

# Supporting Statement for Paperwork Reduction Act Submissions

## (a) CONTINUATION OF INTEREST REDUCTION PAYMENTS AFTER REFINANCING OF SECTION 236 PROJECTS

(i) OMB 2502-0572

### 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.

1. Section 1715z-1. “Rental and cooperative housing for lower income families” established Section 236(e)(2) which authorizes the Secretary, under certain terms and conditions, provides for the continuation of Interest Reduction Payments (IRP) after the prepayment of a Section 236 mortgage. This section also established Section 236(b) which provides for payments with respect to projects financed under State or local programs.

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.

2. Owners of Section 236 projects that prepay their mortgages may request continuation of IRP under one of two options, Section 236(e)(2) or Section 236(b). HUD uses the information provided to ensure that owners agree to maintain the projects as low-income housing resources through various agreements:

- form HUD-93173 Agreement for Interest Reduction Payments (§236(e)(2))
- form HUD-93175 Agreement for Interest Reduction Payments (§236(b))
- form HUD-93174 Use Agreement (§236(e)(2))
- form HUD-93176 Use Agreement (§236(b))

These agreements, will allow HUD to preserve low-incoming housing units that may otherwise be lost. All transactions are subject to the requirements of HUD’s Tenant Participation in Multifamily Housing Project Regulations at 24 CFR Part 245.

### Section 236(e)(2)

Under this option, a project owner may prepay a Section 236 mortgage, and HUD may continue the IRP subsidy, provided the owner enters into IRP and Use Agreements that require the continuation of the low-income housing resource for 5 years beyond the new IRP term. Any mortgagee may refinance the project if a public agency agrees to be the oversight entity (i.e., becomes a party to the IRP Agreement) to ensure compliance with the requirements of the IRP Agreement. If no public agency agrees to participate as the oversight entity, then the mortgagee must be a HUD-approved multifamily mortgagee,

the refinancing must be through an FHA insured mortgage, and HUD will perform the oversight functions.

### **Section 236(b)**

Under this option, an approved State or local agency Section 236(b) mortgagee must purchase the insured Section 236 mortgage, terminate the FHA insurance, and keep the Section 236 mortgage intact, and the owner must enter into new IRP and Use Agreements to maintain the property as a low-income housing resource. The original Section 236 note and mortgage must remain intact. FHA insurance will be terminated. The original Section 236 mortgage, which may be modified, restated, and enveloped in the closing transaction, must remain identifiable as the basis for the continued IRP assistance.

Interest Reduction Payment Agreement. The IRP Agreement establishes the terms and conditions under which HUD shall continue to make interest reduction payments to the owner. There are two types of IRP Agreements. One for Section 236(e)(2) and one for Section 236(b).

Use Agreement. In this agreement, the owner agrees to maintain the property as low-income housing. There are two types of Use Agreements. One for Section 236(e)(2) and one for Section 236(b).

- 3. Describe whether, and to what extent the collections of information involves the use of automated, electronic, mechanical, or other the 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.**
3. Automation of this information collection is not feasible because these agreements must be executed by the new mortgagee or public entity, the owner, and then submitted to HUD Headquarters for HUD execution. However, in an effort to automate where possible the forms used for this program are pdf fillable and available electronically on HUDClips.
- 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.**
4. There is no duplication of other sources for this information.
- 5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB form 83-1) describe any methods used to minimize burden.**
5. The collection of information does not impact small businesses.
- 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.**
6. HUD would risk improper payment of IRP assistance and the inability to preserve low-income housing resources if these binding commitments were not collected.

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 than quarterly;**

There is no requirement for respondents to report the information more than quarterly.

- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**

There is no requirement for respondents to prepare a written response to a collection in fewer than 30 days.

- **requiring respondents to submit more than an original and two copies of any document;**

There is no requirement for 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;**

There is no requirement for 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 than can be generalized to the universe of study;**

This collection is not in connection with a statistical survey.

- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**

There is no use of a statistical data classification.

- **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; or**

There is no pledge of confidentiality that is not supported by authority established in statute or regulation.

- **requiring respondents to submit proprietary trade secret, 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.**

There are no special circumstances requiring respondents to submit proprietary trade secret, or other confidential information.

**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 describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

- 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 the data elements to be recorded, disclosed, or reported.
- Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every three years - even if the collection of information activity is the same as in prior periods. There may be circumstances that preclude consultation in a specific situation. These circumstances should be explained.

8. Information collected is conducted in a manner consistent with the guidelines of 5 CFR 1320.8 (d). The Notice announcing this collection of information appeared in the Federal Register on [February 16, 2011/Vol. 76, No. 32 / and Page 9044]. There were no comments.

In addition to the regulatory notice, three users of the documents were consulted to obtain their views on the reporting format, and the data elements to be disclosed. There were no comments.

- 1) Name
- 2) Name
- 3) Name

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

9. There are IRP payments to respondents pursuant to completion and approval of the transaction. There are no gifts to respondents.

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

10. No assurance of confidentiality, statute, regulation, or agency policy is 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.**

11. There are no questions of a sensitive nature included in these documents.

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 burden hours, and explain the reasons for the variance. Generally estimates should not include burden hours for customary and usual business practices;
- if this request covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of form OMB 83-I; 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 14.

12. Annual Burden Estimate:

Estimates of the Hour burden of the Collection of Information

Information Collection	*Number of Respondents	Frequency of Response	**Total Annual Responses	Burden Hours per Response	Annual Burden Hours	*** Hourly Cost	Total Annual Cost
HUD-93173	1,030	1	24	0.5	24	\$ 30.19	\$ 725
HUD-93175				0.5			
HUD-93176	1,030	1	24	0.5	24	\$ 30.19	\$ 725
HUD-93174				0.5			
Total	1030		48		48		\$ 1,450

\*Number of respondents is based on the current number of Section 236 projects in HUD systems that have not decoupled.

\*\*Number of response is based on a count of the Section 236 owners that refinanced and continue to receive the IRP assistance during calendar year 2010.

\*\*\*Hourly cost estimates are based on the owner, owner's staff, or public agency's staff to review, execute, and/or submit the documentation to HUD. Hourly cost is based on survey from PayScale.com.

13. Provide an estimate of the total annual cost burden to respondents or record keepers 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 purchase of

services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. 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;

- 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.

13. There are no additional costs to respondents.

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.

14. Annual Cost to the Federal Government:

**Estimates of Annualized Cost to the Federal Government**

Information Collection	Total Annual Responses	Burden Hours per Response	Total Annual Burden Hours	Hourly Cost*	Total Annual Cost
HUD-93173	24	0.333	8	\$ 28.88	\$ 231
HUD-93175		0.333	8	\$ 28.88	\$ 462
HUD-93176	24	0.333	8	\$ 28.88	\$ 462
HUD-93174		0.333	8	\$ 28.88	\$ 462
	48	1.332	32		\$ 924

\*Estimated hourly cost is based on the annual salary of a GS-12, Project Manager for reviewing the information.

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

15. This is a reinstatement with change of a currently approved collection. Adjustments reported in items 13 and 14 address reductions in outstanding Section 236 projects, and actual numbers of decoupled loans in the current year.

**16. For collection 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.**

16. The results of this collection will not be published.

**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.**

17. HUD is not requesting approval to avoid displaying the expiration date.

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

18. There are no exceptions to the certification statement identified in Item #19 on form OMB 83-I, "Certification for Paperwork Reduction Act Submissions."

#### **B. Collections of Information Employing Statistical Methods**

This information collection does not employ statistical methods.