**Supporting Statement for Paperwork Reduction Act Submissions**

# Budget-Based Rent Increase

**OMB Control Number 2502-0324**

**(HUD-92547-A)**

### A. Justification

1. Title II of the National Housing Act requires that HUD regulate rents for certain cooperative and subsidized rental projects. Section 207(b)(2) of Title II states that “…The Secretary may, in the Secretary’s discretion, require any such mortgagor to be regulated or restricted as to rents or sales …”Further, this section states “insurance for mortgagees under this section is intended to facilitate particularly the production of rental accommodations, at reasonable rents, of design and size suitable for family living…” In addition, Section 236(e) of the National Housing Act states, “As a condition for receiving the benefits of interest reduction payments, the project owner shall operate the project in accordance with such requirements with respect to tenant eligibility and rents as the Secretary may prescribe….” Under Section 236(f) “For each dwelling unit there shall be established with the approval of the Secretary (A) a basic rental charge determined on the basis of operating the project with payment of principal and interest due under a mortgage bearing interest at the rate of 1 per centum per annum; and (B) a fair market rental charge determined on the basis of operating the project with payment of principal, interest, and mortgage insurance premium which the mortgagor is obligated to pay under the mortgage covering the project. The rental for each dwelling unit shall be at the basic rental charge or such greater amount, not exceeding the fair market rental charge, as represents 30 per centum of the tenant’s adjusted income. With respect to those projects which the Secretary determines have separate utility metering for some or all dwelling units, the Secretary is authorized (i) to permit the basic rental charge and the fair market rental charge to be determined on the basis of operating the project without the payment of the cost of utility services used by such dwelling units; and (ii) to permit the charging of a rental for such dwelling units at such an amount less than 30 per centum of a tenant’s adjusted income as the Secretary determines represents a proportionate decrease for the utility charges to be paid by such tenant, but in no case shall rental be lower than 25 per centum of a tenant’s adjusted income….”. Also, Section 221(d)(3) requires that projects be “regulated or supervised … by the Secretary under a Regulatory Agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such a manner as in the opinion of the Secretary will effectuate the purposes of this section…”

In developing regulations for the exercise of this HUD authority, the Department formulated the processes by which owners could request increases. The requirement for tenant participation in the rent increase process, which is included in Section 202(b) of the Housing and Community Development Amendments of 1978, necessitated that the Department design procedures to give consideration to tenant comments. The resultant rule for Tenant Participation in Multifamily Housing Projects, 24 CFR 245, specifies the information to be collected for a rent increase request. Specifically, 24 CFR 245.310 requires notice to tenants at least 30 days before submitting a request to HUD for approval of an increase in maximum permissible rents. In addition, 24 CFR 245.320 requires copies of documentation to accompany the rent increase request including copies of all written comments submitted by the tenants to the mortgagor.

2. Owners are required to submit the following documents to HUD for review and approval:

* Cover letter summarizing the reasons a rent increase is needed;
* Copy of notice to tenants;
* A rent increase worksheet (form HUD-92547-A) providing an income and expense budget for the 12 months following the anticipated effective date of the proposed rent increase;
* A brief statement explaining the basis for the expense lines on the rent increase worksheet;
* If tenants receive utility allowances, the mortgagor’s recommended utility allowance for each unit type and brief statement explaining the basis for the recommended increase, and;
* A status report on the project’s implementation of its current Energy Conservation Plan.

Upon expiration of the tenant comment period, the owner must submit the following documents in addition to the documents listed above:

* Copies of all written comments submitted by the tenants to the owner;
* The owner’s evaluation of the tenants’ comments with respect to the request;
* A certification by the owner that:
  + It has complied with all of the requirements of 24 CFR 245, Subpart D;
  + The copies of the materials submitted in support of the proposed increase were located in a place reasonably convenient to tenants in the project during normal business hours and that requests by tenants to inspect the materials, as provided for in the notice, were honored;
  + All comments received from tenants were considered by the owner in making its evaluation; and
  + Under penalties and provisions of Title 18 U.S.C. Section 1001, the statements contained in this request and its attachments have been examined by me and, to the best of my knowledge and belief, are true, correct, and complete.

**Form HUD-92547-A,** Budget Worksheet will be used by HUD Field staff, along with other information submitted by owners, as a tool for determining the reasonableness of rent increases. The purposes of the worksheet and the collection of budgetary information are to allow owners to plan for expected increases in expenditures.

3. This process is not automated because it involves providing copies of supporting documentation. The budget-based rent increase worksheet is requested by the owner and submitted to the local HUD field office for review and approval. Additionally, this information collection requires certification documents with original signatures for HUD approval. The HUD-92547-A is available on HUD Clips and can be completed using a personal computer. Computer-generated representations of the information included in the 92547-A will also be accepted in place of the worksheet. Analyses were conducted to determine the cost effectiveness and feasibility of automating this collection. At this time, however, there are no available resources that can be used for electronic submission.

4. The uniqueness of project expenses precludes the possibility of duplication among projects.

5. There is no impact on small businesses or small entities.

6. If the information were collected less frequently, HUD would be unable to monitor rent increases for the projects subject to this requirement.

7. No special circumstances apply to this collection.

1. In accordance with 5 CFR 1320.8(d), this information collection soliciting public comments was announced in the *Federal Register* on Thursday, April 12, 2011 (Volume 76, Number 77, Page 22411). No comments were received.

9. No payments or gifts of any kind are provided to respondents.

10. The Department does not assure confidentiality to respondents.

11. There are no questions of a sensitive nature.

12. Annual Burden Estimate:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Information Collection | Number of Respondents | Frequency of Response | Total Annual Responses | Burden Hours per Response | Total Annual Burden Hrs | Hourly Cost | Total Annual Cost |
| Rent Increase Worksheet | | | | | | | |
| HUD-92547-A | 11,570 | 1 | 11,570 | 1.5 | 17,355 | $34 | $590,070 |
| **Subtotal** | **11,570** | **1** | **11,570** | **1.5** | **17,355** | **$34** | **$590,070** |
|  | | | | | | | |
| All Written Requests | | | | | | | |
| Cover Letter | 11,570 | 1 | 11,570 | .25 | 2,893 | $34 | 98,345 |
| Copy of Notice to Tenants | 11,570 | 1 | 11,570 | .25 | 2,893 | $34 | 98,345 |
| Copies of all written tenants’ comments | 11,570 | 1 | 11,570 | .50 | 5,785 | $34 | 196,690 |
| Owner’s Evaluation of Tenants’ comments | 11,570 | 1 | 11,570 | 1 | 11,570 | $34 | 393,380 |
| Statement Explaining basis for expense lines on rent increase worksheet | 11,570 | 1 | 11,570 | 1 | 11,570 | $34 | 393,380 |
| Utility allowance explanation | 11,570 | 1 | 11,570 | .50 | 5,785 | $34 | 196,690 |
| Owner’s certification that all requirements have been completed | 11,570 | 1 | 11,570 | .25 | 2,893 | $34 | 98,345 |
| Status report on implementation of Energy Conservation Plan | 11,570 | 1 | 11,570 | .50 | 5,785 | $34 | 196,690 |
| **Subtotal** | **\*11,570** | **1** | **11,570** | **4.25** | **49,173** | **$34** | **1,671,865** |

Estimated burden hours and hourly costs for respondent’s staff to review and provide the requested information. \*The number of respondents decreased because some owners opted out of the Section 8 Housing Assistance Payment Contract that requires submission of a budget-based rent increase.

13. There are no additional costs to respondents.

1. Annual Cost to the Federal Government:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Information Collection | Number of Responses | Hours per Response | Total Annual Hours | Hourly Cost | Total Annual Cost |
| HUD-92547-A | 11,570 | 1 | 11,570 | $35 | $404,950 |
| Review of all written requests | 11,570 | 1 | 11,570 | $35 | $404,950 |
| **Totals** | **11,570** | **1** | **23,140** | **$35** | **$809,900** |

Estimated annual cost to the Federal Government assuming that a GS-12 Project Manager will review and process the information.

15. This is an extension of a currently approved collection. There are no program changes since the last request for approval of this information collection. The number of burden hours increased because of the increased time it takes to explain expense line items (30-minutes) and utility allowance processing (15-minutes) for rent increase requests.

1. The results of this collection will not be published.
2. HUD is not requesting approval to avoid displaying the expiration date on the HUD Form-92547-A.
3. 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

There are no plans to use statistical methods for collection of this information.