

Supporting Statement for Paperwork Reduction Act Submissions

A. Justification

1. This is a revision of a currently approved information collection, the Allocation of Operating Subsidies under the Operating Fund Formula: Data Collection. The three forms listed in this collection are automated in the Subsidy and Grants Information System (SAGIS). The goal of SAGIS is to establish an electronic portal with the Grants.gov Interfaces Services package and to encapsulate a HUD system-to-system interface with the Grants.gov federal grants management system. The automation of these forms provides more accurate and timely information reporting by public housing agencies (PHAs).

The Operating Fund Program provides operating subsidies of roughly \$4.8 billion annually to 3,125 PHAs to fund the operating and maintenance expenses associated with 1.2 million public housing units. Section 9(a) of the U.S. Housing Act of 1937, 42 U.S.C. 1437q, authorizes the Secretary of the Department of Housing and Urban Development to make annual contributions for the operation of low-income housing projects (operating subsidy). The 1937 Act limits eligibility for public housing to low-income families and caps the public housing rents at 30 percent of a family's income. Accordingly, PHAs rely on the HUD operating subsidies, as well as rental income, to cover a significant amount of the costs associated with operating their public housing units. The operating fund formula was developed in 1975 and was largely based on the actual costs associated with public housing. With some adjustments, the current formula consists of the 1975 cost allowances that have been inflated annually.

On October 21, 1998, the Congress enacted the Quality Housing and Work Responsibility Act of 1998 (P.L. 105-276, approved October 21, 1998) (referred to as "QHWRA"). The QHWRA made sweeping changes to HUD's public and assisted housing programs. Among other changes, section 519 of the QHWRA amended section 9 of the 1937 Act. Section 9, as amended, establishes an operating fund for the purpose of making assistance available to PHAs for the operation and management of public housing (see **Exhibit A**).

The current Operating Fund Program final rule, found at 24 CFR part 990, was published in the Federal Register on September 19, 2005. A correction to the final rule was published in the Federal Register on January 5, 2006 (see **Exhibit B**). The current rule made the following changes to the Operating Fund Program:

- Allocate operating subsidies under the new funding formula at a PHA level beginning with the FY 2006 appropriations.
- Beginning in calendar year 2008, instead of providing funding in a lump sum to 3,125 PHAs who then allocate the funding to each of the property, the new formula now provides funding directly to approximately 6,955 asset management properties (or projects).
- Require that all PHAs implement asset management by FY 2011.

As a result of the automation of the three forms used to calculate operating subsidies, HUD is requesting Paperwork Reduction Act approval for the information that will be collected from each PHA, by project, in an automated format to produce the PHA's share of the operating fund appropriation amount.

2. For the operating fund formula, the information collected under OMB Control Number 2577-0029 consists of three forms. HUD is requesting approval for the extension of three automated existing forms in their current format that is in SAGIS. The table below summarizes HUD's requested action on the following prescribed forms, which contain all of the elements of the operating subsidy calculation that PHAs provide annually to HUD.
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Allocation of Operating Subsidies under the Operating Fund Formula: Data Collection
OMB Control Number: 2577-0029

No.	Form No.	Form Name	Form Description
1	HUD-52722	Calculation of Utilities Expense Level	This form is used to capture the utilities consumption levels by type of utility. The current utility rate is then applied to the average consumption amounts over a four-year period to determine the PHA's/project's utilities expense level.
2	HUD-52723	Operating Fund Calculation of Operating Subsidy	This form is used to determine a PHA's/project's eligibility for operating subsidy, based on its non-utilities and utilities expense levels and rental income, and it is the document by which HUD obligates operating subsidies to PHAs.
3	HUD-53087	Calculation of Subsidies for Operations: Non Rental Housing	This form is used to calculate the amount of operating subsidy to be received for Turnkey and Mutual Help developments. It serves as the document by which HUD obligates operating subsidies to PHAs that manage non-rental housing. PHAs with a total of 9 Turnkey and Mutual Help developments use this form on an annual basis.

3. The collection of information for these three forms is done electronically through SAGIS which captures formula elements for the Operating Fund Program (see **Exhibit C**).
4. Currently, HUD's Public Housing Information Center database, and specifically the Building and Unit module, captures some of the data elements used to calculate the operating fund formula (e.g., number of PHA units). However, the majority of elements that comprise the operating fund formula are not currently captured and, thus, the submission of most of the data contained in these forms are not duplicated elsewhere.
5. The information being collected has no significant impact on small businesses or other small entities.
6. PHAs use the operating fund forms annually to request operating subsidy and these funds are obligated to PHAs annually using the operating fund forms. Without the information provided in these forms, HUD would not be able to distribute the operating fund appropriations it receives each fiscal year.
7. There are no special circumstances that require the collection to be conducted in a manner that is inconsistent with the guidelines in 5 CFR 1320.6.
8. A notice was published in the Federal Register, volume 75, number 61, page 16160, dated March 31, 2010, announcing the intent to submit the proposed information collection to the Office of Management and Budget and invited comments. No comments were received in response to the Federal Register notice
9. No payments or gifts to respondents are provided.
10. No assurance of confidentiality is needed nor are any provided.
11. No sensitive questions are being asked.
12. The estimated burden hours for the collection of this data reflect the PHAs' experience with inputting data into the form and the fact that PHAs maintain some of this information as part of their operations. The Department estimates that the annual information collection requirements for this collection for two forms (forms HUD-52722 and -52723) averages .75 hours per form (45 minutes per form) for each of the approximately 6,955 affected projects, for a total of 10,432.50 burden hours. The estimate for form HUD-53087 averages .75 hours per form for each of the approximately 9 affected Turnkey and Mutual Help properties, for a total of 6.75 burden hours. The estimated response time includes the time for preparation of the forms and any recordkeeping burden.

Total Estimated Annual Burden Hours				
HUD Form Number	Number of Respondents	Frequency of Response	Estimated Hours	Total Annual Burden Hours
HUD-52722	6,955	1	.75	5,216.25
HUD-52723	6,955	1	.75	5,216.25
HUD-53087	9	1	.75	6.75
Total				10,439

The estimated annualized cost to respondents is based on the 2010 general pay schedule for a GS-11, Step 1, rate (an average salary for a financial analyst) that is \$30.03 per hour.

Total Estimated Annual Costs to Respondents						
HUD Form Number	Number of Respondents	Total Burden Hours	X	Hourly Rate	=	Annualized Cost
HUD-52722	6,955	5,216.25		\$30.03		\$156,644
HUD-52723	6,955	5,216.25		\$30.03		\$156,644
HUD-53087	9	6.75		\$30.03		\$ 203
Total						\$313,491

13. There will be no additional costs to the respondents.

14. The estimated annualized cost to the federal government is based on the 2010 general pay schedule for a GS-11, Step 1, rate (an average salary for a financial analyst) that is \$30.03 per hour. It is estimated that it takes approximately 1 hour to review the submission package from each PHA.

Total Estimated Annual Costs to the Federal Government					
No. of Respondents	Burden Hours	X	Hr. Rate	=	Annual Cost
13,190	13,190		\$30.03		\$396,096
9	9		\$30.03		\$270.00
Total					\$396,366

15. The change in the burden hours is due to a program change. Beginning July 1, 2007, PHAs began submitting their operating subsidy calculations by asset management projects rather than by PHAs. The total number of respondents decreased from 7,807 respondents to 6,955 respondents. The decrease in respondents is due to the consolidation of smaller projects into one or more asset management projects. There is a decrease in the number of Turnkey and Mutual Help properties from 17 (last PRA submission for the form HUD-53087) to 9.

16. The information collection will not be published.

17. HUD is not seeking approval to not display the expiration date of the OMB approval.

18. There are no exceptions to item 19 of the OMB 83-I.

B. Collections of Information Employing Statistical Methods

There are no collections of information employing statistical methods.