

Supporting Statement to Paperwork Reduction Act Submission

HUD-Owned Real Estate – Dollar Home Sales Program

A. JUSTIFICATION

1. The National Housing Act (P.L. 479, 48 Stat., 1246, 12 U.S.C., 1701 et seq.) authorizes the Secretary of Housing and Urban Development to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, at his/her discretion, any properties conveyed to the Department under contracts of mortgage insurance. Regulations regarding the disposition of acquired properties by sale are contained in 24 CFR Part 291, Disposition of HUD-Acquired Single Family Property. Section 291.90 (a)-(e) prescribes sales methods and (e) notes that HUD may select any other methods of sale, as determined by the Secretary.

Within the general property disposition program, the Department may also dispose of properties through special programs targeting market groups or policy goals. The “\$1 HOME Sales to Local Governments Program” was implemented by administrative directive HN-00-07, pursuant to the authority at 12 U.S.C. 1710(g).

Initial regulations for the program are being prepared pursuant to specific statutory authority at Disposition of HUD-Owned Properties, 12 U.S.C. 1715z-11a which offers these properties to Units of General Local Government for one dollar or to Community Development Corporations (CDCs) on a cost recovery basis.

This collection of information is needed in the implementation of the Dollar Home Sales Program. This is a request for an extension of information collection requirements of the sales contracts and addenda. The sales contracts and addenda however, will be used in binding contracts between a purchaser of an acquired single-family asset and HUD pursuant to this specific program.

2. The program promotes the sale of properties that have been in inventory and available for sale for at least 6 months. The sale of these properties under this program makes it possible for local governments to rehabilitate the homes and make them available as low and moderate-income housing at a considerable savings. The newly occupied homes can then act as catalysts for neighborhood revitalization, attracting new residents and businesses to an area. The information collections contained in this clearance request deal only with the Dollar Home Sales Program. That program offers single family properties to local governments for one dollar plus closing costs and to CDCs on a cost recovery basis. Listed below are the information collections associated with the Dollar Home Sales program and a description of their purposes.

Certification of occupancy. A unit of local government and CDC must certify that the property is not occupied.

Written expression of interest. A unit of local government and CDC will submit a written expression of interest.

Sales contract and addendum. Local governments and CDCs must (1) identify to HUD the intended disposition strategy(ies) and clear public purpose goals and objectives that will be pursued with properties purchased through this program; (2) affirm that all profits from resale’s of these Dollar Homes will go to support local housing/community development initiatives; (3) identify what specific programs or uses any profits will support; and (4) agree to provide HUD with annual reports for all properties purchased under this program.

Identification of Agent. A local government may identify an agency of government such as a housing authority to act as its agent to purchase Dollar Homes.

Recordkeeping sufficient to provide HUD with the required annual report.

Annual Report. Organizations participating in the Dollar Home Sales Program must provide HUD with an annual report on all properties purchased under the program. The report includes information on profits on resale; uses made of the resale profits; and the person or entity that purchased each property.

Annual Audit. Organizations participating in the program are subject to an annual audit.

3. The information is not collected electronically. Sales contracts, addendums, Dollar Home documentation, and other documents requiring original signatures will be submitted to HUD in hard copy.
4. The Single Family Property Disposition Dollar Home Sales Program is the only HUD program that sells single-family acquired properties to local government entities or their agents. Therefore, the information collected is unique to this program. The Dollar Home Sales Program is a stand-alone program, and the information collected is not duplicative.
5. The information collected does not have a significant economic impact on a substantial number of small “entities”; which includes small organization or small governmental jurisdiction. The Dollar Home Sales program will be operated through the HUD Homes web site. Local governments will not use a broker to submit a bid; they will work with the M&M contractor directly. Expression of interest, recordkeeping and reporting will be of minor impact.
6. Information collected and the audit requirement is the minimum needed to implement the Dollar Home Sales Program using appropriate management control tools to protect against fraud and abuse. Upon purchase, the governmental entity and CDC purchaser will execute a sales contract addendum which: (1) identifies the intended disposition strategies and public purpose goals and objectives to be pursued with properties purchased through this program; (2) identifies the specific programs or uses that resale profits will support; and (3) requires the purchaser to provide HUD with an annual report on all properties purchased under this program, including information on the amount of profit realized on resale, the use of the profit, and the person or entity that purchased the property on resale. These requirements will be backed up by the imposition of sanctions as defined in 291.640 Enforcement.
7. There are no special circumstances involved in this collection.
8. In accordance with 5 CFR 1320.8(d), HUD published a notice soliciting public comments in the *Federal Register* on October 8, 2010, Vol. 75, No. 195, pages (62413-14. ... comments were received.
9. Other than remuneration of contractors and sales commission payments to brokers submitting selected offers, no gift or other type payments are made to the respondents.
10. These information collections take into consideration the need to assure data confidentiality and provide adequate Privacy Act Notice statements where needed.
11. This information collection does not contain any questions of a sensitive nature.
12. The following are the estimates of the burden hours of the collection of information.

| Information Collection | Number of Respondents | Frequency of Response (Averages) | Total Annual Responses | Hours per Response | Total Annual Hours | Cost per Hour | Total Annual Cost |
|----------------------------------|-----------------------|----------------------------------|------------------------|--------------------|--------------------|---------------|-------------------|
| Dollar Home Sales Program | | | | | | | |
| Written Expression of Interest | 38 | 2.11 | 80 | 0.25 | 20 | \$25 | \$500 |
| Sales Contract | | 2.11 | 80 | 0.5 | 40 | \$25 | \$1,000 |
| Addendum | | 2.11 | 80 | 0.5 | 40 | \$25 | \$1,000 |
| Recordkeeping | | 2.11 | 80 | 1.0 | 80 | \$25 | \$2,000 |
| Certification of occupancy | | 2.11 | 80 | 1.0 | 80 | \$25 | \$2,000 |
| Annual Report | | 2.11 | 80 | 1.0 | 80 | \$25 | \$2,000 |
| Annual Audit | | 2.11 | 80 | 2.0 | 160 | \$25 | \$4,000 |
| Totals | 38 | | 560 | | 500 | | \$12,500 |

Assumptions:

- Annual Dollar Home sales averaged 80 properties among 38 different entities during the past 12 months of calendar years 2009-2010.

13. There are no additional costs to the respondents.

14. Cost to the Federal Government.

| Information Collection | Total Annual Responses | Review / Completion by HUD Staff | Hours per Response | Total Annual Hours | Cost per Hour | Total Annual Cost |
|---|------------------------|----------------------------------|--------------------|--------------------|---------------|-------------------|
| Dollar Home Sales Program Forms | | | | | | |
| Required notifications / posting on web/ designation of agent | 80 | 80 | 0.2 | 16 | \$26 | 416 |
| Annual Report | 80 | 80 | 0.5 | 40 | \$26 | 1,040 |
| Annual Audit | 38 | 38 | 0.5 | 19 | \$26 | 494 |
| Totals | 198 | 198 | | 75 | \$26 | \$1,950 |

15. This is an extension of an existing information collection. Estimates are based on current activity: results in a decrease to 38 respondents, 560 responses, and 500 burden hours.

16. These collections of information do not include results that will be published.

17. HUD is not seeking to display the expiration date for OMB approval of this information collection.

18. There are no exceptions to the certification statement.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS.

No statistical methods are employed in the collection of this information.