

# Supporting Statement for Paperwork Reduction Act Submissions

## OMB 2577-0245

### 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.

Division B of the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006 (Pub. L. 109-148; approved December 30, 2005), among other provisions, makes emergency supplemental appropriations to address the hurricane devastation in the Gulf of Mexico. Section 901 of this supplemental appropriations act permits eligible PHAs to use their Calendar Year (CY) 2006 Capital Funds (section 9(d) of the United States Housing Act of 1937 (42 U.S.C. 1437 *et seq.*) (1937 Act)), Operating Funds (section 9(e) of the 1937 Act), and Housing Choice Voucher Funds (section 8(o) of the 1937 Act) interchangeably, to assist families who were receiving assistance under the 1937 Housing Act when Hurricanes Katrina and Rita occurred, and who were displaced from their housing by the hurricanes. HUD issued a Notice in the *Federal Register* on July 28, 2006, (FR-5067-N-01, Vol. 71, Page 42996), providing guidance on how eligible PHAs would implement, report, and account for use of this flexibility. PHAs were granted five years to expend funds designated for Section 901 purposes under the Capital Fund and HCV programs, and one year to expend funds under the Operating Fund.

Congress subsequently extended Section 901 funding flexibility to CY 2007, 2008, and 2009 program funding through Section 4803 of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 (Public Law No. 110-28 enacted May 25, 2007), and Section 11003 of the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Public Law No. 110-329).

The Notice of Intent advises HUD an eligible PHA elects to use Section 901 flexibility to use funds in one program for eligible uses in and under the rules of another program, for the purpose of meeting their local public housing rebuilding needs and other needs of formerly assisted and displaced families. The Fungibility Plan states how eligible PHAs will reallocate and spend Section 901 funds. The Fungibility Plan includes the sources and uses of program funds, the proposed activities, the needs of formerly assisted and displaced families, a board resolution approving submission of the plan, and a Capital Fund Program Annual Statement, form HUD-50075.1 for public housing modernization activities, where applicable (see OMB No. 2577-0226). PHAs have the option of using a HUD-developed template for submitting this information to HUD. The quarterly, annual, and final reports are required for PHAs to provide to HUD the status of Section 901 activities and funding.

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.

PHAs that are eligible to invoke the flexibility provided by section 901 are the respondents who prepare and submit to their local field office and HUD Headquarters an upfront plan for "fungibility" – a term used to describe the use of voucher or public housing capital and operating funds for other program purposes. Local field office and Headquarters staff review this information to determine that PHAs are eligible for Section 901 funding flexibility, and that proposed uses of source program funds are eligible activities in the program for which the funds will be used. Upon receipt of a general approval from HUD to implement a Section 901 Fungibility Plan, PHAs must subsequently follow the rules of the program in which funds will be used, including the submission of additional, more detailed documentation as is currently required. For example, some PHAs proposed to use Section 901 funds for new construction of replacement public housing or affordable housing units that would receive project-based subsidies under the HCV program. Those activities require PHAs to submit housing development documents under public housing mixed-finance rules and other documentation for project-based voucher subsidy layering reviews.

HUD officials review Section 901 quarterly, annual, and final reports to obtain and report out information on how PHAs are using the funds designated for other program purposes and the rate at which such funds are being obligated and expended.

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.

The Notice of Intent and Fungibility Plan submission is a one-time, upfront collection that potentially affected ninety-six (96) PHAs. Thirty two (32) of the ninety six (96) eligible PHAs administer Housing Choice Voucher programs, which is the primary source of funds available for other program purposes. Since the original approval for this information collection, there have been a total of ten PHAs that submitted Fungibility Plans for calendar years 2006 – 2009. Nine of these PHAs were repeat submitters for all four years. One PHA was new in 2008. These ten PHAs will report quarterly, annually, and in a final report how the funds were used, the status of Section 901 activities, and the obligation and spend rate of those funds. It would not be cost effective to automate the collection. PHAs submit the reports to HUD via electronic mail.

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.

Notices of Intent and Fungibility Plans were developed specifically to implement Section 901 flexibility and are not already available. The OMB-approved CFP Annual Statement, form HUD-50075.1 (see OMB No. 2577-0226) provides an existing format for PHAs to identify specifically how Section 901 designated funds will be used for public housing capital improvements or mixed-finance development, apart from annual CFP formula grant funding.

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.

This collection does not impact small businesses or other 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.

The consequences to Federal program or policy activities if the collection is not conducted are that HUD will not have information to report on the number of PHAs that exercised the funding flexibility offered by Section 901, or the extent to which funds were transferred and how they were used.

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 often 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 that 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 secrets, 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.

There are no special circumstances as described above required for this collection.

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 on 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 may preclude consultation in a specific situation. These circumstances should be explained.

No comments were received in response to the Notice. Future consultation in 2010 is planned with the small number of respondents participating in Section 901 flexibility -- to discuss the need for and obtain feedback on the increased programmatic and financial status reporting and appropriate format -- given the evolution of this legislative initiative and the absence of an automated system to capture such information. Existing automated systems track program activity and financial status, including expenditures, according to the dollars appropriated for a given program. In Section 901 flexibility, dollars appropriated for one program are used for purposes under another program and appropriation -- requiring a manual system of program controls and oversight.

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

There are not payments or gifts associated with this collection.

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

There are no assurances of confidentiality with this collection.

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.

This collection does not involve any questions of a sensitive nature.

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 for approval 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.
- 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.

Total Annual Burden Hour Estimates							
Type of Submission	Number of Respondents	Frequency of Requirement	Total Number of Responses	X	Est. Avg. Time for Requirement (Hours)	=	Est. Annual Burden (Hours)
Notice of Intent and Fungibility Plan Plan Template Form HUD-50075.1	12	1	12		40		480
Quarterly Report	10	4	40		16		640
Annual Report	10	1	10		24		160
Final Report	10	1	10		40		400
<b>TOTAL</b>	12		72				0

Explanation of how the burden was estimated:

**Notice of Intent and Fungibility Plan:** It is anticipated that devising the Fungibility Plan will be a collaborative effort. A probable model is that the PHA Executive Director holds a meeting with staff responsible for administering the Housing Choice Voucher, Capital Fund, Operating Fund, and Hurricane Recovery programs to discuss hurricane recovery needs and how the PHA can best use the funding flexibility provided by section 901. At that meeting, a ‘working group’ is designated to work out the details of the plan and actually write the plan. Then, the larger group meets again to review the final product. For the purposes of estimating the number of hours to produce the plan, the following figures were used: Initial Meeting: 6 people meet for 2 hours = 12 hours. Working Group: 2 people spend 8 hours each writing the plan = 16 hours. Final Meeting: 6 people meet for 2 hours = 12 hours. Grand total = 40 hours.

Estimated cost to respondents: 4 hours x 10 respondents x \$48/hourly salary for Executive Director = \$1,920  
+ 40 hours x 12 respondents x \$28.85 average salary for work group staff hours = \$13,848

**Quarterly Reports:** It is projected an average of two professional program and financial staff dedicated to Section 901 would research and assemble information and data on the amount of funds per approved Section 901 activity were obligated and expended per quarter and prepare and submit the quarterly report. Time estimate: 2 professional staff spend 8 hours each = 16 hours. Estimate includes the time for research and gathering information for the report.

Estimated Annual cost to respondents: 10 respondents x 16 hours per report x \$28.85 average salary for staff work on reports = \$4,616

**Annual Reports:** For each of the 5 years respondents have to expend the funds combined or used for other program purposes under Section 901, it is projected an average of two professional staff would provide a summary report of actual Section 901 activities and outcomes, and the amount of funds expended, as compared to the original approved Fungibility Plan. Time estimate: 3 professional spend 8 hours each for a total of = 24 hours. Estimate includes the time for research and gathering information for the report.

Estimated Annual cost to respondents: 10 respondents x 16 hours per report x \$28.85 average salary for staff work on reports = \$6,924

**Final Report:** Working Group provides a summary report that includes the actual use, accounting, expenditure, and timeline for Section 901 designated funds, and how actual activities and outcomes compare to original Fungibility Plan approved by HUD. Time estimate: 2 people spend and average of 20 hours each = 40 hours.

Estimated Annual cost to respondents: 10 respondents x 40 hours per final report x \$28.85 average salary for staff work on reports = \$11,540

Total estimated costs for collection = \$38,848

13. Provide an estimate for the total annual cost burden to respondents or record keepers 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 and 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 collections 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 10/95 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 costs to respondents associated with this information collection other than preparing the reports described in 12.

14. Provide estimates of annualized costs 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 may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

Total Estimated Annual Costs to the Federal Government								
	Number of Respondents	X	Submissions per Respondent	X	Total Staff Hours for all Submissions	Hourly Rate	=	Annualized Cost
<b>Fungibility Plans</b>	12		1		120	\$47.21		\$5,665.2
<b>Quarterly Reports</b>	10		4		80	\$47.21		\$3,776.80
<b>Annual Reports</b>	10		1		60	\$47.21		\$2,832.6
<b>Final Reports</b>	10		1		60	\$47.21		\$2,832.6
<b>Coordination of Plans and Reports</b>	10		1		400	\$55.78		\$22,312
<b>TOTAL COST</b>					0			0

The cost to the Federal Government is the staff time spent reviewing, deliberating, and acting upon PHA submissions. For review of Fungibility Plans, the hourly rate assumes reviews in the local HUD Office of Public Housing and Washington, D.C. HUD Headquarters by Public Housing Revitalization Specialists or Program Analysts at an average GS-13, Step 5 level; and for Hours Per Submission assumes 24 hours for review, deliberation, and action on all 12 plans by each of five reviewers representing the local HUD Office of Public Housing, and the HUD Headquarters Public and Indian Housing (PIH) Policy, Field Operations, Voucher, and Public Housing staff. The same hourly rates apply for Headquarters and Field Office reviews of Quarterly, Annual, and Final reports - with five staff spending 12 hours each to review, discuss, record, and follow-up on all 10 Annual and Final reports, and 4 hours each on Quarterly reports. The hourly rate for coordination assumes average hourly salary costs for a Program Analyst, GS-14, Step 5, within the HUD Headquarters Office of Policy, Program, and Legislative Initiatives to coordinate Section 901 Fungibility Plan processing and overall policy, including development and approval of the collection instruments, plan reviews, routine and higher level meetings and briefings, research and resolution of issues, preparation and sign-off of decision notifications, and document management -- expected to average 40 hours per plan.

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

The burden hour estimates have been re-worked due to the actual number of Fungibility Plans received since the original and subsequent deadlines for submission of these plans September 11, 2006, and November 21, 2006, and the development of a template for use in preparing Fungibility Plans. In 2006, HUD received eight Fungibility Plans out 96 potentially eligible PHAs. HUD received five plans from Mississippi and three from Louisiana, including the Housing Authority of New Orleans (HANO). In 2007, HUD received eight Fungibility Plans from the same PHAs that submitted for 2006, and a new PHA from Mississippi, for a total of nine plan submissions. In 2008, HUD received nine Fungibility Plans, including six from previously participating PHAs and three new PHAs, for a cumulative total of twelve Fungibility Plan submissions overall. Two plans submitted in 2008 were disapproved due to insufficient funding available. In 2009, HUD received only one Fungibility Plan – from one previously participating PHA -- HANO. The twelve PHA plan submissions came from HANO, Jefferson Parish (LA), Lake Charles (LA), Long Beach (MS), Biloxi (MS), Mississippi Regional Housing Authority (MRHA), No. V; MRHA, No. VI; MRHA No. VII, MRHA No. VIII, Bay Waveland (MS), Sulphur (LA), and St. James (LA).

The primary reason for the increase in burden hours is that the ten PHAs with approved Fungibility Plans using CY2006 2007, 2008, and/or 2009 program funds will now be required to report their rates of obligating and expending these funds on a Quarterly basis, in addition to submitting Annual and Final reports setting forth obligations, expenditures, and progress in implementing plan activities. This change was prompted by the nature of the Section 901 initiative, which allows PHAs to use program funds from one source, primarily the Housing Choice Voucher program, which automatically sends 1/12<sup>th</sup> of a PHA's annual funding calculations to the PHA's bank account; for eligible uses in another program, primarily the public housing Capital Fund Program (CFP), which retains the funding in HUD's Line of Credit Control System (LOCCS) until the PHA periodically requisitions funds when they are needed to carry out plan activities. The funding and systems for the two programs differ. Accordingly, HUD determined more frequent reports of the rates of obligations and expenditures of these funds was needed in order to better monitor PHA performance in implementing Section 901 initiatives. Similar reports are submitted monthly by PHAs electronically via the LOCCS system for the obligation and expenditure of CFP funds. HUD has developed a suggested Word table format for the PHAs to submit the Section 901 activity reports via electronic mail.

Cost estimates have also been adjusted to reflect Congressional extension of Section 901 flexibility to calendar years 2006 through 2009, and the increased number of hours spent by multiple HUD personnel involved in reviewing, deliberating, making recommendations, preparing PHA notifications, briefing higher level officials, developing internal procedures, tracking reporting, and otherwise processing all facets of implementation of Section 901 -- a new activity authorized under the 2006 emergency supplemental appropriations that crosses several program areas and is related to the hurricane recovery efforts. PHAs have up to five years to expend the funds. The adjusted costs to the Federal Government reflect the increased oversight responsibilities inherent in four funding streams with five year expenditure periods, and the accompanying coordination to ensure adequate financial management, accounting, performance, reporting, and monitoring controls are in place.

16. For collections 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.

There are no plans to publish this information.

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

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

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

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

This information collection does not employ statistical methods.