

SUPPORTING STATEMENT – PART A
U.S. Department of Commerce
U.S. Census Bureau
Report of Building or Zoning Permits Issued
for New Privately-Owned Housing Units (C-404)
OMB Control Number 0607-0094

A. Justification

1. Necessity of the Information Collection

The Census Bureau is requesting a three-year extension of a currently approved collection of the Form C-404, otherwise known as the Building Permits Survey (BPS), with minor revisions to the data collection form. This survey is authorized under Title 13, United States Code, Section 182 to collect data on new residential buildings. The Census Bureau produces statistics used to monitor activity in the large and dynamic construction industry. Given the importance of this industry, several of the statistical series are key economic indicators. Three such series are dependent on the BPS: (1) Housing Units Authorized by Building Permits, (2) Housing Starts, and (3) New One-Family Houses Sold. These statistics help state, local, and federal governments, as well as private industry, analyze this important sector of the economy. The building permit series are available monthly based on a sample of building permit offices, and annually based on the entire universe of permit offices. Published data from the survey can be found on the Census Bureau's website at www.census.gov/permits.

The Census Bureau collects these data primarily by mail using the Form C-404 (Attachment A). Data are also collected via Internet web pages and receipt of electronic files. Form C-404 requests information on the number and valuation of new residential housing units authorized by building permits. The current form is titled "Report of New Privately-Owned Residential Building or Zoning Permits Issued". We plan to change the title to "Report of Building or Zoning Permits Issued for New Privately-Owned Housing Units" to clarify the data being requested.

The proposed form shown in Attachment A includes several minor changes to the version of Form C-404 currently in use. Item 2 of the current form instructs respondents to provide details about geographic coverage changes in the Comments section; on the proposed new form, there are spaces in Item 2 itself to enter the same information. The checkboxes in Item 3a were revised for clarity, and Item 3f (the total of Items 3b-3e) was removed because we determined that respondents need not calculate these totals. The limit on the dollar valuation of permits which require additional information in Item 4 was adjusted for inflation. Other minor improvements were made to the format and layout of the form. The

instructions on the back of the form were also modified to improve their clarity and completeness. These changes to the form will not have a measurable effect on respondent burden.

2. **Needs and Uses**

The Census Bureau uses the Form C-404 to collect data that will provide estimates of the number and valuation of new residential housing units authorized by building permits. About one-half of the permit offices are requested to report monthly. The remainder are surveyed once per year. We use the data, a component of the index of leading economic indicators, to estimate the number of housing units started, completed, and sold (single-family only). The Census Bureau also uses these data to select samples for its demographic surveys. In addition, the Census Bureau uses the detailed geographic data in the development of annual population estimates which are used by government agencies to allocate funding and other resources to local areas. Policymakers, planners, businessmen/women, and others use the detailed geographic data to monitor growth and plan for local services, and to develop production and marketing plans. The BPS is the only source of statistics on residential construction for states and smaller geographic areas.

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**

Respondents receive forms in the mail and can return them via mail or fax. About 20 percent of the forms that we receive are faxed rather than mailed. This is more convenient for respondents and we receive their data more quickly.

About six percent of the places that report monthly do so via an electronic file. A state agency emails us the file via special arrangements that we have made to receive data that the state collects from its jurisdictions.

We are currently developing a system to provide an option for web-based reporting for all respondents, using the Census Bureau's "Centurion" Internet reporting system. This is scheduled to be operational in 2010, and we project that a large percentage of our monthly and annual respondents will opt to use Internet reporting.

We also continuously research web sites that contain information on building and zoning permits and we get data for a few municipalities via their Internet sites.

We use this as a tool for delinquent permit offices only, as we do not have the resources to collect data for thousands of places each month by accessing individual web sites. We have also obtained annual permit data for some jurisdictions from state government offices.

4. Efforts to Identify Duplication

The McGraw-Hill Construction, a division of McGraw-Hill Information Systems Company, requests the same data from about 4,500 places a month with a response rate of 55 percent. They have not processed the data nor do they plan to do so in the near future. They also do not plan to increase the number of respondents at this time.

The McGraw-Hill Construction asked us about purchasing their data but we declined. Our data collection operation is very cost effective and efficient. We currently mail to about 8,200 places monthly and 10,550 places annually. Monthly reports from an additional 625 places are received via an electronic file. Our overall response rate for 2008 (including both monthly and annual reporters) was about 82 percent.

We share the information we collect with state and local government agencies to avoid duplication of data collection efforts and to eliminate additional response burden on local building permit officials for identical or similar information. We provide these data at no cost.

5. Minimizing Burden

The respondents are state and local building permit officials. We try to reduce respondent burden by obtaining data from central sources and allowing the respondents to report electronically or using their own reports in lieu of the completed survey form. The respondent burden for smaller government offices is minimal because they cover smaller land area, have less population, and issue fewer permits.

We provide answers to respondents' frequently asked questions on our web site (www.census.gov/permitsfaq) and also provide a toll-free number where respondents can call with questions about the survey or about how to report.

Respondents who have missed any months of reporting during the year receive a second request at the end of the year. If the respondent has missed more than five monthly responses, annual totals are requested to reduce the burden of completing forms for every missing month.

6. Consequences of Less Frequent Collection

Less frequent collection will adversely affect estimates of housing starts, completions, and new one-family houses sold, and the index of leading economic indicators. All are monthly series. Many national policies, decisions, and analyses are formulated and updated frequently using information collected in the survey. 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. Estimates for a calendar month are released to the public on the twelfth workday of the following month. It is essential that we receive a quick response in order to meet that deadline.

Annual data are collected between the months of January and April and released to the public the first week in May. These data are essential for the publication of revisions to monthly data published with the April press release.

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 of it. This monthly survey provides data used to produce three economic indicators, Housing Units Authorized by Building Permits, Housing Starts, and New One-Family Houses Sold. All are issued monthly. Additionally, response is requested within two weeks to provide timely statistics for analyzing the economy.

8. Consultations Outside the Agency

Consultations were held in November 2009 with the individuals listed below concerning their views on the availability of data, reporting format, data content, form design, usefulness of data, and recommendations to improve this data collection. These consultations were informal and comments were not solicited for purposes of reaching a consensus opinion.

A. Data Users

Feedback was received by telephone from these two data users:

1. Ben Bartolotto
Construction Industry Research Board
Burbank, California
(818) 841-8210
2. John Kasarda
University of North Carolina
Chapel Hill, North Carolina

(919) 962-8201

Feedback was received by e-mail from four additional data users:

3. Baltimore Metropolitan Council
Regional Information Center
Baltimore, Maryland
(410) 732-9570
ric@baltometro.org
4. Olin Wilson
HHHunt Homes
Raleigh, North Carolina
(919) 861-6380
owilson@hhhunt.com
5. Kenneth Darga
Library of Michigan
Lansing, Michigan
(517) 373-9654
DargaK@michigan.gov
6. Paul Emrath
National Association of Home Builders
Washington, District of Columbia
(202) 266-8333
pemrath@nahb.com

The data users described the data as “very useful,” “critical,” “vital,” “essential,” and “valuable.” Uses of the data include preparation of a report on construction that has wide-spread dissemination throughout the state, estimation and forecasting of population in local areas, reconciliation with data the organization collects, research, and understanding the economy. Two data users appreciated the timeliness of the data, one recognizing it as one of the most timely economic indicators. One appreciated having a long time series and another recognized that the large sample size makes the data more valuable.

Two comments were made about quality. One data user would like to have the data series on local nonresidential permit valuation restored. This had been cut in 1995 because of budget restrictions. Data on the value of new residential construction put in place are available from the Census Bureau on a more aggregate level. Another user expressed concern about the quality of imputation for nonresponse for the building permit survey, suspecting that overestimation takes place. This user also asked that

nonresponse conversion be increased and that it be made easier for a respondent to report zero activity. The latter issue is addressed in the version of the C-404 being submitted for approval.

The National Association of Home Builders (NAHB) provided more extensive comments. The NAHB is a “trade association representing more than 235,000 members” and is “affiliated with more than 800 local associations.” They note that the C-404 survey not only provides estimates of housing units authorized by building permits, but is also the “crucial first step” in providing estimates of housing starts, housing completions, and the value of residential construction activity. “All of these statistics are used widely and intensively—not only by NAHB and its members, but by other industry groups, as well as by policymakers at the federal, state, and local levels.”

The statistics are used in a wide variety of analyses and forecasts of housing and business conditions. “None of these important data could be generated without information on residential construction authorized by local governments...There is no substitute for this information about local jurisdictions from any other source. Were the Census Bureau to stop collecting these data, there would be no way for any private-sector organization to identify and obtain cooperation from the tens of thousands of local government entities that exist in the U.S. that would be necessary to fill the gap.”

The NAHB “strongly supports the continuation” of the C-404, “as the critical first step in the process that generates virtually all of the timely and nationally representative data on residential construction activity in the United States.”

B. Data Respondents

Telephone interviews were conducted with five respondents. Most of these respondents indicated the building permits data are readily accessible and they experience little or no difficulty in completing the form. One respondent expressed concern about the “Two-unit buildings” classification in Section 3c of Form C-404, and recommended that we classify a structure by the number of units in the building rather than by how it is built. However, our current classifications are needed to allow our data users to differentiate attached single-family units from duplex units that do not meet the criteria to be considered single-family units.

It was also mentioned that the form is very easy to identify by color (blue) and size (legal) and it is an easy form to complete because the survey consists of only a few questions.

We published a notice in the Federal Register on September 30, 2009 (74FR, page 50162) inviting public comments on our plans to submit this request. Two comments were received during the 60-day comment period. The first commenter opposed the Census Bureau spending taxpayer dollars to collect these data on a monthly basis and suggested that data be collected every three years. The Census Bureau needs these data on a monthly basis to ensure that we can provide accurate, current statistics on new residential construction that are needed by economic policymakers to monitor the large and dynamic construction sector of the economy. The second comment was from the Bureau of Economic Analysis (BEA) and stated that the BEA strongly supports this data collection because these data are very important in preparing estimates for key components of BEA's economic statistics. See Attachment B.

9. Paying Respondents

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

10. Assurance of Confidentiality

The data collected on Form C-404 are public information and are not confidential. Letters sent to respondents state that this is a voluntary survey. See Attachments C-F. Our web site with answers to respondents' frequently asked questions (www.census.gov/permitsfaq) also states that the survey is voluntary.

11. Justification for Sensitive Questions

The Form C-404 contains no sensitive questions.

12. Estimate of Hour Burden

Reporting burden is calculated as follows:

Frequency	C-404	Responses per Respondent	Total Annual Responses	Avg. Burden per Response (minutes)	Total Burden (hours)
Monthly	8,200	12	98,400	8	13,120
Monthly via electronic files	625	12	7,500	3	375
Annual	10,550	1	10,550	23	4,044
Total	19,375	6.01	116,450	9.04	17,539

The reporting burden is estimated to vary from 3 to 23 minutes per response. This varies because of the differences in the number of items per respondent and the method for record keeping in local permit offices. The least active places have no data to report and are asked to complete only one question on the survey form. The most active places have to complete all items per response, which requires more time.

We estimate that the average time per monthly response for those who report by mail or fax is eight minutes and three minutes for those who report via an electronic file. We base our estimate of the time required to complete the monthly report on (a) the average number of items reported per respondent, (b) our knowledge that the largest offices use computers to compile the data, and (c) our knowledge that the local building permit officials keep records on the number and kinds of permits issued per month, and use our instructions only for references after the initial month they are in our sample.

We estimate that the average time per annual response is 23 minutes. The average response time for respondents who report only annually is higher because they have to review records for the past 12 months and consolidate them into an annual report.

The cost to the respondents for their time to respond is estimated to be \$420,745 based on an average hourly salary of \$23.99 for local government employees as estimated from the Census Bureau's 2007 Annual Public Employment Survey of Local Governments.

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 of 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 Fiscal Year 2010 of the Building Permits Program, of which this questionnaire is a part, is \$2,445,210, all borne by the Census Bureau.

15. Reason for Change in Burden

There is a decrease in burden of 29 hours (0.165%) mostly due to the mergers of a few local building permit jurisdictions since the calculation of the previous burden hour estimates.

16. Project Schedule

We collect the majority of the data in the first two weeks of the calendar month. We edit, key, and tabulate the data as received. We prepare preliminary estimates of the number of housing units authorized on the 9th workday for release on the 12th workday. We prepare final estimates on the 14th workday and release them on the 18th workday.

We receive the annual mail survey forms in the first three months following the end of the survey year. We process, edit, and tabulate the data in the fourth month following the survey year. We release the data in the fifth month following the survey year.

17. Request to Not Display Expiration Date

The expiration date will be printed on the form.

18. Exceptions to the Certification

There are no exceptions.