**Supporting Statement for Paperwork Reduction Act Submissions**

**A. Justification**

This is an extension of a currently approved information collection, the Allocation of Operating Subsidies under the Operating Fund Formula: Data Collection. Two of the three forms listed in this collection are electronic templates that Public Housing Agencies (PHAs) will send to HUD. The other form will be used in hard copy for the nine PHAs operating Turnkey III and Mutual Help homeownership programs. In FY 2010, this information was collected in the Subsidy and Grants Information System (SAGIS), which will be discontinued. In its place, PHAs will submit forms HUD-52723, Operating Fund Calculation of Operating Subsidy and HUD-52722, Calculation of Allowable Utilities Expense Level through an electronic template, and form HUD-53087 via hard copy.

The Operating Fund Program provides operating subsidies of roughly $4.8 billion annually to 3,122 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.

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**). Per the current rule, the formula provides funding directly to approximately 6,997 asset management properties (or projects).The rule made the following changes to the Operating Fund Program:

* + Beginning in calendar year 2008, instead of providing funding in a lump sum to 3,122 PHAs who then allocate the funding to each of the property, the new formula now provides funding directly to approximately 6,997 asset management properties (or projects).

* + - Requires that all PHAs implement asset management by FY 2011.

Given the change from SAGIS to electronic templates and hard copy submissions, HUD is requesting Paperwork Reduction Act approval for the information that will be collected from each PHA, by project, to produce the PHA’s share of the operating fund appropriation amount. This revision is required to update and revised the certifications on form HUD-52723. There are no other changes from our previous submissions.

1. For the operating fund formula, the information collected under OMB Control Number 2577-0029 consists of three forms. HUD is requesting approval for a revision of the currently approved collection for the three forms. 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.

| **Allocation of Operating Subsidies under the Operating Fund Formula: Data Collection**OMB Control Number: 2577-0029 |
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| **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. |

1. The collection of information for HUD-52723 and HUD-52722 is done using form templates to allow PHAs to submit formula elements electronically. Submissions for form HUD-53087 will be hard copy. (see **Exhibit C**).

1. 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). The templates will be pre-populated with information from HUD’s databases. 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 is not duplicated elsewhere.
2. The information being collected has no significant impact on small businesses or other small entities.
3. PHAs use the operating fund forms annually to request operating subsidy and these funds are obligated to PHAs annually. Without the information provided in these forms, HUD would not be able to distribute the operating fund appropriations it receives each fiscal year.
4. 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.
5. The Information collection was announced in the *Federal Register*, Volume 75, page 70279. The public was given until December 17, 2010, to comment. No comment was received.
6. No payments or gifts to respondents are provided.
7. No assurance of confidentiality is needed nor are any provided.
8. No sensitive questions are being asked.
9. 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 HUD-52723) averages .75 hours per form (45 minutes per form) for each of the approximately 6,997 affected projects, for a total of 10,502.25 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.

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| Total Estimated Annual Burden Hours |
| **HUD Form Number** | **Number of Respondents** | **Frequency of Response** | **Estimated Hours** | **Total Annual Burden Hours** |
| HUD‑52722 | 6,997 | 1 | .75 | 5,247.75 |
| HUD-52723 | 6,997 | 1 | .75 | 5,247.75 |
| HUD-53087 | 9 | 1 | .75 |  6.75 |
| Total | 10,502.25 |

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.

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| Total Estimated Annual Costs to Respondents |
| **HUD Form Number** | **Number of Respondents** | **Total Burden Hours** | **X** | **Hourly Rate** | **=** | **Annualized Cost** |
| HUD-52722 | 6,997 | 5,247.75 |  | $30.03 |  | $157,590 |
| HUD-52723 | 6,997 | 5.247.75 |  | $30.03 |  | $157,590 |
| HUD-53087 | 9 | 6.75 |  | $30.03 |  |  $ 203 |
| **Total** |   | $315,383 |

1. There will be no additional costs to the respondents.
2. 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.

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| Total Estimated Annual Costs to the Federal Government |
| **No. of Respondents** | **Burden Hours** | X | Hr. Rate | = | Annual Cost |
| 13,994 | 13,994 |  | $30.03 |  | $420,240 |
| 9 | 9 |  | $30.03 |  |  $270 |
| **Total** | $420,510 |

1. Beginning July 1, 2007, PHAs began submitting their operating subsidy calculations by asset management projects rather than by PHAs. The total number of respondents increased from 6,955 to 6,997. The increase is due to new mixed finance projects and some project reconfigurations. The certifications for form HUD-52723 have been revised and updated.

1. The information collection will not be published.
2. HUD is not seeking approval to not display the expiration date of the OMB approval. The OMB number and expiration date will be displayed on a “Disclosure Statement” on each template after OMB approval is received.
3. 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.