#### SUPPORTING STATEMENT - Part A

Form C-404 - "Report of Privately-Owned Residential Building or Zoning Permits Issued"

# **Justification**

## 1. Necessity of Information Collection

The U.S. Census Bureau is requesting an extension of a currently approved collection of the Form C-404, "Report of Privately-Owned Residential Building or Zoning Permits Issued" otherwise known as the Building Permits Survey (BPS.) This survey is authorized under Title 13, United States Code, Section 182 to collect data on new residential buildings. The Census Bureau produces statistics used to monitor activity in the large and dynamic construction industry. Given the importance of this industry, several of the statistical series are key economic indicators. Two such series are (a) Housing Units Authorized by Building Permits and (b) Housing Starts. These statistics help state, local, and federal governments, as well as private industry, analyze this important sector of the economy. All of these series are available monthly based on a sample of building permit offices, and annually based on the entire universe of permit offices.

The Census Bureau collects these data primarily by mail using the Form C-404 (Attachment A). Data are also collected via Internet web pages and receipt of electronic files.

## 2. Needs and Uses

The Census Bureau uses the Form C-404 to collect data that will provide estimates of the number and valuation of new residential housing units authorized by building permits. About one-half of the permit offices are requested to report monthly. The remainder are only surveyed once per year. We use the data, a component of the index of leading economic indicators, to estimate the number of housing units started, completed, and sold, if single-family. The Census Bureau also uses these data to select samples for its demographic surveys. Policymakers, planners, businessmen/women, and others use the detailed geographic data collected from state and local officials on new residential construction authorized by building permits to monitor growth and plan for local services, and to develop production and marketing plans. The BPS is the only source of statistics on residential construction for states and smaller geographic areas.

Information quality is an integral part of the pre-dissemination review of information disseminated by the Census Bureau (fully described in the Census Bureau's Information Quality Guidelines). Information quality is also integral to information collections conducted by the Census Bureau and is incorporated into the clearance process required by the Paperwork Reduction Act.

# 3. <u>Use of Information Technology</u>

About six percent of the places that report monthly do so electronically. The respondents email us electronic files via special arrangements we have made with their jurisdictions.

We continuously research web sites that contain information on building and zoning permits and we get data for a few municipalities via their Internet sites. We use this as a tool for delinquent permit offices only, as we do not have the resources to collect data for thousands of places each month by accessing individual web sites.

Respondents were given the option of reporting their 2002 Economic Census and Annual Survey Manufactures data via the Internet. This option has not been extended to most current surveys. Issues dealing with program modifications must be resolved before this option is made available. As funds and resources become available we plan to incorporate this reporting option into our current programs.

# 4. Efforts to Identify Duplication

The McGraw-Hill Construction, a division of McGraw-Hill Information Systems Company, requests the same data from about 4,500 places a month with a response rate of 55 percent. They have not processed the data nor do they plan to do so in the near future. They also do not plan to increase the number of respondents at this time.

The McGraw-Hill Construction asked us about purchasing their data but we declined. Our data collection operation is very cost effective and efficient. We currently mail to about 8,200 places monthly and 10,625 places annually, with an additional 625 places reporting electronically. Our monthly response rate is about 67 percent.

We share the information we collect with state and local government agencies to avoid duplication of data collection efforts and to eliminate additional response burden on local building permit officials for identical or similar information. We provide these data at no cost.

### 5. Minimizing Burden

The respondents are state and local building permit officials. We try to reduce respondent burden by obtaining data from central sources and allowing the respondents to report electronically or using their own reports in lieu of the completed survey form. The respondent burden for smaller government offices is minimal because they cover smaller land area, have less population, and issue fewer permits.

We provide answers to respondents' frequently asked questions on our web site (<a href="www.census.gov/permitsfaq">www.census.gov/permitsfaq</a>) and also provide a toll-free number where respondents can call with questions about the survey or about how to report.

# 6. Consequences of Less Frequent Collection

Less frequent collection will adversely affect estimates of housing starts, completions, and new one-family houses sold, and the index of leading economic indicators. All are monthly series. Many national policies, decisions, and analyses are formulated and updated frequently using information collected in the survey. If the survey was conducted less frequently, the estimates would be quickly outdated and of much less value to the public and private sector data users. Estimates for a calendar month are released to the public on the twelfth workday of the following month. It is essential that we receive a quick response in order to meet that deadline.

Annual data are collected between the months of January and April and released to the public the first week in May. These data are essential for the publication of revisions to monthly data published with the April press release.

### 7. Special Circumstances

The collection of these data is consistent with the OMB guidelines with the exception of requiring respondents to report information to the agency more often than quarterly and to prepare a written response to a collection of information in fewer than 30 days after receipt of it. This monthly survey provides data used to produce three economic indicators, Housing Units Authorized by Building Permits, Housing Starts, and New One-Family Houses Sold. All are issued monthly. Additionally, response is requested within two weeks to provide timely statistics for analyzing the economy.

## 8. Consultations Outside the Agency

Consultations were held in November 2006 with the following individuals listed below concerning their views on the availability of data, reporting format, data content, form design, new collection items, and the usefulness of the data.

#### A. Data Users

- 1. David Griffith
  The Gadberry Group
  (501) 907-7100
- Rose Long
   Lancaster County Planning Commission
   (717) 299-8333

- 3. Charles Kellogg Global Insight (610) 490-2594
- 4. Roger Warren Rhode Island Builders Association (401) 438-7400
- 5. Ronald Johnsey Axiometrics (214) 953-2242

# B. Data Respondents

- Geri Bowers
   Assessor's office
   Adams County, Pennsylvania
   (717) 337-9837
- Mary Jo Ryan
   Building Clerk
   Berlin charter township, Michigan (734) 379-3255 ext. 7
- 3. Alvin Rountree
  Building Inspector
  Kill Devil Hills town, North Carolina
  (252) 449-5313
- 4. Wanda Kendrick Office Manager II Polk County Unincorporated Area, Florida (863) 534-6574
- 5. Kimberlee McArthur Permits Center Manager Sammamish, Washington (425) 295-0530

Five respondents and five data users responded to our questions via telephone interviews. All of the data users contacted thought the data we publish are useful and relevant. Their suggestions included: resuming the collection of additions, alterations, and renovations; resuming the collection of nonresidential data; multi-family units broken into additional categories; and having an excel version of the building permits data shown on Censtats.

The respondents who were contacted also found the survey questions to be relevant. Their comments included: whether or not we were discontinuing the building permits survey; and how much easier the form is to complete now that the additions, alterations, and

renovations category has been eliminated.

We published a notice in the <u>Federal Register</u> on September 13, 2006 (71FR, pg.54020) inviting public comments on our plans to submit this request. Two comments were received during the 60-day comment period. These comments referenced support of the survey and how useful the data collected on residential housing units is to the economy. See Attachment B.

# 9. Paying Respondents

The Census Bureau does not pay respondents nor provide gifts in return for complying with the survey.

## 10. Assurance of Confidentiality

The data collected on Form C-404 are public information and are not confidential. Letters sent to respondents state that this is a voluntary survey.

#### 11. <u>Justification for Sensitive Questions</u>

The Form C-404 contains no sensitive questions.

#### 12. Estimate of Hour Burden

Reporting burden is calculated as follows:

Frequency	C-404	Responses per Respondent	Total Responses	Average Burden per Respondent (min)	Total Burden (hr)
Monthly - mail	8,200	12	98,400	8	13,120
Monthly - electronically	625	12	7,500	3	375
Annual	10,625	1	10,625	23	4,073
Total	19,450	5.99	116,525	9.05	17,568

The reporting burden is estimated to vary from 3 to 23 minutes per response. This varies because of the differences in the number of items per respondent and the method for record keeping in local permit offices. The least active places have no data to report and are asked to complete only one question on the survey form. The most active places have to complete all items per response which requires more time.

We estimate that the average time per monthly response for those who report by mail is eight minutes and three minutes for those who report electronically. We base our estimate of the time required to complete the monthly report on (a) the average number of items reported per respondent, (b) our knowledge that the largest offices use computers to compile the data, and (c) our knowledge that the local building permit officials keep

records on the number and kinds of permits issued per month, and use our instructions only for references after the initial month they are in our sample.

We estimate that the average time per annual response is 23 minutes. The average response time for respondents who report only annually is higher because they have to review records for the past 12 months and consolidate them into an annual report.

The cost to the respondents for their time to respond is estimated to be \$339,042 based on an average hourly salary of \$19.30<sup>1</sup> for local government employees.

<sup>1</sup> Taken from the Census Bureau's 2005 Annual Public Employment Survey of Local Governments. In that survey, employees in local permit offices were categorized as "other" local employees. For March 2005, the estimate of the number of such employees (on a full-time equivalent basis) was 253,489, and the payroll for that month (which contained 23 workdays) was estimated as \$900,139,738. Using these figures and assuming an eight-hour workday, the average wage is calculated as \$19.30 per hour.

# 13. Estimate of Cost Burden

We do not expect respondents to incur any costs other than that of their time to respond. The information requested is of the type and scope normally carried in office records and no special hardware or accounting software or system is necessary to provide answers to this information collection. Therefore, respondents are not expected to incur any capital and start-up costs or system maintenance costs in responding. Further, purchasing of outside accounting or information collection services, if performed by the respondent, is part of usual and customary business practices and not specifically required for this information collection.

#### 14. Cost to Federal Government

The total cost of the Building Permits Program is expected to be \$2.3 million in FY 2007, all borne by the Census Bureau.

## 15. Reason for Change in Burden

There is an increase in burden of 151 hours (less than 1 percent) due to the use of more exact counts of monthly and annual reporters in the calculation of the most recent burden hour estimates.

# 16. <u>Project Schedule</u>

We collect the majority of the data in the first two weeks of the calendar month. We edit, key, and tabulate the data as received. We prepare preliminary estimates of the number of housing units authorized on the 9th workday for release on the 12th workday. We prepare final estimates on the 14th workday and release them on the 18th workday.

We receive the annual mail survey forms in the first three months following the end of the survey year. We process, edit, and tabulate the data in the fourth month following the survey year. We release the data in the fifth month following the survey year.

# 17. Request to Not Display Expiration Date

The expiration date will be printed on the form.

# 18. Exceptions to the Certification

There are no exceptions.