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## 19. Certification for Paperwork Reduction Act Submissions

On behalf of this Federal Agency, 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).

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:  X Deborah A. Hernandez, Deputy Assistant Secretary, Office of Field Operations, Public and Indian Housing	Date:
Signature of Senior Officer or Designee:  X Wayne Eddins, Departmental Reports Management Officer Office of Investment Strategies, Policy, and Management, Office of the Chief Information Officer	Date:

# Supporting Statement for Paperwork Reduction Act Submissions

## A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

Section 502 of the National Affordable Housing Act of 1990 (the 1990 Act) implemented section 6(j) of the United States Housing Act of 1937 and directs the Secretary to assess the management performance of public housing agencies (PHAs) in all major areas of management operations. The 1990 Act further states that such indicators shall be used to designate troubled PHAs and PHAs that are troubled with respect to the program for assistance from the Capital Fund under Section 9. HUD shall enter into a Memorandum of Agreement (MOA), forms HUD-53336-A and 53336-B, which will address failed indicators, with troubled PHAs and PHAs troubled with respect to the program for assistance from the Capital Fund (Capital Fund Troubled). In addition, the Secretary is required by the 1990 Act to annually report on the status of troubled PHAs and PHAs troubled with respect to the program for assistance from the Capital Fund.

In response to the Quality Housing Work Responsibility Act of 1998 (Public Housing Reform Act (PHRA)), the Department developed the Public Housing Assessment System (PHAS), a comprehensive management tool that effectively and fairly measures a PHA's performance based on standards that are objective, uniform, and verifiable. Four major indicators are used to assess components as follows: #1-physical condition, #2-financial condition, #3-management operations, #4-resident services and satisfaction. A troubled PHA is one which has received an overall PHAS score of less than 60% of the total points available, or achieves a score of less than 60% of the total points available under PHAS indicators #1, #2, or #3. A PHA is troubled with respect to the program for assistance from the Capital Fund if it receives less than 60 percent of the maximum calculation for the modernization sub-indicator under PHAS indicator #3.

HUD is required by Section 6(j)(2)(C) of the 1937 Act and 24 CFR 902.75 to enter into an agreement (MOA), which will set forth a plan to address the deficient indicators as a result of the assessment. The MOA establishes targets for improving performance as measured by the performance indicators within a specified period of time; strategies for meeting such targets, including a description of the technical assistance that HUD will make available to a troubled PHA; and incentives or sanctions for effective implementation of such strategies, which may include any constraints on the use of funds that HUD determines are appropriate.

Under the Quality Housing and Work Responsibility Act of 1998 (Public Housing Reform Act - PHRA), Section 6(k)(3)(B)(ii)(I) and (ii), a specific timetable was implemented with serious consequences for failure of a PHA to achieve improvement. The PHRA requires a troubled PHA to 1) improve its assessment score by a minimum of 50% of the points necessary to remove that agency's designation as troubled within 1 year of designation, and 2) achieve a standard assessment within a maximum of two years. Failure to achieve these benchmarks requires the Secretary to petition for receivership for large PHAs of 1250 units or more or, for those with less than 1250 units, either petition for receivership or take possession of the authority and appoint an administrative receiver (see Section 6(j)(3)(B)(ii) of the 1937 Housing Act, as amended). These statutorily limited timetables require that HUD concentrate additional effort toward assuring that troubled PHAs are acting in accordance with their MOA and that the strategies and targets in the MOA are sufficient to achieve standard performer status in the limited timeframe. In order for HUD to monitor the progress of troubled PHAs, PHAs are required to submit periodic MOA performance progress reports to HUD (form HUD-53337). The purpose of the MOA progress report is to enable HUD to ascertain whether a troubled PHA is meeting the performance targets within the specified period of time; whether strategies for meeting the targets need to be revised; whether additional technical assistance from HUD is required to assist a troubled PHA in improving performance; and whether it is appropriate to impose sanctions on a troubled PHA for failing to meet performance targets within the specified period of time.

It is clearly the intent of Section 502 of the 1990 Act to assess the performance capabilities of PHAs, identify deficiencies, provide for the improvement of deficiencies, and finally improve the management performance of PHAs. With this intent, 24 CFR Section 902.73 states that a standard performer that receives a total score of less

than 70 percent but not less than 60 percent shall be required to submit an Improvement Plan (IP) form HUD-53338, to eliminate deficiencies in the PHA's performance. A standard performer that receives a score of not less than 70 percent may be required, at the discretion of the appropriate HUB/PC, to submit an IP to address specific deficiencies. An IP shall identify baseline data for each PHA's indicator or sub-indicator that was identified as a deficiency, identify any other performance and/or compliance deficiencies identified as a result of an on-site review, describe the procedures that will be followed to correct each deficiency, and provide for or facilitate technical assistance to the PHA.

2. Indicate how, by whom and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

The information provided by PHAs is used by the PHA to improve performance and is used by HUD to, ascertain whether a troubled PHA, or a PHA that is required to submit an IP, is meeting the performance targets within the specified period of time; whether strategies for meeting the targets within the specified period of time need to be revised; whether additional technical assistance from HUD is required to assist the PHA in improving performance; whether it is appropriate to require further improvement efforts or impose sanctions on a PHA for failing to meet performance targets within the specified period of time.

In addition, HUD uses this information to prepare an annual report to Congress about troubled PHAs and determine the type, scope, and frequency of HUD reviews and need for technical assistance to specific PHAs. If the information were not required to be collected, HUD would not be able to fulfill the statutory requirements of the PHRA and the regulatory requirements of 24 CFR Section 902.73 and 902.75.

Under PHAS, these forms were developed to set forth performance targets and monitor progress to include the MOA and instructions, Parts A and B (forms HUD-53336-A, B, and Bi), which include the agreement between the PHA and HUD, and the accompanying performance targets and strategies tailored for each PHA's needs; the MOA performance progress report and instructions (form HUD-53337/53337i), and the IP (form HUD-53338). HUD staff works in collaboration with each individual PHA to develop PHA-specific performance targets and strategies to address the specific weaknesses and deficiencies identified by PHAS. Included with the MOA – Part B instructions are a comprehensive (but not all inclusive) list of possible performance targets and strategies (without timeframes). This list is a planning tool, which contains key legislative, regulatory, and program-specific references.

Further, the MOA was not designed to be used for widespread statistical analysis. PIH does not perform any significant statistical and quantitative analysis for these forms because they are recovery management tools. These reports are tools to assist the field in documenting significant performances deficiencies and a conduit to formalize a recovery plan between HUD and the PHA. They also assist the field in monitoring progress and providing meaningful feedback as a result of progress reporting.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

PHAs may access the MOA and IP documents from a web site and return them to HUD via electronic mail. All forms are prepared and stored in an electronic manner, taking advantage of the internet and information technology to reduce the burden on the respondent.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

There is no duplication of information.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I) describe any methods used to minimize burden.

The collection of information does not impact on small businesses or small entities.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

This information cannot be collected less frequently due to the statutory requirement for the Secretary to report to Congress annually on the status of troubled PHAs and Capital Fund troubled PHAs. Further, with the statutory recovery requirements imposed by PHRA, periodic MOA reporting is necessary to assure that PHAs are on track with their recovery efforts and that the efforts are having the desired effect in order to prevent HUD take-over of failing PHAs within one year of designation as troubled. It is expected that troubled PHAs report progress at least quarterly.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:
  - requiring respondents to report information to the agency more than quarterly;
  - requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
  - requiring respondents to submit more than an original and two copies of any document;
  - requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
  - in connection with a statistical survey, that is not designed to produce valid and reliable results than can be generalized to the universe of study;
  - requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
  - that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
  - requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

The only significant change made to these documents for this renewal was to remove the term “monthly” from any progress report reference. Since both the Statute and regulation are silent on progress reporting, we did not feel it was necessary to be prescriptive in the OMB-approved document to require monthly progress reports. We prefer to give the field flexibility to determine the frequency of MOA progress reporting. In our TA to field offices we recommend that progress reporting should be at a minimum quarterly to be effective on monitoring progress and assisting the PHA in achieving Statutory and regulatory recovery benchmarks. We also highly recommend monthly reporting for newly troubled PHAs.

This information cannot be collected less frequently due to the statutory requirement for the Secretary to report to Congress annually on the status of troubled PHAs and Capital Fund troubled PHAs. Further, with the statutory recovery requirements imposed by the PHRA, regular periodic MOA reporting is necessary in order to assure that PHAs are on track with their recovery efforts and that their efforts are having the desired effect in order to prevent HUD take-over of failing PHAs.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions

taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

- Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping disclosure, or reporting format (if any) and the data elements to be recorded, disclosed, or reported.
- Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years -- even if the collection of information activity is the same as in prior periods. There may be circumstances that preclude consultation in a specific situation. These circumstances should be explained.

A Notice of Proposed Information Collection soliciting public comments on HUD's intent to submit to OMB a request to extend this information collection was published in the Federal Register on August 21, 2007, Page 46655. No public comments were received in response to the Notice.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

There are no provisions to provide any payment or gifts to respondents, other than remuneration of contractors or grantees.

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation or agency policy.

The information collection is public information; therefore, there is no assurance of confidentiality provided to PHAs.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no questions of a sensitive nature included in the information to be collected.

12. Provide estimates of the hour burden of the collection of information. The statement should:
- indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally estimates should not include burden hours for customary and usual business practices;
  - if this request covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I; and
  - provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead this cost should be included in Item 13.

In order to estimate the hours a PHA would need to complete the forms, PHAs were grouped into three categories: small, medium, and large. The average estimated time to complete each form for a small, medium, and large PHA is shown below

<b>Instrument</b>	<b>Small # PHA Units 1-249</b>	<b>Medium # PHA Units 250-1249</b>	<b>Large # PHA Units 1250+</b>
Memorandum of Agreement (MOA) <b>Form 53336-A</b> <b>Form 53336-B</b> <b>Form 53336-Bi</b>	10	16	60
Memorandum of Agreement (MOA) Progress Report <b>Form 53337</b> <b>Form 53337i</b>	24	40	80
Improvement Plan <b>Form 53338</b>	8	12	40

In order to estimate the burden hours for each form for this submission, the actual number of troubled and near-troubled PHA respondents for Fiscal Year 2007 were totaled in each PHA category, multiplied by the number of annual responses for each type of instrument, and then multiplied by the estimated hours per response.

<b>PHA Unit Size</b>	<b>Number of MOA Respondents</b> Form 53336-A Form 53336-B Form 53336-Bi	<b>Number of MOA Progress Report Respondents</b> Form 53337 Form 53337i	<b>Number of IP Respondents</b> Form 53338	<b>Annual Responses</b>	<b>Hours Per Response</b>	<b>Burden Hours</b>	<b>Average Burden Hour Per Response</b>
1-249	149			1	10	1,490	
250-1,249	42			1	16	672	
1,250+	10			1	60	600	
<b>Total</b>	<b>201</b>					<b>2,762</b>	<b>13.74</b>
1-249		149		4	24	14,304	
250-1,249		42		4	40	6,720	
1,250+		10		4	80	3,200	
<b>Total</b>		<b>201</b>				<b>24,224</b>	<b>30.13</b>
1-249			7	1	8	56	
250-1,249			2	1	12	24	
1,250+			2	1	40	80	
<b>Total</b>			<b>11</b>			<b>160</b>	<b>14.55</b>
<b>Total Reporting Burden</b>						<b>27,146</b>	

To calculate the average reporting and record keeping burden for each instrument, the total burden hours for each instrument was divided by the total number of respondents for each instrument and then averaged by the number of annual responses. MOA Forms 53336A/B/Bi equal 2,762 total burden hours divided by 201 respondents and divided by an average of 1 annual response for each respondent calculated to an average reporting and record keeping burden of 13.74 hours. MOA Progress Report Forms 53337/53337i equal 24,224 total burden hours divided by 201 respondents and divided by an average of 4 annual responses for each respondent calculated to an

average reporting and record keeping burden of 30.13 hours. Improvement Plan Form 53338 equal 160 total burden hours divided by 11 respondents and divided by an average of 1 annual response for each respondent calculated to an average reporting and record keeping burden of 14.55 hours.

Annualized Burden Hour Costs equal 27,146 hours x \$30/hour for professional staff to prepare MOA, MOA Progress Reports, and IP documents for a total of \$814,380.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information (do not include the cost of any hour burden shown in Items 12 and 14).
- The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life); and (b) a total operation and maintenance purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s) and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities;
  - If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10) utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.
  - generally, estimates should not include purchases of equipment or services, or portions thereof made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

There are no additional capital or start-up or operational costs associated with this collection of information that a PHA would not ordinarily incur in conducting its business. All data which is required to be reported, is maintained by any agency that is effectively managing its resources.

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

There are no estimates of annualized cost to the Federal government.

15. Explain the reasons for any program changes or adjustments reported in Items 13 and 14 of the OMB Form 83-I.

The decrease in the burden hours resulted from three factors. The first factor is the use of actual historical data for the number of troubled PHAs requiring an MOA and near-troubled PHAs requiring an IP over the last fiscal year rather than using estimated data. The number of troubled and near-troubled PHAs is not expected to change under the current assessment system status. The second factor is the significant decrease in the number of near-troubled PHAs from previous estimates. Most PHAs that have a PHAS score between 60 and 70 are designated as substandard by scoring less than 60 in one of the three major indicators, thereby meeting the definition of a troubled agency. As a troubled PHA, they are required to execute an MOA rather than an Improvement Plan. The third factor is the overall improvement of PHA performance. Many PHAs have been designated troubled



and near-troubled since the beginning of PHAS. HUD has worked closely with these PHAs to improve their performance to levels of standard or high performer.

16. For collection of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The collection of this information will not be published for statistical use, but will be used to comply with the statutory requirements in the 1990 Act and PHRA that the Secretary designate troubled PHAs and Capital Fund Troubled PHAs, work with PHAs to resolve identified deficiencies, and annually report on their status.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

HUD does not seek approval not to display the expiration date for OMB approval for this collection.

18. Explain each exception to the certification statement identified in item 19.

There are no exceptions to the certification statement identified in item 19.

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

This collection does not employ statistical methods.