

**SUPPORTING STATEMENT FOR HUD SECTION 8  
FAIR MARKET RENT RANDOM DIGIT DIALING SURVEYS**

**A. JUSTIFICATION**

**1. Circumstances That Make Collection of Information Necessary**

Section 8 Fair Market Rents (FMRs) for the Voucher program (See 24 CFR 888 Subpart A) currently serve as the payment standard for approximately one million rental units. Under this program, HUD subsidizes the difference between the FMR payment standard and 30 percent of the incomes of participating households. Subsidy outlays associated with this program total over \$5 billion annually, and outlays for any given unit are a function of the applicable FMR.

The Department is required to revise and publish its Section 8 Existing Fair Market Rent (FMR) standards for each FMR area on an annual basis. (See 24 CFR 888.115.) Many years ago the Department developed and implemented a methodology for establishing and updating its FMR estimates between the intervening 10 years of the Decennial Census. While the American Community Survey (ACS), fully implemented in 2005 with data available in late 2006, provides updated rent data for large metropolitan areas annually, smaller areas will have no data available for several years. This clearance request will cover the use of random digit dialing (RDD) surveys in smaller metropolitan and nonmetropolitan areas, through 2009; thereafter, ACS data will be available for all areas.

An "FMR area" consists of either a nonmetropolitan county or a metropolitan area. Metropolitan areas are defined by the Office of Management and Budget (OMB), with some modifications based on income and rent relationships. FMR rent estimates are based on 2000 Census data, with some adjustments for RDD surveys, updated with ACS data, if possible, then Consumer Price Index (CPI) data, and trended to the middle of the fiscal year.

By statute, FMRs must be adjusted annually to reflect changes in rent levels. Until the development of the RDD survey methodology explained in this package, adjustments were made using market rent data provided by interested parties. The HUD Inspector General determined that this data was not statistically valid, so HUD developed this survey method to provide a better base-year update of rents. Under a contract with the Department, the Research Triangle Institute (RTI) reviewed, improved, and tested the HUD methodology in three market areas. To test this approach under different market circumstances, a fast-changing West coast market (San Diego), a depressed Southwestern market (Houston), and a stable market typical of a number of Midwestern cities (Cincinnati) were selected. All three areas were covered by both metropolitan American Housing Survey (AHS) and CPI surveys, which meant that the accuracy of the phone survey results could be tested. The results for the three areas tested were statistically identical (i.e., well within the confidence intervals of the respective estimates) to FMR estimates based on AHS surveys updated with metropolitan-specific CPI data. The same result occurred in PHA-funded surveys in Detroit, Pittsburgh, and Buffalo, which are also AHS-CPI areas.

Sample sizes of about 450 completed interviews of the types sought were obtained for each of the areas in the test, and the 40<sup>th</sup> percentile computed from the 200 or so recent movers among

them. Response rates were consistently high, in the 90-95 percent range, which reduces standard errors. The surveys produced estimates that had standard errors in the 1.6 to 1.8 percent range. This means that we can be 95 percent confident that the survey estimates were within 3.2 to 3.6 percent of the true 40<sup>th</sup> percentile rent levels for the populations surveyed.

ORC Macro of Burlington, Vermont, conducted area RDD surveys annually from 1994 to 2006. In 2006 a new contract was awarded to M. Davis and Co. There have been minor changes in the survey instrument and technological changes in the calling/interviewing methodology, but the methodology has remained essentially unchanged for years. The number of surveys conducted annually has been substantially reduced in recent years, from 50-60 surveys in the early years, to 5-10 in more recent years.

The Department continues to require the use of a relatively fast and statistically accurate survey instrument to test the accuracy of FMRs, in those areas that currently have no ACS data

## **2. How the Information Will Be Collected, by Whom, and for What Purpose**

All information sought will be collected by M. Davis and Co. using telephone surveys.

This information is collected to obtain accurate and current estimates of the 40th or 50th percentile rent in FMR areas. The efficiency of HUD assisted housing programs has been greatly improved by these efforts, and the likelihood of lawsuits and other protests filed against the Department have been reduced.

Higher FMRs make it easier for program participants to find rental units, while lower FMRs increase the number of tenants that may be served. Either way, a more accurate FMR benefits the program, by ensuring that those who need housing assistance can receive it to the extent they should and are not subject to financial hardship. Current rent should be used where possible, and in areas not covered by other survey data, there is no other way to determine if rents are appropriate.

## **3. Use of Improved Technology to Reduce Burden**

The proposed effort relies on improved information processing technology wherever possible. The approach being used was selected in large part because it minimizes costs by minimizing the response burden on those contacted. Five specific features of the approach tend to reduce respondent burden:

(1) One method is to discard 100-blocks from the sampling frame that are identified as dedicated for business use. A “base” sample is then generated by adding two digits to a listing of 100-blocks with two or more residential numbers (blocks with only one listed residential number are usually data entry errors).

(2) The sample is run through a computerized match to detect all numbers identified as

Yellow Page business listings that are not also listed as a residential number, and any numbers so matched are deleted from the list to be called.

(3) The third method used is to run all remaining numbers through an automatic telephone screening system that can detect nonworking numbers in most areas. The system is able to identify if a number is working or nonworking even before a telephone ring signal is generated and, at worst, causes a half-ring. This approach is used in lieu of approaches that require the telephone to ring and be answered for a pre-screening interview. The automated screening is done during weekdays when few people are at home, to further reduce potential response burden.

(4) A Computer Assisted Telephone Interviewing (CATI) system is used. This system has an auto-dialing feature that eliminates incorrect dialing and the associated response burden. It also provides on-screen prompts to guide the interviewer through the interview as quickly as possible, and immediate edit checks to enable invalid response entries to be immediately identified and corrected.

(5) The remaining contribution to reduced response burden has been a thorough and continual review of the questionnaire to make it faster and easier to use. For example, utility costs are no longer asked. Rather, which utility a respondent pays for and the Section 8 utility allowance is applied to these answers. This produces more accurate dollar estimates of utility usage and reduces response burden. Questions have been added to clarify what to do in shared housing situations.

#### **4. Efforts to Identify Duplication**

The telephone sample is pre-screened to identify telephone numbers that are obviously used for business purposes. Samples are drawn without replacement, so that one number cannot be called more than once in any survey.

HUD knows of no duplicative surveys of this type that are being conducted. A small number of PHAs have used the RDD telephone survey methodology developed by HUD to evaluate the accuracy of their FMRs. In the event a HA has conducted such a survey, HUD would not re-survey the area and there would be no duplication of effort.

#### **5. Efforts to Minimize Burden on Small Businesses**

This effort does not involve small businesses or other small entities. In addition to screening out most business numbers in the sample selected, calls are made in the evening and on weekends to increase residential contacts and minimize business contacts.

#### **6. Consequences of No or Less Frequent Data Collection**

The current FMR estimation process uses two methods to assure that rent estimates are as accurate as possible. First, FMR estimates are based on the best and most current available data.

Second, the system provides for an appeals system for areas where HUD estimates are not consistent with local data. Eliminating this data collection would prevent corrections to rent estimates based on market conditions since the 2000 Census or ACS, if applicable, was conducted. In areas of softening rental markets, HUD will spend more on the program than necessary and not be able to adequately serve markets where rents have significantly increased. In areas where rents have increased, assisted housing tenants may not be able to find adequate housing

**7. Special Circumstances Requiring Collection of Information in a Manner Inconsistent With 5 CFR 1320.6**

The data collection plan for this study conforms to the guidelines described in 5 CFR 1320.6, "General Information Collection Guidelines."

**8. Federal Register Publications; Past and Ongoing Consultations**

A notice about this information collection effort was published in a Federal Register notice on October 1, 2007. Comments were due by November 30, 2007. No comments were received.

During the development of the area-specific and HUD Regional surveys conducted by the Research Triangle Institute (RTI, located in Research Triangle Park, NC), discussions were held with the following RTI staff:

Charles L. Usher, Director, Center for Policy Studies, Francis J. Potter, Senior Research Statistician, and Jutta P. Sebestik, Senior Research Survey Specialist.

We have maintained a continuing dialogue with the individuals representing the former contractor, ORC Macro of Burlington, VT. They are:

Dr. Gregory Mahnke, Vice President and Managing Officer for this contract; and Leslyn Hall, Project Manager.

We have a continuing dialogue with the individuals representing the current contractor, M. Davis and Company, Inc., of Philadelphia, PA. They are:

Morris Davis, President and Managing Officer for the contract; and Michael Campbell, Project Manager.

**9. Payment or Gifts to Respondents**

No payment or gifts will be given to respondents.

## 10. Assurances of Confidentiality Provided to Respondents

As part of a standard introduction to the interview, respondents are told that their telephone number will never be provided to anyone reviewing this survey. Data files are kept under secure conditions, and not even the HUD GTR has access to the telephone numbers of the survey sample.

## 11. Justification for Questions of a Sensitive Nature

In order to estimate the FMR, it is necessary to ask sampled respondents the amount of their current rent, which potentially can be a sensitive question. If the respondent refuses to answer this question, the interviewer reads a statement on the interview instrument that explains the purpose for collecting this information.

## 12. Estimates of Respondent Burden of the Information Collection

Four factors affect the estimate of respondent burden: (1) the length of the screening process; (2) the length of the interview; (3) the sample design; and (4) the eligibility criteria. The amount of respondent burden varies somewhat because the percent of people who meet the eligibility criteria varies by site. The following burden estimates represent our experience with the most current wave of surveys:

Type of Survey	Number of Phone Calls Made	Average Time Each	Total Time	
			Minutes	Hours
<b>AREA SURVEYS</b>				
Number who pick up phone but are screened out	38,204	1.70	64,996	1,083
Total interviewed (movers and stayers)	5,954		4.02	23,953
			399	
<b>BASE YEAR TOTAL</b>	<b>44,158</b>		<b>88,952</b>	<b>1,482</b>
<b>REMAINING 2-year total</b>	<b>353,264</b>		<b>711,616</b>	<b>11,856</b>

Base year estimate is based on 5 Area Surveys, April – June 2007. For the remaining two years of contract, assume up to 20 surveys each year.

## 13. Total Annual Cost Burden to Respondents

There is no cost burden to respondents.

## 14. Estimated Annualized Costs to the Federal Government and Respondents

The current effort is being carried out under HUD Contract No.C-CHI-00851. The total amount of this contract, spent over a 3-year period, is \$2.5 million, \$500,000 for the base year and \$1 million for each of the two option periods.

## **15. Reasons for Change in Burden**

The response burden estimates are based on 5 area surveys, but the contract allows for up to 20 area surveys in the second and third years of the contract, which are the basis of this renewal request. Both amounts are significantly below the 35 area surveys conducted under the most recent renewal.

## **16. Plan for Tabulation, Statistical Analysis, and Publication**

The survey results are tabulated and analyzed to provide estimates of the 40th or 50th percentile gross rent and its variance. These estimates are trended forward to the appropriate FMR estimation date. The results of these FMR area surveys are published as proposed FMRs for comment in the Federal Register in the late spring of each year, and published for effect in the Federal Register by October 1st of each year.

## **17. Explain any Request to Not Display the Expiration Date**

HUD is not seeking approval to avoid displaying the expiration date.

## **18. Explain Each Exception to the Certification Statement Identified in Item 19.**

There are no exceptions to the certification statement identified in item 19 of the OMB 83-I.

# **B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

## **1. Target Population**

The target population for each FMR survey is all telephone households in the area with the following household/unit characteristics:

- The respondent must be a renter of the dwelling unit;
- The respondent must reside in a single family residence (*i.e.*, not group quarters such as dormitory or military barracks);
- The respondent must be reached on a non-business phone;
- The respondent must be reached in the unit that is used as the usual residence (*i.e.*, not a seasonal or vacation residence);
- The unit must have two bedrooms. Metropolitan area surveys may collect data for one- and two-bedrooms, nonmetropolitan area surveys may collect data for one-, two-, and three-bedrooms;

- The unit must have been built at least two years ago;
- The unit must not be owned by a Public Housing Authority (PHA);
- The unit must not be owned by a relative;
- The respondent must not perform work for the landlord in exchange for rent.

Eligible respondents are divided into two groups, defined by the length of residence in their current units: “recent-movers” or “stayers.” “Recent-movers” are renters who have been in their current units for 24 months or less at the time of the interview; “stayers” are renters who have been in their current units more than 24 months at the time of the interview. Data were collected for both recent-movers and stayers. We have increased the time period for recent-movers from 15 months to 24 months, to make the term consistent with the ACS survey data.

## 2. Sample Selection

M. Davis and Company, Inc utilized the services of the GENESYS System (Marketing Systems Group, Inc.) to generate sample. The GENESYS System employs list-assisted random digit dialing methodology. List-assisted refers to the use of commercial lists of directory-listed telephone numbers to increase the likelihood of dialing household residences. This method gives unlisted telephone numbers the same chance to be selected as directory-listed numbers.

The system utilizes a database consisting of all residential telephone exchanges, working bank information, and various geographic service parameters such as state, county, Primary ZIP code, etc. In addition, the database provides working bank information at the two-digit level – each of the 100 banks (i.e., first two digits of the four-digit suffix) in each exchange is defined as "working" if it contains one or more listed telephone households. On a National basis, this definition covers an estimated 96.4% of all residential telephone numbers and 99.96% of listed residential numbers. This database is updated on a quarterly basis. The sample frame consists of the set of all telephone exchanges that meet the geographic criteria. This geographic definition is made using one or more of the geographic codes included in the database. Following specification of the geographic area, the system selects all exchanges and associated working banks that meet those criteria. Based on the sample frame defined above, the system computes an interval such that the number of intervals is equivalent to the desired number of sample pieces. The interval is computed by dividing the total possible telephone numbers in the sample frame (i.e., # of working banks x 100) by the number of RDD sample pieces required. Within each interval a single random number is generated between 1 and the interval size; the corresponding phone number within the interval is identified and written to an output file. The result is that every potential telephone number within the defined sample frame has a known and equal probability of selection.

Below is Genesys' Random Digit Dialing sampling methodology:

1. Epssem (Equal Probability Selection Method) sample is generated in the following way:

a) The sample frame is first specified, which is defined as a group of exchanges serving some

geographic area - this could be a city, county, state, National, etc., or even just a set of exchanges.

b) The sampling interval is then calculated by summing all of the exchanges and working blocks in the frame, times 100.

c) This sum is then divided by the number of RDD records desired, thus specifying the size of the frame subdivisions.

d) At this point, the frame size has been fixed and divided into equal-sized subsets of ten-digit numbers.

e) Within each of the subsets, one number is selected at random from each of the equal-sized intervals.

f) All possible ten-digit numbers are given an equal probability of selection, regardless of the density of listed households within them. Hence, an extremely representative sample is produced.

g) There are a few advantages to an epsem sample:

1) Generates a statistically valid random sample also allows for unbiased estimates.

2) Project to all households with a phone number.

3) Is no potential bias toward households with listed phone numbers.

This process is designed to purge about 75% of the non-productive numbers (non-working, businesses and fax/modems). Since this process is completed after the sample is generated, the statistical integrity of the sample is maintained. GENESYS employs the ID-PLUS process for the HUD RDD Fair Market Rent surveys.

The Pre-Dialer Phase – The file of generated numbers is passed against the ID database, comprised of the GENESYS-Plus business database and the listed household database. Business numbers are eliminated while listed household numbers are set aside, to be recombined after the active Dialer Phase.

The Dialer Phase – The remaining numbers are then processed using automated dialing equipment – actually a specially configured PROYTYYS Telephony system. In this phase, the dialing is 100% attended and the phone is allowed to ring up to two times. Specially trained agents are available to speak to anyone who might answer the phone and the number is dispositioned accordingly. Given this human intervention in evaluating all call results, virtually all remaining businesses, non-working and non-tritone intercepts, compensate for differences in non-working intercept behavior. The testing takes place during the restricted hours of 9 a.m. – 5 p.m. local time, to further minimize intrusion since fewer people are home during these hours.

The Post-Dialer Phase – The sample is then reconstructed, excluding the non-productive numbers identified in the previous two phases.

While data were collected for both recent-movers and stayers, calling protocols for FMR areas required that interviews be completed with at least 200 recent-movers in each FMR metropolitan area, and at least 100 recent-movers in each FMR nonmetropolitan area. Calling protocols also required that additional recent-mover interviews be completed in areas where the half-width of a 95 percent confidence interval centered at the 40th or 50th percentile recent mover rent estimate was greater than 5 percent of the estimate. Once the sampling frames for



each FMR area was created, a preliminary estimate of the incidence of eligible rental units was obtained using Census information.

### 3. Response Rates

#### FY2007 FMR Area Surveys

##### Overall AAPOR Response Rate 3 Results

<b>Market</b>	<b>AAPOR Response Rate3</b>	<b>AAPOR Cooperation Rate3</b>	<b>AAPOR Refusal Rate3</b>	<b>AAPOR Contact Rate3</b>
<b>Los Angeles</b>	52.8%	97.8%	1.0%	98.0%
<b>Bakersfield</b>	40.5%	99.2%	0.6%	95.6%
<b>Orlando</b>	40.6%	98.7%	1.0%	95.3%
<b>Hawaii County</b>	58.9%	99.4%	0.4%	96.3%

These response rates are above the rates shown by ORC-Macro in recent years and are based on a lower volume of sample being released and more contacts being made.

The following measures, listed previously as actions that would be used to increase response rates, were used in the M. Davis and Company surveys:

- Adopting the "new" longer introduction as the standard for all of the FMR surveys.
- Changing the maximum number of attempts to 15.
- Improving communication with local housing authorities and HUD Regional Offices to make sure they are aware of all area and regional surveys that are being conducted. Providing a means of verifying the legitimacy of the survey effort by placing a note on the HUD website.
- Change protocol so that a telephone line that is connected to a fax/modem is not considered terminal at the first encounter and will instead be tried again at a different times of day, days of week in order to better ascertain if the number rings into an eligible household.
- Consider investigating more thoroughly how many of the telephone numbers at the end of the study are not households, and then proposing an alternative method for handling these records for a more accurate response rate calculation.

#### **4. Statistical Consultants; Data Collection Contractor**

During the development of the area-specific and HUD Regional surveys conducted by the Research Triangle Institute (RTI, located in Research Triangle Park, NC), discussions were held with the following RTI staff:

Charles L. Usher, Director, Center for Policy Studies, Francis J. Potter, Senior Research Statistician, and Jutta P. Sebestik, Senior Research Survey Specialist.

The surveys were continued under a contract with ORC-Macro, through 2006, although the regional surveys were stopped in 2005. Improvements were made to the survey methodology in consultation with the following ORC-Macro staff:

Dr. Gregory Mahnke, Vice President and Managing Officer; Randal S. ZuWallack, Senior Statistical Analyst, and Leslyn Hall, Project Manager.

Under the new contract with M. Davis and Company, Inc., the following staff of M. Davis, as well subcontractor Abt Associates have been involved in the planning of the surveys and include:

Morris R. Davis, President and Managing Officer of the contract; Michael G. Campbell, Esq., Project Manager; Dr. Meryl Finkel Statistical