 2006 (see **Exhibit B**). The current rule made the following changes to the Operating Fund Program:

- Allocate operating subsidies under the new funding formula at a PHA level beginning with the FY 2006 appropriations.
- Beginning in calendar year 2008, instead of providing funding in a lump sum to 3,141 PHAs who then allocate the funding to each of the property, the new formula would provide funding directly to approximately 7,807 asset management properties. Each property will perform project based accounting and budgeting, as well as maintain its own budget.
- Require that all PHAs implement asset management by FY 2011.

As a result of the automation of the three forms used to calculate operating subsidies, HUD is requesting Paperwork Reduction Act approval for the information that will be collected from each PHA, by asset management property, in an automated format to produce the PHA's share of the operating fund appropriation amount.

2. For the operating fund formula, the information collected under OMB Control Number 2577-0029 consists of three forms. HUD is requesting approval for the three automated existing forms in their current format that will be included in SAGIS. The automated forms will be available July 1, 2007, for PHAs to use for the submission of calendar year 2008 operating subsidy by asset management properties. The table, below, summarizes HUD's requested action on the following prescribed forms, which contain all of the elements of the operating subsidy calculation that PHAs provide annually to HUD.

**Allocation of Operating Subsidies under the Operating Fund Formula: Data Collection**  
**OMB Control Number: 2577-0029**

No.	Form No.	Form Name	Form Description
1	HUD-52722	Calculation of Utilities Expense Level	This form is used to compute the utilities consumption levels by type of utility. The current utility rate is then applied to the consumption amounts to determine the utility costs
2	HUD-52723	Operating Fund Calculation of Operating Subsidy	This form is used to adjust the expense level of the previous year by inflation in order to arrive at a revised expense level for the requested year. It determines a PHA's eligibility for operating subsidy and it is the document by which HUD obligates operating subsidies to PHAs that manage rental housing.
3	HUD-53087	Calculation of Subsidies for Operations: Non Rental Housing	This form is used to calculate the amount of operating subsidy to be received for Turnkey and Mutual Help developments. It serves as the document by which HUD obligates operating subsidies to PHAs that manage non-rental housing. PHAs with a total of 17 Turnkey and Mutual Help developments use this form on an annual basis.

- The collection of information for these three forms is in the process of being automated and they will be available in electronic format in April 2007 through the new SAGIS, which will capture formula elements for the Operating Fund Program. Automation of the operating fund forms was delayed until the issuance of the new operating fund final rule. During the interim period, these forms have been made available as PDF fillable forms on HUDCLIPS.

Attached is a PowerPoint demonstration of the proposed automated SAGIS screens in Word format that are currently being developed.

- Currently, HUD's Public Housing Information Center database, and specifically the Building and Unit module, captures some of the data elements used to calculate the operating fund formula (e.g., number of PHA units). However, the majority of elements that comprise the operating fund formula are not currently captured and, thus, the submission of most of the data contained in these forms are not duplicated elsewhere.
- The information being collected has no significant impact on small businesses or other small entities.
- PHAs use the operating fund forms annually to request operating subsidy, and these funds are obligated to PHAs annually using the operating fund forms. Without the information provided in these forms, HUD would not be able to distribute the operating fund appropriations it receives each fiscal year.
- There are no special circumstances that require the collection to be conducted in a manner that is inconsistent with the guidelines in 5 CFR 1320.6.
- HUD published a Notice of Proposed Information Collection for Public Comment on December 6, 2006, in the Federal Register. The public was given until February 5, 2007, to comment. HUD received no comments on this proposed collection. HUD consulted with PHAs, industry groups and the public during the time that the Operating Fund Program proposed rule was published for public comment.
- No payments or gifts to respondents are provided.
- No assurance of confidentiality is needed nor are any provided.
- No sensitive questions are being asked.

12. The estimated burden hours for the collection of this data reflect the PHAs' experience with inputting data into the form and the fact that PHAs maintain some of this information as part of their operations. The Department estimates that the annual information collection requirements for this collection for two forms (forms HUD-52722 and -52723) averages .75 hours per form (45 minutes per form) for each of the approximately 7,807 affected asset management properties, for a total of 11,710.50 burden hours. The estimate for form HUD-53087 averages .75 hours per form for each of the approximately 17 affected Turnkey and Mutual Help properties, for a total of 12.75 burden hours. The estimated response time includes the time for preparation of the forms and any recordkeeping burden.

<b>Total Estimated Annual Burden Hours</b>				
<b>HUD Form Number</b>	<b>Number of Respondents</b>	<b>Frequency of Response</b>	<b>Estimated Hours</b>	<b>Total Annual Burden Hours</b>
HUD-52722	7,807	1	.75	5,855.25
HUD-52723	7,807	1	.75	5,855.25
HUD-53087	17	1	.75	12.75
<b>Total</b>				<b>11,723.25</b>

The estimated annualized cost to respondents is based on the 2006 general pay schedule for a GS-11, Step 1, rate (an average salary for a financial analyst) that is \$26.00 per hour.

<b>Total Estimated Annual Costs to Respondents</b>						
<b>HUD Form Number</b>	<b>Number of Respondents</b>	<b>Total Burden Hours</b>	<b>X</b>	<b>Hourly Rate</b>	<b>=</b>	<b>Annualized Cost</b>
HUD-52722	7,807	5,855.25		\$26.00		\$152,236.50
HUD-52723	7,807	5,855.25		\$26.00		\$152,236.50
HUD-53087	17	12.75		\$26.00		\$331.50
<b>Total</b>						<b>\$304,804.50</b>

13. There will be no additional costs to the respondents.

14. The estimated annualized cost to the federal government is based on the 2006 general pay schedule for a GS-11, Step 1, rate (an average salary for a financial analyst) that is \$26.00 per hour. It is estimated that it takes approximately 1 hour to review the submission package from each PHA.

<b>Total Estimated Annual Costs to the Federal Government</b>					
<b>No. of Respondents</b>	<b>Burden Hours</b>	<b>X</b>	<b>Hr. Rate</b>	<b>=</b>	<b>Annual Cost</b>
15,614	15,614		\$26.00		\$405,964
17	17.0		\$26.00		\$442
<b>Total</b>					<b>\$406,406</b>

15. The change in the burden hours is due to a program change. Beginning July 1, 2007, PHAs will begin submitting their operating subsidy calculations by asset management properties rather than by PHAs. The total number of submissions increase from 3,141 PHAs to 7,807 asset management properties. There is a decrease in the number of Turnkey and Mutual Help properties from 24 (last PRA submission for the form HUD-53087) to 17. However, the increase in the number of asset management properties offsets the decrease in the Turnkey and Mutual Help properties for a net increase in burden hours.

16. The information collection will not be published.

17. HUD is not seeking approval to not display the expiration date of the OMB approval. The OMB number and expiration date will be displayed on a “Disclosure Statement” that will be the first screen that is viewed on each of the automated forms after OMB approval is received.
18. There are no exceptions to item 19 of the OMB 83-I.

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

There are no collections of information employing statistical methods.