

**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). This survey is authorized under Title 13, United States Code, Section 182 to collect data on new residential buildings. The key estimates from the survey are the numbers of new housing units authorized by building permits; data are also collected on the valuation of the housing units.

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 have been designated as Principal Economic Indicators. Two such indicators are directly dependent on the key estimates from the BPS: (1) New Residential Construction (which includes Housing Units Authorized by Building Permits, Housing Starts, and Housing Completions), and (2) New Residential Sales. 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](http://www.census.gov/permits).

The Census Bureau collects these data primarily by mail using the Form C-404 (Attachment A) or online using an online version of the same questionnaire. Some data are also collected via receipt of electronic files. Form C-404 requests information on the number and valuation of new residential housing units authorized by building permits. The form is titled "Report of Building or Zoning Permits Issued for New Privately-Owned Housing Units."

**2. Needs and Uses**

The Census Bureau uses the Form C-404 to collect data that 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 remaining offices 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 authorized, 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 that are used by government agencies to allocate funding and other resources to local areas. Policymakers, planners, businesses, 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**

About 35 percent of the places that report monthly provide their reports online or via an electronic file: 34 percent report online and one state agency emails us a file via special arrangements that we have made to receive data that the state collects from its jurisdictions. Respondents who choose to respond electronically receive email notifications rather than paper forms in the mail.

Respondents that do not report electronically receive forms in the mail and can return them via mail or fax. About 20 percent of the paper forms that we receive are faxed rather than mailed. This is more convenient for respondents and we receive their data more quickly.

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 request data from about 8,225 places monthly and 10,550 places annually. Monthly reports from an additional 650 places are received via an electronic file. Our overall response rate for 2011 (including both monthly and annual reporters) was about 84 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](http://www.census.gov/permitsfaq)) and we provide a toll-free number where respondents can call with questions about the survey or about how to report. The online version of the questionnaire includes access to help for each question.

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 units authorized, started, completed, and 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 annual totals are released to the public on the first working day in May. These annual

totals data are essential for the benchmarking of revised monthly data, which are published with the April New Residential Construction press release in mid-May.

**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 two Principal Economic Indicators, New Residential Construction and New Residential Sales. Both are issued monthly. Additionally, response is requested within two weeks to provide timely statistics for analyzing the economy.

**8. Consultations Outside the Agency**

We consulted with data users outside the agency to obtain comments regarding the BPS data and methods. The Census Bureau meets regularly with data users from the Bureau of Economic Analysis (BEA) and the National Association of Home Builders (NAHB). The NAHB-Census partnership meetings are also attended by representatives from the Department of Housing and Urban Development (HUD), the Harvard University Joint Center for Housing Studies, and the American Association of Retired Persons (AARP). These data users suggested no changes to the questionnaire or data collection. These consultations were for the purpose of receiving individual opinions and not for the purpose of forming a group opinion.

We published a notice in the Federal Register on September 6, 2012 (77FR, page 54889) inviting public comments on our plans to submit this request. One comment was received during the 60-day comment period. The 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](http://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                      | 8,225  | 12                       | 98,700                 | 8                                  | 13,160               |
| Monthly via electronic files | 650    | 12                       | 7,800                  | 3                                  | 390                  |
| Annual                       | 10,550 | 1                        | 10,550                 | 23                                 | 4,044                |
| Total                        | 19,425 | 6.03                     | 117,050                | 9.02                               | 17,594               |

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 \$416,012 based on an average hourly salary of \$23.64 for local government employees as estimated from the Census Bureau's 2010 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 2013 of the Building Permits Program, of which this questionnaire is a part, is \$2,170,215, all borne by the Census Bureau.

**15. Reason for Change in Burden**

The number of burden hours increased slightly because the total number of permit-issuing jurisdictions is slightly larger. When local permit coverage is split between two jurisdictions, we begin surveying both jurisdictions to maintain survey coverage. (For example, a local city may establish its own permit jurisdiction, when permits for that area had previously been issued by the county.)

**16. Project Schedule**

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

We receive the annual reports in the first three months following the end of the survey year. We process and edit the data as it is received, and tabulate the data in the fourth month following the survey year. We release the data each year on the first working day in May.

**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.