

# Supporting Statement for Paperwork Reduction Act Submissions

## Title: Comprehensive Needs Assessment

OMB Control Number 2502-0505

Forms: N/A

### Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

Comprehensive Needs Assessments, or CNAs, were authorized by Title IV of the Housing and Community Development Act of 1992, as amended by the Multifamily Housing Property Disposition Reform of 1994 (P.L. 103-233). Such authorizations have expired. Section 531 of the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1998, P.L.105-65 (approved October 27, 1997), provides for the use of unallocated amounts for contract for interest reduction payments, or any other source, providing capital grant assistance for rehabilitation needs for projects. These rehabilitation needs are estimated through the employment of Comprehensive Needs Assessments, and have become institutionalized through inclusion in project applications for funding using the Multifamily Accelerated Processing (MAP) Guide, and as a requirement for projects seeking approval for a Partial Payment of Claim (PPC). As a result adjustments have been made based on the current number of respondents and current hourly cost estimates.

HUD regulations, at 24 CFR Part 401.450, also authorize this collection.

- The CNA is a description of current and future Capital improvement and replacement needs of certain multifamily projects.
- The CNA involves project residents in the development, from start to finish.
- It is based on a thorough and detailed physical inspection of the project.
- The CNA includes a statement of any assistance needed under programs administered by the Department.
- It is used to establish the need for resources for meeting current and future needs of the project and the likelihood of obtaining such resources. Such resources include assistance from private foundations, State and local governments, any HUD programs (so long as the funds are used to address items that would normally be covered by the reserve for replacement account and so long as the reserve for replacement account maintains a balance equal to the identified needs, plus \$250 per unit).
- The CNA also includes descriptions of modernization needs and activities, descriptions of supportive services needed and supportive services provided, descriptions and security needs, and descriptions of any personnel needs of the project, including service coordinators and security staff.

In addition, the United States Department of Agriculture's regulations at 7 CFR Part 3560 also authorize this collection.

The Department of Housing and Urban Development and the United States Department of Agriculture have developed a standard format for CNAs to be used across multiple programs, many of which are already using CNAs in one format or another. This collection is therefore consolidating CNA requirements already approved under OMB number 2502-0541, and

- USDA - Rural Housing Development (approximately 700 applications for development a year);
- Endorsement of Federal Housing Administration Multifamily housing loans for new construction, substantial rehabilitation, refinancing of existing loans, etc. (Section 223(f) loans, 223(a)7 loans, 221 (d)4 loans, 220 loans, 231 loans, 213 loans) (1,247 loans were closed in FY 2012);
- HUD Office of Affordable Presentation Mark to Market program participants (approximately 25-40 applications a year);
- Monitoring of privately owned projects receiving Section 8 project-based rental assistance (1,818 per year).

2. Indicate how, by whom and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

A project owner or buyer contracts with an arms-length, non identity-of-interest entity to prepare a project's CNA, referred to as the Assessor. The Assessor completes their assessment of the project capital improvements and systems and collects the input from residents. The Assessor must use the information to estimate repair costs, itemize repairs, identify any immediate health and safety issues, and identify near term and long term repairs that may be needed after the date of the inspection. Owners and nonprofit entities submit this information for HUD's and USDA's review. HUD and USDA will review the information to assess the owner's current and future resources required for capital repairs to the project. The information will also be used to determine the amount of any grant assistance that may be available.

The CNA is a description of current and future and capital needs and financial resources of certain multifamily projects. It is based on a thorough and detailed physical inspection of the project. The CNA includes a statement of any assistance needed under programs administered by HUD and USDA.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

The information collected from the Assessors is gathered by means chosen by the Assessor. Using the new CNA template, assessors will submit the CNA to lenders and property owners, who will submit the electronic CNA to HUD or USDA. The CNA is project specific, and the data collected directly correlates to a specific project and further automation would not reduce the burden. The CNA also involves project residents in the development, from start to finish. The information provided by the tenants will not be automated due to limited inconsistent access of computer resources.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

There will be no duplication of information. The CNA is project specific, and the data collected directly correlates to a specific project and further automation would not reduce the burden.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83I) describe any methods used to minimize burden.

The collection of this information does not impact small businesses.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

For the ten-year CNA for asset management purposes, current Regulations require that the CNA be updated every ten years. Should these reports not be collected, Program Managers and owners would be unable to make quantitative estimates of annual capital expenditures, and risk realizing shortages for critical capital needs. The CNA report also forms the basis for estimating the minimum amount of reserves that must be maintained, and the amount of annual deposits to reserves needed to maintain that minimum. For using the CNA for financing or refinancing multifamily housing, a CNA is necessary to determine the long-term capital needs of a project, as well as exigent health and safety issues. Without this information, the amount of cash necessary for capital repairs cannot be forecast and compared to expected cash revenues of the multifamily housing project. This is the basic test of a project's financial valuation, and is crucial to determining whether or not a loan can be endorsed or made.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- requiring respondents to report information to the agency more than quarterly;

There is no requirement to report information to the agency more than quarterly.

- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;

There is no requirement for respondents to prepare a written response to a collection of information in fewer than 30 days after receipt.

- requiring respondents to submit more than an original and two copies of any document;

There is no requirement for respondents to submit more than an original and two copies of any document.

- requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records for more than three years;

There is no requirement for respondents to retain records other than for health, medical, government contract, grant-in-aid, or tax records for more than three years.

- in connection with a statistical survey, that is not designed to produce valid and reliable results than can be generalized to the universe of study;

There are no statistical surveys involved with this collection.

- requiring the use of statistical data classification that has not been reviewed and approved by OMB;

There is no requirement for the use of statistical data classification that has not been reviewed and approved by OMB.

- that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or

There is no pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.

- requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

There is no requirement for respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

There are no special circumstances associated with this collection of information.

8. If applicable, provide a copy and identify the date and age number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.
  - Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and record keeping disclosure, or reporting format (if any) and the data elements to be recorded, disclosed, or reported.
  - Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years – even if the collection of information activity is the same as in prior periods. There may be circumstances that preclude consultation in a specific situation. These circumstances should be explained.

The *Federal Register* announcing this collection of information was posted on **September 12, 2014** (Volume **79**, Number **177**, Page **54736**). No comments were received.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No payments and/or gifts will be provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation or agency policy.

No assurances of confidentiality are provided.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary; the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information.

Information Collection	Number of Respondents	Frequency of Response	Total Annual Responses	Burden Hours per Response	Annual Burden Hours	Hourly Cost	Total Annual Cost
PCNA-USDA Rural Housing	700	1	700	40	28,000	\$125.00	\$3,500,000
HUD-Mark-toMarket	27	1	27	40	1,080	\$125.00	\$135,000
HUD-FHA Loan endoresment	1,247	1	1,247	40	49,880	\$125.00	\$6,235,000
PCNA-Asset Management	1,818	1	1,818	40	72,720	\$ 125.00	\$ 9,090,000
Total	3,792	1	3,792	40	151,680	\$ 125.00	\$18,960,000

Hourly cost is based on an estimate for the hired Assessor to conduct the CNA.

Estimated number of respondents (13,792) is based on data obtained from HUD systems for covered projects required to submit CNAs: 1,247 FHA loan endorsements in FY 2012, 27 Mark to Market projects in FY 2012, an estimated 700 applications to the Rural Housing Program annually, and 1,792 for refinance or purchase applications from ten years ago, which are now subject to review and 26 requests processed for Partial Payment of Claims.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information (do not include the cost of any hour burden shown in Items 12 and 14).

There are no additional capital/startup costs associated with the collection of information.

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

**Estimates of Annualized Cost to the Federal Government**

Total Annual Responses	Burden Hours per Response	Total Annual Burden Hours	Hourly Cost	Total Annual Cost
3,792	0.3	1,138	\$ 29.00	\$ 32,990

15. Explain the reasons for any program changes or adjustments reported in Items 13 and 14 of the OMB Form 83-I.

This is a revision of a currently approved collection. Adjustments have been made based on the current number of respondents and current hourly cost estimates because the collection is being expanded to include more programs using a standard CNA template at the time of initial financing (FHA endorsements, USDA Rural Housing development, and the Mark-to-Market program).

16. For collection of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The collection of this information will not be published. Information will be maintained with the HUD offices in individual case files.

**17.** If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

HUD and USDA are not seeking approval not to display the form number.

**18.** Explain each exception to the certification statement identified in item 19 of the OMB 83-I.

There are no exceptions to the certification statement identified in item 19.

#### Collections of Information Employing Statistical Methods

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