

Supporting Statement for Paperwork Reduction Act Submissions

A. Justification

- 1. Why is this 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/authorizing the collection of information.**

HUD currently collects data on Low-Income Housing Tax Credit (LIHTC) properties placed into service. A change in this data collection effort however is necessitated by Section 2835(d) of HERA (Public Law 110-289, approved July 30, 2008) which amends Title I of the U.S. Housing Act of 1937 (42 U.S.C. 1437 et seq.) (1937 Act). This statute added a new section 36 (to be codified as 42 U.S.C. 1437z-8) that requires each state agency administering tax credits under section 42 of the Internal Revenue Code of 1986 (low-income housing tax credits or LIHTC) to furnish HUD, not less than annually, information concerning the race, ethnicity, family composition, age, income, use of rental assistance under section 8(o) of the U.S. Housing Act of 1937 or other similar assistance, disability status, and monthly rental payments of households residing in each property receiving such credits through such agency. New section 36 of the 1937 Act further provides that to the extent feasible, each agency collect such information through existing reporting processes and in a manner that minimizes burden on property owners.

New section 36 requires HUD to establish standards and definitions for the information to be collected by state agencies and to provide states with technical assistance in establishing systems to compile and submit such information and, in coordination with other federal agencies administering housing programs, establish procedures to minimize duplicative reporting requirements for properties assisted under multiple housing programs.

The congressional intent of this data collection is to provide basic information on the Low-Income Housing Tax Credit (LIHTC) program and the population it serves. The LIHTC program uses benefits available through the tax code as an incentive to produce qualified low-income housing units. The program is administered by 59 (predominantly state-level) allocating agencies. While the IRS has responsibility for issuing LIHTC regulations and ensuring compliance with the code for individual taxpayers, states administer the program and are also responsible for monitoring compliance at the project level.

- 2. How is this information to be used?**

The information to be collected in the LIHTC database will be used by HUD to comply with the reporting requirements of HERA, which involves compiling the data for Congress and the public. HUD will develop descriptive statistics about the current tax credit projects and tenants and conduct an analysis of the locations of units produced in recent years.

HUD also, as required by HERA, intends to make the database available to other federal and private researchers who may use the database to support sample-based studies of tax credit projects. HUD intends to support future research studies into selected aspects of the credit, such as an analysis of whom the program serves (tenant characteristics) and an analysis of the financing and subsidy characteristics of tax credit units.

- 3. Describe whether, and to what extent, the collection of information is automated (item 13b1 of OMB form 83-i). Also describe any consideration of using information technology to reduce burden.**

The data collection proposed here is specifically designed to take advantage of state-of-the art information technologies. Prior experience suggests that many states have computerized systems containing all or some of the needed data items. A detailed set of instructions are being prepared to enable state data processing staff to construct a readable data file using whatever data system they have. A vendor of state LIHTC data systems might also provide system-specific instructions or programs. Also, HUD has procured a contractor who will be available throughout the data collection period to answer questions and/or assist states as needed regarding data submission. In extreme cases, the contractor shall go on site to assist with data preparation.

- 4. Is this information collected elsewhere? If so, why cannot any similar information already available be used or modified.**

The congressional mandate for this data collection originated from the lack of data on tenants in Low-Income Housing Tax Credit (LIHTC) units. This effort represents the only federal effort to collect data on tax credit tenants. The tax credit program is designed such that program compliance is conducted by the state housing finance agencies. For this reason, no federal agency collects information on LIHTC tenants. The only federal effort to collect data on tax credit projects (other than IRS reporting which is not available for HUD or public use) is conducted only by a HUD-funded contractor. Previously, a HUD-funded contractor collected data on projects placed in service from 1987 through 2006 and a contractor is currently gathering data on projects placed in service in 2007. However, new data is required for projects placed in service since 2007.

Private researchers have conducted some work on the tax credit program, but these efforts have either been very limited in scope or do not provide data that is publicly available. Indeed, one of the benefits to states of this project is that HUD plans to make the LIHTC database available to the public, thus eliminating the need for states to fill redundant requests from individual researchers.

No data are available which are similar to the data that will be collected through this study.

5. Does the collection of information impact small businesses or other small entities (item 5 of OMB form 83-i)? Describe any methods used to minimize burden.

Respondents for this data collection include state tax credit allocating agencies. None of these entities is a private business. We have no information on the size of the entities administering the credits in individual states; however, responsibility typically lodges with a state housing finance agency, which would ordinarily not be considered a small entity.

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.

Less frequent data collection would violate the requirement in the Housing and Economic Recovery Act to collect the information at least annually. Aside from the statutory requirement, less frequent data collection places data at HUD's disposal with longer lags. Hence, the Department's analysis of an important housing program is rendered less current and less comprehensive at any given time. Annual data collection keeps HUD abreast of any trends as they are developing and are most amenable to policy intervention. A secondary benefit of annual updates is, presumably, they are far less burdensome than the larger requests that would be needed if less frequent data collection were instituted.

7. Explain any special circumstances requiring:

- respondents to report information more than quarterly;
- a written response in fewer than 30;
- more than an original and two copies of any document;
- respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- a statistical survey not designed to produce results that can be generalized to the universe of study;
- the use of a statistical data classification that has not been reviewed and approved by OMB;
- 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
- respondents to submit proprietary trade secret, or other confidential information.

The data collection creates no special circumstances of the type listed.

8. Identify the date and page number of the *Federal Register* notice (and provide a copy) soliciting comments on the information. Summarize public comments and describe actions taken by the agency in response to these comments. Describe all efforts to consult with persons outside the agency to obtain their.

The Advanced Solicitation of Comment on Data Collection Methodology was published in the Federal Register on Monday, March 30, 2009, on page 14149. For a summary of the comments received and HUD's responses, please see the accompanying notice published elsewhere in today's Federal Register.

9. Explain any payments or gifts to respondents, other than reenumeration of contractors or grantees.

No payments or gifts will be provided to respondents.

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

The collected tenant data will be aggregated to the project level, or higher for small projects, prior to public release. HUD will apply Census-type disclosure rules to protect tenant privacy.

The property characteristics data to be collected are basic, descriptive data about publicly-subsidized housing projects, specifically their location, size, and use of specific financing mechanisms. Therefore, no offers of confidentiality will be made for the collected project data. The requested property-level data are public information.

11. Justify any questions of a sensitive nature, such as sexual, religious beliefs, and other matters that are commonly considered private

The tenant data collection form contains questions which may be considered sensitive, including income, rent, and disability status. However, these questions are mandated by the Housing and Economic Recovery Act (HERA) and HUD has no discretion regarding their inclusion. In the absence of these tenant questions, HUD would be violation of the National Housing Act as amended by HERA.

The questions concerning property characteristics are not considered sensitive in nature. Information focuses on standard variables concerning the location, size, and other characteristics of federally subsidized housing projects.

12. Estimate public burden: number of respondents, frequency of response, annual hour burden. Read the complete instructions on the form 83i. Explain how the burden was estimated. Generally estimates should not include burden hours for customary and usual business practices;

- if this collection uses more than one form, provide separate estimates for each form and aggregate the hour burdens in item 13 of OMB Form 83i; and
- provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories.
- The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead this cost should be included in Item 13.

The requested information is currently collected by the respondents, with the exception of disability status. Respondents are also mostly familiar with the electronic submission process that will be used. To assist with the electronic submission of data, HUD has procured a contractor who will advise and if needed assist states in submitting the data.

Based on past experience with collecting data on projects placed in service, respondents generally spend no more than one-person hour responding to the property survey for each year of data requested. To fully update the property database, two full years of data will be requested, plus some limited information on previously placed in service properties, including building identification numbers.

The burden to report tenant data will be similar except for states that accept non-electronic tenant compliance forms or for states that are unfamiliar with the data submission process. The burden by these respondents will be lessened with the assistance provided from the HUD-funded contractor described above. The response burden should be similar to that of HUD’s Tenant Rental Assistance Certification System (TRACS) data collection, which is estimated at one person hour per response. The primary difference is HUD’s collection is once annually, whereas TRACS data is collected monthly. Although states currently collect the requested data and most are familiar with the electronic submission process, HUD assumes a burden of twelve person hours per response to the tenant survey since this is a new data collection effort.

The overall response burden totals 14 person hours per respondent in the initial year of data collection. As the state housing agencies become familiar with the collection process, this response is expected to decrease to one hour per form, for a total of two person hours per respondent.

Form	Respondents	Frequency of Response	Total Responses	Hours Per Response	Total Hours	Cost Per Response	Total Cost
Tenant	State Housing Agencies	Annual	59	12	708	\$25.18/hour = \$302	\$17,818
Project	State Housing Agencies	Annual	59	2	118	\$25.18/hour = \$50	\$2,950
TOTAL			118	14	826		\$20,768

13. Estimate of the annual cost to respondents or recordkeepers (do not include the cost of hour burden shown in Items 12 and 14). Read the complete instructions on the form 83i.

Not applicable.

14. Estimate annualized costs to the Federal government.

In the Housing and Economic Recovery Act, Congress authorized the following amounts to fund this initiative: \$2,500,000 for fiscal year 2009 and \$900,000 for each of fiscal years 2010 through 2013. However, no funds were specifically identified for this purpose in HUD's FY2009 Appropriation. The only budgeted cost to the federal government at this time is \$223,950 to fund a contractor to assist state housing agencies with their data submissions.

15. Explain any program changes or adjustments reported in items 13 and 14 of the OMB Form 83i.

There is one change and one adjustment to the previously approved data collection. First, the reporting burden decreased from a maximum of 24 hours to 2 hours per response for the project data form (a decrease of 22 hours per respondent or 1,298 hours total). Previously, HUD allowed submissions in a variety of forms. Electronic data submissions typically take about one hour, while submission of hard copies were more burdensome. Beginning with this data collection, however, HUD is requiring the electronic submission of data. For this reason, it is expected that submissions will take no more than 1 hour per reporting year. The first data collection will request two years of project data creating two burden hours per respondent.

Second, the change in reporting burden reflects the addition of the tenant form. This is expected to require approximately 12 person hours of time per respondent, for an increase of 708 hours.

16. If the information will be published, outline plans for tabulation and publication.

The data collection and analysis described in Section 2 above will be completed by HUD. The data collection is scheduled to occur in mid-2010, upon the completion of a data repository system.

Following collection of all data, HUD will have all projects geocoded with Census Tract identifiers, and begin the congressionally-mandated descriptive report. A public use database will also be prepared. The report and public use database is expected to be available in 2011.

17. Explain any request to not display the expiration date.

Not applicable.

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

Not applicable.

B. Collections of Information Employing Statistical Methods

Not applicable.
