**Paperwork Reduction Act Submission**

Please read the instruction before completing this form. For additional forms or assistance in completing this forms, contact your agency’s Paperwork Reduction Officer. Send two copies of this form, the collection instrument to be reviewed, the Supporting Statement, and any additional documentation to: Office of Information and Regulatory Affairs, Office of Management and Budget, Docket Library, Room 10102, 725 Seventeenth St. NW, Washington, DC 20503.

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| --- | --- | --- | --- |
| 1. Agency/Subagency Originating Request:  **U.S. Department of Housing and Urban Development**  Office of Public Housing Improvements | | 2. OMB Control Number:  a. **2577-0265** | b. None |
| 3. Type of information collection: (check one)   1. New Collection 2. Revision of a currently approved collection 3. Extension of a currently approved collection 4. Reinstatement, **without change**, of previously approved   collection for which approval has expired   1. Reinstatement, **with change**, of previously approved collection   for which approval has expired   1. Existing collection in use without an OMB control number   For b-f, note item A2 of Supporting Statement instructions. | 4. Type of review requested: (check one)   1. Regular 2. Emergency - Approval requested by 3. Delegated   5. Small entities: Will this information collection have a significant economic impact on a substantial number of small entities?  Yes No  6. Requested expiration date:  a. Three years from approval date b. Other (specify) | | |

7. Title:

**Public Housing /Mortgage Program and Section 30**

8. Agency form number(s): (if applicable)

None - Because federal regulations have not been adopted for this program, no specific forms are required.

9. Keywords:

Housing, Public Housing, Declaration of Trust/Restrictive Covenants, development, mortgage, Mixed Finance Transaction,Section 30.

10. Abstract:

In order for HAs to be approved for a mortgage or security interest in any public housing real estate or other assets, a proposal must be submitted to HUD. After approval and execution of any legal documents associated with the loan and related construction activity, a copy of the executed documents is submitted. Quarterly reports on the progress of the loan payout and pay off as well as the construction activity will be submitted.

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| --- | --- | --- |
| 11. Affected public: (mark primary with “P” and all others that apply with “X”)  a. Individuals or households e. Farms  b. Business or other for-profit f. Federal Government  c. Not-for-profit institutions g. **P** State, Local or Tribal Government | | 12. Obligation to respond: (mark primary with “P” and all others that apply with “X”)  a.  Voluntary  b. **P** Required to obtain or retain benefils  c.  Mandatory |
| 13. Annual reporting and recordkeeping hour burden:  a. Number of respondents 30  b. Total annual responses 90  Percentage of these responses collected electronically 0  c. Total annual hours requested 3,760  d. Current OMB inventory 3,760  e. Difference (+,-) 0  f. Explanation of difference:  1. Program change: 0  2. Adjustment: | | 14. Annual reporting and recordkeeping cost burden: (in thousands of dollars)  Do not include costs based on the hours in item 13.  a. Total annualized capital/startup costs  b. Total annual costs (O&M)  c. Total annualized cost requested  d. Current OMB inventory  e. Difference  f. Explanation of difference:  1. Program change:  2. Adjustment: |
| 15. Purpose of Information collection: (mark primary with “P” and all others that apply with “X”)  a. Application for benefits e. **X** Program planning or management  b. **X** Program evaluation f. Research  c. General purpose statistics g. **P** Requlatory or compliance  d. Audit | | 16. Frequency of recordkeeping or reporting: (check all that apply)  a. Recordkeeping b. Third party disclosure  c. Reporting:  1. On occasion 2. Weekly 3. Monthly  4. Quarterly 5. Semi-annually 6. Annually  7. Biennually 8. Other (describe) |
| 17. Statistical methods:  Does this information collection employ statistical methods?  Yes No | 18. Agency contact: (person who can best answer questions regarding the content of this submission)  Name: Bruce Rieder  Phone: 202-402-6330 | |

**19.** **Certification for Paperwork Reduction Act Submissions**

On behalf of the U.S. Department of Housing and Urban Development, I certify that the collection of information encompassed by this request complies with 5 CFR 1320.9.

**Note:** The text of 5 CFR 1320.9, and the related provisions of 5 CFR 1320/8(b)(3). appear at the end of the instructions. The certification is to be made with reference to those regulatory provisions as set forth in the instructions.

The following is a summary of the topics, regarding the proposed collections of information, that the certification covers:

1. It is necessary for the proper performance of agency functions;
2. It avoids unnecessary duplication;
3. It reduces burden on small entities;
4. It uses plain, coherent, and unambiguous terminology that is understandable to respondents;
5. Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
6. It indicates the retention periods for recordkeeping requirements;
7. It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
8. Why the information is being collected;
9. Use of the information;
10. Burden estimate;
11. Nature of response (voluntary, required for a benefit, or mandatory);
12. Nature and extent of confidentiality; and
13. Need to display currently valid OMB control number;
14. It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to collected (see note in item 19 of the instructions);
15. It uses effective and efficient statistical survey methodology; and
16. It makes appropriate use of information technology.

If you are unable to certify compliance with any of these provisions, identify the item below and explain the reason in item 18 of the Supporting Statement.

|  |  |
| --- | --- |
| Signature of Program Official:  X  Dominique Blom, Deputy Assistant Secretary | Date: |

**Supporting Statement for Paperwork Reduction Act Submissions**

**A. Justification:**

1. **Why is this information necessary?**

Section 516 of the Quality Housing and Work Responsibility Act of 1998 (QHWRA)(Public Law 105-276, October 21, 1998) added Section 30, Public Housing Mortgages and Security Interest, to the United States Housing Act of 1937 (1937 Act)(42 U.S.C. 1437z-2). Section 30 authorizes the Secretary of the Department of Housing and Urban Development (HUD) to approve a Housing Authority’s (HA) request to mortgage public housing real property or grant a security interest in other tangible forms of personal property if the proceeds of the loan resulting from the mortgage or security interest are used for low-income housing uses. Examples of these transactions include mortgages on the public housing property as well as security interest on improvements installed under the terms of an Energy Performance Contract (EPC). Apart from Section 30, The Annual Contributions Contract between HUD and each HA restricts HAs from encumbering public housing assets without HUD approval. In making any such authorization the Secretary, may consider (1) the ability of the housing authority to use the proceeds of the mortgage or security interest for low-income housing uses and (2) the ability of the public housing agency to make payments on the mortgage or security interest; and (3) such other criteria as the Secretary may specify.

# How is this information to be used?

The information collected in the HA’s proposal will be used to ensure that the Section 30 criteria of evaluating the HA’s ability to leverage the value of HA’s real property and assets to maintain or increase the nation’s low-income housing stock without unreasonably jeopardizing those assets. The information included in the progress reports is used to evaluate the HA’s performance and adherence to the terms of the approved proposal and to evaluate the effectiveness and use of the Public Housing Mortgage Program.

. The types of loans and security interests approved through this program vary, and thus the types of documents necessary to perform an adequate level of review by HUD of the proposal will vary as well. However, the following lists documents required of a typical Public Housing Mortgage proposal:

1. Cover letter – provides HUD with an explanation and synopsis of the proposal as follows:
   1. Summary of the nature of the transaction being proposed, including the rationale for the use of the proceeds
   2. Description of the public housing property being mortgaged
   3. Description of the use of the proceeds, including the number and type/size of units, income limits, location, costs, amount and status of financing sources
   4. Description of the source(s) of funds to be used to repay the financing
2. Financing term sheet – provides the financial terms of the loan including loan amount, interest rate, repayment timeframe and other terms, etc.
3. Debt service schedule, including schedule for payment sources, i.e. operating proforma, land sale proceeds, etc. – describes more detailed repayment terms
4. Sources and uses schedule – provides the funds available during the construction and permanent periods along with the uses of funds to ensure that there are adequate funds available during both periods.
5. Construction cash flow schedule – provides a month-by-month analysis of the sources and uses during construction to ensure that the timing of the sources is sufficient to meet the cost schedule.
6. Commitment letters (including LIHTC allocation letter as appropriate) – provides assurance that all sources of funds are firmly committed to the project.
7. Fairness opinion – provides an analysis of the cost of the financing to ensure that it is reasonable based on the current market conditions.
8. Title report/HA counsel certification – provides an analysis of any existing mortgages or deed restrictions on the property being mortgaged as well as the property on which the construction is being performed, if different, to ensure that the HUD requirements are sufficiently protected through the filing order of any HUD Declarations.
9. Appraisal of mortgaged property – provides HUD with information to evaluate whether the value of the property is excessive or insufficient for the amount of the loan being proposed.
10. Loan/bond documents – provides for legal and programmatic review of the terms of the documents to ensure that they are in compliance with public housing requirements and that they include appropriate clauses that address any conflicts that may arise as well as a limit of the collateral being pledge to that approved by HUD.
11. Legal opinions – provides assurance that the proposal is legal and that the HA is operating within it’s legal confines.
12. HA board resolution – provides evidence that the proposal has the approval of the HA’s board.

The submission of quarterly reports is required to document the progress of the loan payout and payoff as well the related construction activity. This type of information is reasonable and necessary for HUD to determine compliance with the approved proposal and to document the effectiveness of the program. In that regard, the notice lists the following items that should be included in each report:

Construction Progress

1. A description of activity financed with the Mortgage Program proceeds, i.e., modernization, development, etc.
2. The number of public housing units approved/completed
3. The number of non-public housing units below 80% AMI approved/completed
4. The number of non-public housing units above 80% AMI approved/completed
5. The square footage of non-dwelling space serving persons below 80% AMI approved/completed
6. The amount of financing obligated/expended, including:
   1. Mortgage Program proceeds
   2. Public housing funds
   3. Non-public housing funds

Loan Activity

1. Lender/Issuer
2. Principal (original loan or mortgage amount)
3. Term
4. Interest rate
5. Fully amortizing – yes/no
6. Variable rate
7. Outstanding balance at FYE – amount
8. Are payments current – yes/no
9. If no, number of months late
10. Default – yes/no
11. Special provisions – narrative

# 3. Describe whether, and to what extent, the collection of information is automated?

Proposals – While hard copies of the firm proposal as well as any executed evidentiary documents will be submitted, electronic copies of these and any intermediate revisions will be used.

Quarterly Reports - the progress reports are submitted in a format approved specific to each proposal. It is anticipated that electronic spreadsheets, or similar documents can be submitted by email. An electronic quarterly reporting system may be developed to allow the HAs to input information directly into the report. Establishment of an electronic reporting system would be based on future funding and prioritization of such to modify existing systems

**4. Duplication of Information**

This information is not being collected elsewhere. The information being collected is specific to this program, therefore the information has not been previously collected.

1. **Does the collection of information impact small businesses or other small entities?**

This collection of information does not significantly impact small businesses or entities.

**6. Describe the consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently.**

The Department would not be able to ensure that the proposals adhered to the statutory requirements, nor ensure that the loan proceeds were distributed and used appropriately if this collection was conducted less frequently. This collection ensures that participants act responsibly with the loan proceeds and with the proper repayment of the loans.

**7. Explain any special circumstances**

There are no special circumstances other than those included herein.

**8. Identify the date and page number of the Federal Register notice soliciting comments on the information.**

This information collection was announced in the *Federal Register*, Volume 77; Page 56857 on September 14, 2012. No comments were received.

**9. Explain any payments or gifts to respondents, other than remuneration of contractors or grantees.**

No payments or gifts to respondents are provided.

**10. Describe any assurance of confidentiality provided to respondents.**

The information provided is not of a confidential nature.

**11. Justify any questions of a sensitive nature, such as sexual, religious beliefs, and other matters that are commonly considered private.**

The information collected does not contain questions of a sensitive nature.

**12. Annual Reporting Burden**

The annual reporting burden hours are based on the limited experience to date for proposal submittals and estimated amount of time that it takes to report the requested information for the most burdensome of the transactions-a public housing mortgage. During the one year period from July 2011 through June 2012, there have been 3 completed public housing mortgage transactions and 7 completed EPC transactions requiring approval through Section 30. This volume of transactions was the highest since the initial commencement of this collection and is expected to remain relatively stable at 10 transactions per year for the next few years. It was estimated, based on experience and projection that the majority of the programs would be for temporary financing for an estimated 2-year period.  Thus, it is estimated that 20 programs will be active and providing quarterly reports at a given time. In the table below, the individual documents comprising a typical PHMP proposal are listed individually to provide greater analysis and detail, however, they comprise a single submission.

|  | Form/Document | No. of Respondents | Frequency | Total Responses | Hours per Response | Total Hours | Cost per hour | Total Cost |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| A | Cover Letter | 10 | 1 | 10 | 4 | 40 | $75 | $3,000 |
| B | Financing Term Sheet | 10 | 1 | 10 | 4 | 40 | $75 | $3,000 |
| C | Debt Service Schedule | 10 | 1 | 10 | 8 | 80 | $75 | $6,000 |
| D | Sources and Uses | 10 | 1 | 10 | 30 | 300 | $75 | $22,500 |
| E | Construction Cash Flow Schedule | 10 | 1 | 10 | 15 | 150 | $75 | $11,250 |
| F | Commitment Letters | 10 | 1 | 10 | 30 | 300 | $200 | $60,000 |
| G | Fairness Opinion | 10 | 1 | 10 | 15 | 150 | $200 | $30,000 |
| H | Title Report | 10 | 1 | 10 | 80 | 800 | $200 | $160,000 |
| I | Appraisal | 10 | 1 | 10 | 20 | 200 | $75 | $15,000 |
| J | Loan/Bond Documents | 10 | 1 | 10 | 80 | 800 | $200 | $160,000 |
| K | Legal Opinions | 10 | 1 | 10 | 50 | 500 | $200 | $100,000 |
| L | Board Resolution | 10 | 1 | 10 | 8 | 80 | $75 | $6,000 |
|  |  |  |  |  |  |  |  |  |
| 1 | PHMP Proposals  Total | 10 | 1 | 10 | 344 | 3,440 |  | $576,750 |
| 2 | Quarterly Reports | 20 | 4 | 80 | 4 | 320 | $50 | $16,000 |
|  | Totals | 30 |  | 90 |  | 3,760 |  | $592,750 |

**13. Additional Cost to Respondents**

There are no additional costs to respondents other than what is reported in Item 12.

**14. Annualized cost to the Federal Government**

The estimated annualized cost to the Federal Government is based on the hourly rate of $50.41, the 2012 General Pay Scale for a GS 14 Step 1(Washington, DC locality), which represents the staff of HUD’s Office of Public Housing Investments (OPHI) that will typically perform the review functions. In addition to the Public Housing Mortgage Program, this office primarily administers the Capital Funds Programs, and both administers and implements the Capital Fund Financing Program, and Mixed-Finance transactions for the Capital Fund, Capital Fund Financing, and HOPE VI Programs. OPHI has approximately 40 full-time employees primarily in the Washington DC office that work on these programs. 40 x $50.41 x 2080 hours per year, equals $4,194,112. Given the overall scope of work for OPHI, there is no significant increase in the cost to the government related to the Public Housing Mortgage Program.

**15. Explain any program changes or adjustments.**

Since the initial information collection request, the volume of transactions requiring this collection has increased but not beyond the 10 annual transactions estimated. We are revising the title of this collection to be more clearly descriptive of the range of transactions that would be reviewed under this collection for compliance with Section 30. There are several circumstances other than a mixed finance transaction that would potentially trigger this collection. For example, most recently Energy Performance Contract (EPC) transactions that provide for a security interest in energy improvements have been reviewed for approval under Section 30.

**16. If the information will be published, outline plans for tabulation and publication.**

The results of this information collection will not be published.

**17. OMB Expiration Date**

HUD is not seeking approval to avoid displaying the OMB expiration date.

**18. Certification of Paperwork Reduction Act Submission** There is no exception to Item # 19 "Certification of Paperwork Reduction Act Submission.”

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

The collection of information does not employ statistical methods.