

**Supporting Statement for
Paperwork Reduction Act Information Collection Submissions
OMB No. 1084-0033
“Private Rental Survey”**

Terms of Clearance: None

General Instructions

A Supporting Statement, including the text of the notice to the public required by 5 CFR 1320.5(a)(i)(iv) and its actual or estimated date of publication in the Federal Register, must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must contain the information specified in Section A below. If an item is not applicable, provide a brief explanation. When Item 17 of the OMB Form 83-I is checked "Yes", Section B of the Supporting Statement must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.

Specific Instructions

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.**

Public Law 88-459 (Federal Employees Quarters and Facilities Act of 1964) authorized Federal agencies to provide housing for Government employees under specific circumstances. Under the authority of 5 U.S.C. 5911, rent may be collected from Federal employees through payroll deduction for Government-owned quarters. 5 U.S.C. 5911 also required administrative policy and guidelines be drafted, and the Office of Management and Budget subsequently implemented *Circular A-45 (Revised October 20, 1993)*, “*Rental and Construction of Government Quarters.*” OMB Circular A-45 requires that employee rents be based on “a survey of comparable private rental housing throughout the region.” In addition, “agencies are encouraged to utilize the survey method, whenever possible, due to the costs and administrative burdens associated with conducting individual appraisals.”

OMB Circular A-45 also specifies “To avoid duplication and inconsistent (rental) rates, all agencies with quarters in a given location should coordinate their survey plans and conduct a single survey applicable to all.” In the early 1980s, the Department of the Interior (DOI) began conducting regional rental surveys for rent-setting purposes and to comply with A-45. DOI has a substantial inventory of Government employee housing, operating about 10,000 quarters. They developed the Quarters Management Information System (QMIS), an automated system that uses rental algorithms determined by regional rental surveys to calculate rent and other charges for each quarter. QMIS is now used

under contract to the National Business Center (NBC, DOI) by 19 bureaus and Federal agencies to calculate rent for approximately 19,000 quarters across the nation. QMIS and the NBC employ all of the specific requirements of OMB Circular A-45 to determine rental rates.

There are 15 survey regions and each must be surveyed at least every five years, per OMB A-45, Section 7(d)(1). (See Attachment A for Survey Regions Map.) Rents are adjusted in the interim years by inflation measures (per Section 7(d)(2)). The National Housing Council, which is comprised of Housing Officers from participating DOI bureaus and non-DOI agencies, believed that surveying every three years would allow the Government to keep better pace with the private rental market and help alleviate the large rental rate increases that were being experienced with the five-year regional rental survey schedule. In 1997, DOI adopted a three-year regional rental survey cycle, and it achieved the intended purpose. By 2003, all 15 regions had twice been surveyed every three years. The rental rates were keeping better pace with the market. However, more frequent surveying increased the costs associated with conducting the surveys. In an effort to balance the need for current data with the expense of more frequent collection, the National Housing Council approved a four-year regional survey cycle during its March 2003 meeting. Currently, the NBC conducts three or four regional rental market surveys each year, collecting data on 1,800 to 5,300 private rental comparables each year using forms OS-2000 and OS-2001.

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. [Be specific. If this collection is a form or a questionnaire, every question needs to be justified.]

In essence, private rental market data collected via forms OS-2000 and OS-2001 are used to statistically determine the “fair market rent” of houses, apartments, mobile homes and trailer pads in specific communities, and in specific regions, across the U.S., the Caribbean, and American Samoa. Utility rates are also collected from local government and private sector providers.

The NBC, acting under contract to the participating agencies, surveys each of 15 established regions every fourth year, with three to four specific regions surveyed each year.

A sampling plan is developed by the NBC, based on the location and type of Government-owned quarters in each region. A small business contractor then uses the plan to collect data from property managers of private rental units on forms OS-2000 and OS-2001. See Attachment B for justification of each question on the survey form. The data is collected on a voluntary basis from realtors, landlords and tenants through interviews and personal inspection of each property. Property appraisal methods are not used. Respondent selection varies from community to community.

The contractor is free to choose any private rental units that fulfill the contract specifications. In some cases, the rental comparables are derived largely from newspaper ads or leads. In other cases, rental property leads are available from realtors, the local Chamber of Commerce, or HUD offices. In larger cities, the requested information is

collected from computer databases containing “multiple listings” for rental purposes. The contractor interviews the Property Manager or tenant to complete most items on the OS-2000 or OS-2001 form. The contractor may collect some data by telephone. However, the contractor is also required to photograph and sketch each private rental comparable from the exterior, and completes some essential data from visual inspection of the property.

Rental units that have rented at fair market rates within the previous 12 months, or have had their rental rates reconfirmed within the past 12 months, are acceptable as comparables, as are units currently offered for rental. A unit does not have to be vacant to be included in the survey. All rental samples must involve arms-length transactions, where the monthly contract rental rate represents a fair market rental rate. That is, no rentals may be used where the renter furnishes some services (maintenance, repair, custodial services, etc.) in lieu of rent, or where the housing is provided at less than a fair market rental rate (i.e., a family relationship between landlord and tenant.)

Property managers are frequently realtors or other management companies, and may provide data for more than one rental property. For example, the contractor may collect rental data on a one bedroom apartment, a two bedroom apartment, and a three bedroom apartment that exist in the same complex.

When the regional survey is complete, the NBC receives the rental data in a database format and analyzes it using step-wise multiple regressions. Through this process, numerical (dollar) values are derived for the independent variables (i.e., number of rooms, age, size, etc.) that account for the most variance in the dependent variable (the contract rent of the private sector housing units in the survey). These factors, and their corresponding dollar values, result in a rent “formula” – a regression line that best predicts rent. Regressions are run separately for each housing type: houses, apartment and mobile homes. The formulae are then programmed in the QMIS system, distributed to NBC’s participating Federal agencies, and subsequently used to compute the rent, utilities and related charges for each Government employee housing unit. The 15 regional surveys are used to establish rental rates for about 19,000 Government-owned quarters.

- 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 [and specifically how this collection meets GPEA requirements.]**

When conducting a regional private rental market survey, the contractor must physically go to the communities specified in the sample plan, take photographs of each comparable, and measure and inspect the exterior of each unit. The contractor also collects utility information from those communities. The contractor is free to choose whatever devices or techniques that best meet their business needs, while fulfilling the contract specifications.

The current contractor for data collection uses hand-held and tablet PCs to enter and record the data, rather than a paper copy of OS-2000 or OS-2001. This technology allows personnel to digitize property information directly in the field. Next, this data is uploaded from the field to the company's central database. After quality control and data verification software is applied, the detailed rental information, including photos, sketches and maps, are accessible to the NBC for review via the Internet. All data collected is centralized in a database format and transmitted by the contractor to the NBC for further statistical analysis.

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.

The use of the survey method, which relies upon the forms at issue, has dramatically reduced duplicative data collection and analysis. For example, the survey method, used for establishing rental charges for about 19,000 Government employee housing units, requires the completion of approximately 1,800 to 5,300 Private Rental Survey forms each year, or 20,000 Private Rental Survey forms over a five-year period. If appraisals were used instead, similar information would be collected by appraisers on at least 38,000 data collection forms over a five-year period, since appraisals require the use of at least two private rental comparables for establishing the rental value of an individual unit.

This reduces duplication and cost is one of the reasons that OMB Circular A-45 encourages the use of regional surveys vis-à-vis appraisals. There is no alternative source from which the required information can be obtained. Similar information concerning the value of private sector housing bought and sold on the open market is available from such sources as the multiple listing service or county records. However, even these sources do not provide the detailed information that is requested to calculate monthly property values. More important, these sources do not provide usable information on rental property.

In the past, DOI has looked at potential duplication with the Fair Market Rents program at HUD. The Fair Market Rents program only covers apartments and does not collect necessary data such as square footage, bathrooms, garages, air conditioning, condition assessments, age, and more. The Fair Market Rents program only covers major metropolitan areas, and therefore does not collect data in the majority of the communities where Government-owned quarters are located. Most Government-provided quarters are in small, rural communities. This is because the largest rental property owners are the National Park Service, the U.S. Forest Service, the Bureau of Indian Affairs, and the Indian Health Service.

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 NBC contract for collection of this rental information is awarded to a small business. The contractor is permitted to obtain the rental information in any manner they elect, including contacts with property owners, real estate offices, or property managers; they are frequently small businesses. As participation is totally voluntary, any individual or small business can eliminate the burden by refusing to provide the information.

Efforts to reduce the burden have included: a close scrutiny to ensure that only required information is gathered; use of other established data sources; development of computer routines which estimate and calculate much of the required data; and elimination of duplicate requirements. The forms at issue also reflect many recommendations made by contractors who gather the data.

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.

Following procedures prescribed in OMB Circular A-45, data is gathered at least every fifth year in each of the 15 survey regions. This allows the establishment of baseline rents, utilities, and related charges. In the years between each survey, the baseline charges are updated by applying percentage changes of selected components of the Consumer Price Index (CPI). Experience has proven that, over time, there is a widening disparity between actual local and regional market behavior and the behavior estimated by applying national CPI measures to the baseline charges. As this disparity increases, the Government's exposure to tenant appeals increases. Aside from the fact that the five-year cycle is prescribed in OMB Circular A-45, a further extension of the cycle could introduce even greater rental distortions that may disadvantage both the Government and the tenants/employees.

If the collection activity was not performed, there would be no basis for determining open market rental costs. A-45 would then mandate that Federal agencies use contract appraisers or in-house appraisers to gather the same type of data. Using the appraisal methodology would still burden the public in similar way as appraisers would still need to find applicable comparables upon which to base their valuation. Experience has shown that using appraisals is more costly to the Government than the survey method. In addition, because different appraisers arrived at different rental charges for similar housing units, the overall rental structure was inconsistent and illogical, resulting in numerous appeals. Finally, in some instances, appraisers or their supervisors had personal interests in the results. For these and other reasons, OMB Circular A-45 encourages agencies to use the survey process as the preferred method for establishing and adjusting charges for rent and other facilities.

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**
- **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**

None of the above circumstances apply.

- 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 in response to the PRA statement associated with the collection over the past three years] and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

Notice was given in the Federal Register on April 2, 2010. (75 FR 16826). No public comments were received.

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. [Please list the names, titles, addresses, and phone numbers of persons contacted.] 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.

The NBC regularly consults with the contractor hired to collect the necessary private rental market data – Nick Ingle, Delta-21 Resources, Inc., 4 Market Square, Suite 301, Knoxville, Tennessee, 37902-1404, 865-482-5000 – regarding the availability of data, frequency of collection, clarity of instructions, record-keeping, disclosure, reporting format, and data compilation requirements.

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

No payments or gifts are, or will be, provided to respondents.

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

We provide the contractors with a letter of introduction, explaining the purpose and use of the voluntary survey (see Attachment C). The contractor is required to present this

letter to each person that they contact and to confirm orally that participation is entirely voluntary. The letter also states that their responses will be kept anonymous and will only be used for Government employee rent-setting purposes. We provide the telephone number of the NBC's Quarters Program Manager in the event that any individual should care to discuss his/her participation with a Government official. There is no requirement for anonymity of regional rental survey data in law. When survey data is released for specific purposes, anonymity is maintained – no addresses, contacts, or other unit identifiers are provided.

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.

No sensitive or private information is requested. Respondents often refuse to provide the unit owner's address or telephone number, but this does not invalidate the data 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 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.**

Forms OS-2000 and OS-2001 are completed by the contractor through verbal interview by telephone and in person – not by U.S. mail. The estimated response time (burden) is therefore based upon the contractor's experience in collecting several thousands of responses. The contractor estimates that an average of 8 minutes is typically required to complete OS-2000, and 6 minutes are typically required to complete OS-2001. Since the contractor is paid for each form completed, not by the hour, the NBC is confident in the contractor's estimate of burden per form.

The aggregate annual burden of collection varies greatly from year to year because the number of survey forms specified in the Sample Plan varies from region to region. Each region is surveyed only once every four years, therefore, the number of forms required will vary from year to year.

Since most respondents are property managers, they may provide OS-2000 or OS-2001 forms on more than one property.

FY 2009 (Hawaii, Caribbean, California Regions)	1,520
FY 2010 (Idaho/Montana, Colorado/Utah/Wyoming, Plains, Alaska Regions)	4,552 (est)
FY 2011 (Arizona/Nevada, Oregon/Washington, North Central, Northeast Regions)	5,291 (est)
FY 2012 (Southeast, Mid-South, New Mexico Regions)	3,851 (est)
Average Annual Data Collection Forms	3,804 (avg)

	No. of Individual Respondents	Avg. No. of Responses per Respondent ¹	Total Annual Responses	Hours per Response	Total Burden Hours
OS-2000	3,604	1.2	4,325	8 min.	577
OS-2001	200	1.1	220	6 min.	22
Total	3,804		4,545		599

- **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 14.**

Annualized cost to respondents, at the current wage rate for Property Managers (per Bureau of Labor Statistics, from <http://www.bls.gov/news.release/ocwage.t01.htm>) is \$16,892 (\$28.20 x 599 hours). The total including benefits is \$23,649 (\$16,892 x 1.4).

13. Provide an estimate of the total annual [non-hour] 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 and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information [including filing fees paid]. 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.**

The total annual cost burden of our data collection requires no capital, start-up or O&M costs to respondents. The data is already known and/or documented by respondents – either rental property records kept by property management officials and landlords in their normal course of business, or personal knowledge. The data is collected on a

¹ The Frequency of Response ranges from 1 to 2.1 per respondent every fourth year.

strictly voluntary basis and requires no one to keep rental records that are not already kept as part of their normal business practices.

- **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 costs to respondents or record-keepers of contracting out information collection services. The data is already known and/or documented by respondents, either rental property records kept by property management officials and rental landlords in their normal course of business, or the personal knowledge. The data is collected on a strictly voluntary basis and requires no one to keep rental records that are not already kept as part of their normal business practices.

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.

The annual cost to the NBC of collecting the private rental market information is based on the most recent successful competitive bid by a small business contractor to provide such services. The contract is bid once every four years, with a base year and three option years. The annual cost varies from year-to-year based on the number of rental comparables (forms) specified in the sample plan for each survey region. Over the current four-year regional rental survey cycle, the contractual cost to the Government is estimated as follows:

FY 2009 (Hawaii, Caribbean, California Regions)	\$109,475
FY 2010 (Idaho/Montana, Colorado/Utah/Wyoming, Plains, Alaska Regions)	\$260,101
FY 2011 (Arizona/Nevada, Oregon/Washington, North Central, Northeast Regions)	\$291,005
FY 2012 (Southeast, Mid-South, New Mexico Regions)	\$228,980
Average Annual Data Collection Contract Cost	\$222,390 (avg)

The annual cost to the Government for complying with OMB Circular A-45, collecting the information, providing QMIS rent calculation software, and administering the

Quarters Program (help desk, training) is estimated as follows. These costs are shared by the 19 Federal bureaus and agencies that use NBC to provide rent-setting services in compliance with OMB Circular A-45.

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

The change in the program is due to multiple factors including the previous misidentification of individual respondents and modifications to the form. The program does not collect information from individuals, but rather individuals representing businesses. The form was modified based on recommendations of the contractors collecting the information, such as removing site amenities. This has led to a reduction in the amount of time the survey now takes to complete.

The burden hours have been adjusted based on a reduction in number of estimated responses by the Department.

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.

The results of the regression of private rental market survey data (base rent tables by housing type, size and age) are published in Regional Rental Survey Reports. Reports do not include individual survey response data; this data is confidential and is used only for contractual verification and statistical regression purposes. All 15 regional reports are published and available at <http://www.nbc.gov/supportservices/surveys.html>.

Project time schedule: The contractor collects data in a specific survey region, according to the sample plan provided by the NBC, over a 90-day period. The data is transmitted to the NBC and error-checking occurs. The NBC then analyzes the data, performs statistical regression techniques to determine rental algorithms for the survey region, and completes a draft Regional Rental Survey Report. This requires up to 60 days. The draft Regional Report is then submitted to DOI's Office of Property Management & Acquisition for review and approval. This requires another 30 to 60 days. After final approval, the Regional Report is released to Federal clients. The three or four surveys completed each year are posted to the NBC's web page in November, made available to the public. The new rental rates are effective the following March, in accordance with OMB Circular A-45

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.

The Private Rental Survey forms will display the expiration date for OMB approval of the information collection.

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.