

Supporting Statement for Paperwork Reduction Act Submission
for the Survey of Market Absorption
of New Multifamily Units (SOMA)

A. Justification

1. Necessity of the Information Collection

This survey provides the data necessary to measure the rate at which different types of new rental apartments and new condominium/cooperative apartments are absorbed, that is, taken off the market, usually by being rented or sold, over the course of the first twelve months following completion of a building. The data are collected at quarterly intervals until the twelve months expire or until the units in a building are completely absorbed, which may be sooner.

The survey also provides estimates of the characteristics of apartments being absorbed, and provides a basis for analyzing the degree to which multifamily-building activity is meeting the present and future needs of the public. The survey has been conducted since 1970.

Data are collected under Title 12, U.S.C. Sec. 1701Z-1 and 2.

2. Needs and Uses

Data from this survey enable the Department of Housing and Urban Development (HUD) to analyze the characteristics, location, and rents or prices of newly completed multi-family rental and condominium units and to assess how quickly they are being absorbed (rented or bought) by the market. Data are useful as a barometer of demand for new rental units (particularly in the local market areas), since the absorption rates indicate the relative tightness or looseness of rental markets. The data may be used to address the adequacy of the supply of the rental housing stock.

The Federal Reserve Board uses the data to compare asking rents for rental properties with data on monthly mortgage payments. The Board also uses the data as an indicator of strength of demand for different types of new rental units, and as a measure of volume of nonsubsidized, privately financed multifamily units being completed.

These data have been used by the Fiscal Analysis Division of the Congressional Budget Office, the Council of Economic Advisors, and the Office of Thrift Supervision as well as many other public and private entities for such purposes as analysis of the rental housing market and forecasting future trends.

Consequences to Federal programs or to Federal policy if the collection of this

information were not conducted would be to limit analysis of the housing market.

3. Use of Information Technology

SOMA will begin collecting data using Computer-Assisted Personal Interviewing (CAPI) in April 2014. CAPI data collection will be phased for new sample records; continuing sample records will continue to be collected using the paper questionnaire until the end of their survey cycle.

All data tables and analytical reports are posted to the Census Bureau Internet site.

4. Efforts to Identify Duplication

After a review of other surveys taken by the Census Bureau, including the Survey of Construction, the American Housing Survey, the Current Population Survey, the American Community Survey, and the Housing Vacancy Survey, we have determined that no information collected by the Census Bureau can provide the absorption information for new multi-unit buildings that is produced by the SOMA. In addition, no other source outside the Census Bureau, either public or private, has been identified that provides the information available from this survey.

There is no similar information available at the national, regional, or, in most cases, even at the local level that could be used or modified for use for the purposes described.

5. Minimizing Burden

The SOMA collects information via personal visit for the initial interview, which is three months after completion. Subsequent interviews for units not rented or sold within three months, if any, are conducted by telephone when possible.

An advance letter, the H-31(L) is sent to notify the manager/agent/owner of the upcoming interview. Subsequent interviews (as needed) occurring 6, 9 and 12 months after completion only include an update on remaining units, not the entire set of questions. The survey uses the Census Bureau's Survey of Construction (SOC) as its universe and is, in effect, a follow-on to SOC. As much information as possible is taken from SOC and verified by the interviewer rather than re-asked.

6. Consequences of Less Frequent Collection

The data are collected quarterly for each building until a building is completely absorbed, with the first interview for each building occurring 3 months after

completion. If necessary, additional interviews are conducted at 6, 9, and 12 months. A less frequent collection schedule would alter the basis for analysis, affect data comparability, and might introduce bias into the results.

7. Special Circumstances

There are no special circumstances.

8. Consultations Outside the Agency

The notice to continue with the survey was published in the Federal Register on October 3, 2013 (beginning on page 61378). In the notice, we solicited public comments for 60 days, ending on December 2, 2013. One comment was received from the National Association of Home Builders (NAHB) who wrote to support the survey.

a. Consultations

This data collection was initiated in 1970. Prior to and during 1970-71, frequent consultations were held among representatives of the Department of Housing and Urban Development (HUD), the Census Bureau, and persons from outside the agencies. Currently, consultations occur as needed between officials of the two agencies. Discussions are held periodically with members of the Housing Statistics Users Group on the status of SOMA. This group is comprised of trade and private sector organizations that use housing data. Comments are also welcome from survey respondents and are given careful consideration, as are those from other representatives of the user community.

b. Problems

There are no unresolved problems.

c. Comments

Comments are received by the Census Bureau from respondents through their field staff. Other comments are received by mail or telephone from data users.

9. Paying Respondents

Respondents are not paid or otherwise rewarded.

10. Assurance of Confidentiality

The Census Bureau collects these data in compliance with the Privacy Act of 1974 and OMB Circular A-108. The Census Bureau provides an advance letter which informs the respondent of (1) the voluntary nature of this survey, (2) indicates the estimated average burden hours per response, (3) provides the addresses of the agency to which any comments on the accuracy of the estimate and suggestions for reducing the burden may be addressed, and (4) states that there are no penalties for failure to answer any question. As part of the introduction, the interviewer will provide a copy of the letter and allow sufficient time for the respondent to read the contents.

11. Justification for Sensitive Questions

The questionnaire does not include any questions of a sensitive nature.

12. Estimate of Hour Burden

Every month buildings completed with five or more housing units in the Census Bureau's Survey of Construction are selected. The number of respondents may vary from month to month since a single respondent may be asked to reply for more than one building. The number of new buildings in sample each month is limited to 1,000.

After the initial interview, subsequent interviews will be conducted only for buildings that have not been completely absorbed, and will determine only the number and types of units remaining for rent or sale.

The burden for initial and subsequent interviews at a particular building averages 30 minutes (.5 hours), for a maximum estimated burden of 6,000 hours (12,000 interviews x 30 minutes) per year.

13. Estimate of Cost Burden

There are no costs to respondents other than that of their time to respond.

14. Cost to Federal Government

The total cost to the Federal Government estimated to be \$1,750,000 for FY 2014, is borne by HUD. This includes costs associated with the development and implementation of the electronic data collection instrument.

15. Reason for Change in Burden

Due to the flexibility afforded by the electronic collection instrument, we are able to increase the asking rent and price range categories, allowing us to collect data that are more accurate, especially in higher-cost housing markets. We will

expand these ranges from seven each, to ten ranges for rental units and twelve ranges for condominium and cooperative units. These additional ranges may increase interviewing time (burden) for those buildings with a wider variety of units at different price points.

For the amenities question (H-31 item 8), no additional options were added, however, we revised the list by eliminating: heat, hot water, air conditioning, range, refrigerator, and dishwasher. In their place we substituted: water, sewer, cable, Internet, and laundry facilities. SOMA will now include a new verification question taken from the Survey of Construction (SOC) regarding the laundry facilities in the building. HUD is making these changes for three reasons. First, HUD wants to concentrate the question on collecting information about utilities that are commonly billed separately from rent: electric, gas, water, cable, internet. HUD found very little evidence that “heat, “hot water” or “air conditioning” are billed separately from rent. Second, HUD wanted to focus on items that are truly amenities in modern multifamily developments (swimming pool, parking, laundry facilities). HUD does not believe that “range”, “dishwasher”, “or “refrigerator” are considered amenities in modern multifamily developments. Third, HUD wanted to align the laundry question with SOC in order to improve the accuracy of reporting on this item. As mentioned above, the response to the laundry question in SOC will be verified by asking a similar question in SOMA.

The government programs question (H-31 item 5) has an additional option – “Federal Tax Exempt Multifamily Bond Financing” and has changed the question type to “check all that apply.” The reason for making this change is that tax exempt multifamily bond financing is used in conjunction with Low Income Housing Tax Credit (LIHTC) in about 50 percent of developments utilizing LIHTC financing.

The aging restricted development question (H-31 item 11) was slightly modified to remove the difference between “Restricted...” and “Intended...” HUD is making this change to align the question text with SOC. This will permit verification of both SOMA and SOC.

The senior services (H-31 item 12) will have five answer categories. What had been item 12a was made into the three separate “yes/no” questions pertaining to meals, transportation, and housekeeping. Item 12b was revised to only include “managing finances”; item 12c is unchanged. HUD is making these changes because the previous question design did not permit isolating the specific service types.

17. Project Schedule

Each month the data will be processed as soon as all the information is transmitted directly by the interviewers. After the last month of each quarter, the

data are tabulated, with the results posted on the Internet.

The survey produces four quarterly reports which present data on the time it takes to rent or sell new multifamily units completed in a quarter by showing percents absorbed at 3-, 6-, 9-, and 12-month intervals following completion of the units. The quarterly reports are issued about the 4th week of March, June, September, and December.

An annual report is released in April that provides similar data for the calendar year for which 12-month absorption figures are available.

A second annual report is released in July and provides data on characteristics of multifamily units completed in the most recent calendar year.

Summary tables are available on the Internet at: www.census.gov/housing/soma.

18. Request to Not Display Expiration Date

No such permission is requested. The expiration date will be displayed on the electronic information collection instrument and on the advance letter.

19. Exceptions to the Certification

There are no exceptions.