

SUPPORTING STATEMENT – PART A
U.S. Department of Commerce
U.S. Census Bureau
Survey of Housing Starts, Sales, and Completions (SOC-QI)
OMB Control No. 0607-0110

A. Justification

1. Necessity of the Information Collection

The U. S. Census Bureau is requesting a revision of the currently approved collection for the Survey of Housing Starts, Sales, and Completions, otherwise known as the Survey of Construction (SOC). The Census Bureau is authorized under Title 13, United States Code, Sections 9(b), 161, and 182 to collect information on new residential buildings. Government agencies and private companies use statistics from SOC to monitor and evaluate the large and dynamic housing construction industry. Data for two principal economic indicators are produced from the SOC: New Residential Construction (housing starts and housing completions) and New Residential Sales. In addition, a number of other statistical series are produced, including extensive information on the physical characteristics of new residential buildings, and indexes measuring rates of inflation in the price of new buildings. These statistics are based on a sample of residential buildings in permit-issuing places and a road canvass in a sample of land areas not covered by building permit systems.

The field representatives (FRs) mail forms SOC-QI/SF.1 and SOC-QI/MF.1 to new respondents to complete (see Attachments A and B). A few days later, the FRs either call or visit the respondents to enter their survey responses into a laptop computer using the Computer Assisted Personal Interviewing (CAPI) software formatted for the SOC-QI/SF.1 and SOC-QI/MF.1 forms. The respondents are homebuilders, real estate agents, rental agents, or new homeowners of sampled residential buildings. FRs contact respondents multiple times based on the number of projects in the sample and the number of months required to complete the project.

The CAPI software for all SOC data collection has been rewritten and modernized to work on laptop computers with the Microsoft Windows operating system. The new software has been used in the field since May 2008. The new software provides the opportunity to modify the questionnaire to introduce new data items that are of interest to data users. After working with key data users and testing potential new data items, we identified seven new data items to be added to the single-family questionnaire and three new items for the multifamily

questionnaire. We request approval to add these questions to the electronic questionnaire in December 2008 to allow tabulation of these characteristics for buildings started, completed, or sold in 2009. The new single-family items are those on Attachment A with item names ASSOCIATION, DEVELOPMENT, FRAMING, FOYER, LAUNDRY, WATER, and SEWAGE. The new multifamily items are those on Attachment B with item names DEVELOPMENT, FRAMING, and LAUNDRY.

The Census Bureau also worked with key data users to review the existing data items for relevance and determined that information about whether closing costs are included in the sales price is of limited usefulness because the dollar value of these costs is not collected. Data users had little interest in the data so the question has been eliminated.

The previous SOC questionnaire software required that all characteristics of new single-family units be re-asked at time of completion to identify any changes that occurred during the construction process. Census staff studied the data and determined that the square footage of the house and basement were the only characteristics that changed significantly upon completion of the house and need to be re-asked. Data users requested updates to the sale price, contract price, and intent at time of completion, so these questions will also be re-asked. Because several questions will no longer be re-asked, the overall length of the average interview will not change.

2. Needs and Uses

The Census Bureau uses the information collected in the SOC to publish estimates of the number of new residential housing units started, under construction, completed, and the number of new houses sold and for sale. The Census Bureau also publishes many financial and physical characteristics of new housing units. Government agencies use these statistics to evaluate economic policy, measure progress towards the national housing goal, make policy decisions, and formulate legislation. For example, the Board of Governors of the Federal Reserve System uses data from this survey to evaluate the effect of interest rates in this interest-rate sensitive area of the economy. The Bureau of Economic Analysis uses the data in developing the Gross Domestic Product (GDP). The private sector uses the information for estimating the demand for building materials and the many products used in new housing and to schedule production, distribution, and sales efforts. The financial community uses the data to estimate the demand for short-term (construction loans) and long-term (mortgages) borrowing.

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. Use of Information Technology

The FRs collect the data using CAPI either by phone or in person. FRs attempt to contact respondents first by phone in order to minimize cost. If a respondent cannot be reached by phone, the FR will make a personal visit to the site or to a sales office. FRs mail a printed version of the questionnaire to new respondents to document the questions asked in the interview and to provide the expiration date of the OMB approval of the survey. See Attachments A and B.

4. Efforts to Identify Duplication

We have examined the statistics from the current surveys of the Census Bureau, U.S. Department of Housing and Urban Development, and the National Association of Home Builders and, to our knowledge, duplication does not exist. Also, McGraw-Hill Construction publishes housing starts, but they are not as reliable or complete.

5. Minimizing Burden

To reduce respondent burden, we use variable sampling patterns dependent upon monthly construction activity. With this methodology, introduced in 1984, respondent burden remains relatively stable in times of high and low building activity.

The interview is normally conducted by telephone, the number of questions asked is limited, and the questions asked do not require any additional record keeping burden. FRs typically deal with many of the same respondents month after month and may need to obtain information for more than one building from each respondent. To reduce respondent burden and collect the data most efficiently, the interviewers use their familiarity with the respondent's organization to contact the most knowledgeable person and to gather information for all buildings with one telephone call.

6. Consequences of Less Frequent Collection

Many national policies, decisions, and analyses are formulated and updated frequently using information collected in the SOC. 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.

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. This monthly survey provides data used to produce two economic indicators, New Residential Construction and New Residential Sales. Therefore, response is requested within a few days to provide timely statistics for analyzing the economy.

8. Consultations Outside the Agency

We consulted extensively with data users outside the agency to identify their needs for new SOC data items and to obtain other comments regarding the current SOC questionnaire. The Census Bureau meets regularly with data users from the Bureau of Economic Analysis (BEA) and the National Association of Home Builders (NAHB). The NAHB-Census partnership meetings are also attended by representatives from HUD, the Harvard University Joint Center for Housing Studies, the AARP, and the National Multi Housing Council (NMHC). These groups were asked to suggest new data items and to identify which would be most useful, and were also consulted to assist with the development of the wording of new questions.

On December 27, 2007, we published a notice in the Federal Register (Vol. 72, No. 247, Page 73310) inviting public comments on our plans to submit this request. We received two comments during the 60-day comment period:

The first comment opposed the Census Bureau spending taxpayer dollars to collect these data on a monthly basis. The Census Bureau needs these data on a monthly basis to ensure that we can provide accurate, current statistics on residential construction, e.g., housing starts and housing sales, that are needed by economic policymakers to monitor the large and dynamic construction sector of the economy.

The second comment was from the National Association of Home Builders (NAHB) and stated that the NAHB strongly supports the addition of new data items to the survey. The NAHB requested more details about the changes to the questionnaire, which we have provided to them.

9. Paying Respondents

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

10. Assurance of Confidentiality

FRs mail new respondents a letter explaining the purpose of the survey. The

letter also states that the survey is voluntary and provides information about the response burden. See Attachment C. The following statement of confidentiality is included in the letter: “All data that you provide are **CONFIDENTIAL** by law (Title 13, United States Code). Your report is seen only by persons sworn to uphold the confidentiality of Census Bureau information and may be used only for statistical purposes.”

11. **Justification for Sensitive Questions**

The survey contains no sensitive questions.

12. **Estimate of Hour Burden**

Annual Respondent Burden

Forms	Number of Buildings	Average Number of Annual Contacts per Building	Total Number of Contacts	Average time to Complete One Contact (hours)	Estimated Total Burden Hours
SOC-QI/SF.1	14,400	8.39	120,816	5 mins.	10,068
SOC-QI/MF.1	7,800	7.00	54,600	5 mins.	4,550
Total	22,200	7.90	175,380	5 mins.	14,615

We add approximately 22,200 new buildings a year. A builder or owner may be contacted several times based on the number of buildings he/she has in the sample and how long the construction project takes. Using data from our files, we estimated the number of times we need to contact the builder or owner to obtain the data. This is shown as the average number of annual contacts per building. We estimated the average length of time it takes for each contact using our knowledge of the amount of information requested and the time required to obtain that information. Using this information and the total number of responses, we calculated the annual respondent burden.

According to the Bureau of Labor Statistics' Occupational Employment Statistics survey, in 2006 construction managers' mean earnings were \$27.64 per hour. Therefore, the total cost to the respondents is \$403,959.

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 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 estimated total cost for FY 2008 for the Survey of Construction program of which this questionnaire is a part is \$8,901,000. Of this amount, \$2,838,000 is borne by the Department of Housing and Urban Development, and \$6,063,000 is borne by the Census Bureau.

15. Reason for Change in Burden

We have adjusted the burden downward by 73 hours due to a slight decrease in the universe of construction projects available for sample and a change in our estimate of the number of contacts per building.

16. Project Schedule

Data from the SOC are collected in the first week of the month following the reference month. The forms are edited, keyed, and tabulated. On or about the 12th workday of the month, the preliminary estimates of housing starts and housing completions are published for the prior month. Estimates of new residential sales are published on or about the 18th workday. The quarterly price index of new one-family houses sold is published with the new residential sales data. Annual estimates of physical and financial characteristics of new housing are released about six months after the end of the reference year. Data are available on the Internet at www.census.gov/newresconst and www.census.gov/newhomesales.

17. Request to Not Display Expiration Date

The SOC-QI is an electronic questionnaire. A printed version of the questionnaire is mailed to new respondents to document the questions that are asked in the interview and to provide the expiration date of the OMB approval of the survey. See Attachments A and B.

18. Exceptions to the Certification

There are no exceptions.