

SUPPORTING STATEMENT

Rental Housing Finance Survey (RHFS)

Part A: Justification

1. Necessity of Information Collection

HUD request clearance for the proposed questions to be used on the 2015 Rental Housing Finance Survey (RHFS). The Census Bureau will administer the 2015 RHFS on behalf of HUD. The Census Bureau will conduct a pre-data collection operation, called the Owner-Seeker, to collect rental property owner information between March and April 2015 followed by the main RHFS data collection between May 4 and November 2, 2015.

Estimates derived from the 2015 RHFS sample will help public and private stakeholders better understand the financing, operating costs, and property characteristics of the rental housing stock in the United States. Many of the questions are similar to those found on the 2012 RHFS, which itself was derived from the 1995 Property Owners and Managers Survey (POMS) and the rental housing portion of the 2001 Residential Finance Survey (RFS).

Title 12, United States Code, Sections 1701z-1, 1701z-2(g), and 1701z-10a provide authority to collect this information. Title 13, U.S.C., Section 8b provides the U.S. Census Bureau authority to collect this information for the Department of Housing and Urban Development (HUD). The collected data will be protected by the confidentiality provisions of Title 13, U.S.C., Section 9.

2. Needs and Uses

The RHFS interviews owners and managers of rental properties. For small properties, the Census Bureau will most often be interviewing the property owners. For larger properties, the Census Bureau will most often be interviewing the property manager. In some instances, interviews with both owners and managers may have to be conducted as each may possess distinct portions of the necessary information to complete the survey.

The RHFS data can be used to provide a statistically representative picture of rental property financing and financial health, as well as critical components of the national income accounts, such as capital improvement investments.

With these data, HUD can gain a better understanding of rental loan origination volumes, property characteristics associated with these originations, and operating cost and revenue characteristics for the rental housing stock in the United States.

Various stakeholders have great interest in the data that will be collected through this survey. The 2015 RHFS will play an important role in enabling the Federal Housing

Finance Agency (FHFA) to fulfill its requirements to set affordable housing goals for the government-sponsored enterprises (GSEs) and to develop standards for underwriting rental property mortgages. For their various rulemaking needs, the FHFA currently uses the 2012 RHFS to determine the size of the multifamily rental market.

National and local policy analysts, program managers, budget analysts, and Congressional staff can use the 2015 RHFS data to advise the executive and legislative branches about financial health of the rental housing stock in the United States and the suitability of public policy initiatives. The data will also help analysts to determine which properties take the most advantage of various government programs, and where changes to programs might be advisable.

Academic researchers and private organizations will use the 2015 RHFS data in efforts of specific interest and concern to their respective communities. For example, no national data are currently available on such items such as rent concessions and capital improvement expenses.

The rental housing industry will be able to use the data to benchmark individual project financial performance against national data to help them make better business decisions. Rental housing is critical to solving the nation's affordable housing problems, and potential investors in the rental housing market will gain a better understanding of the ownership and financing structures of the industry with these data.

The Bureau of Economic Analysis (BEA) plans to use the 2015 RHFS data in preparing key investment components in the National Income and Product Accounts (NIPAs) and the Fixed Assets Accounts (FAAs). The specific data that the BEA anticipates to use are capital improvements, legal form of ownership, property types and rent concessions.

Information quality assessment 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 assurance 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

a. Data Collection

The United States Bureau of the Census will collect the Owner-Seeker information and the 2015 RHFS data using web based applications.

The Owner-Seeker information will be collected using the Census Bureau's Business Help Site (BHS). The BHS is accessed from the Census Bureau's website.

The 2015 RHFS data will be collected using a web-based instrument. The Enterprise Internet Solutions (EIS) area of the Application Services Divisions (ASD) will host a web-based instrument. The web-based instrument will be hosted on the fully certified and accredited Centurion system (infrastructure, security, and framework).

b. Data Dissemination

HUD's Office of Policy Development and Research will make the information collected on the RHFS available to the public on its Internet website. The website will also contain an extensive set of tables for the user's convenience.

4. **Efforts to Identify Duplication**

HUD consulted with other government agencies and determined that the 2015 RHFS is the only data source with detailed information on the mortgage financing of the rental properties.

Although housing data are collected as part of the American Housing Survey (AHS), American Community Survey (ACS) (Census Bureau), Consumer Expenditure Survey (CES) (Bureau of Labor Statistics), and the Residential Energy Consumption Survey (RECS) (Department of Energy), these surveys provide none of the extensive level of detailed information on rental housing expenses and financing available from the RHFS.

5. **Minimizing Burden**

Based on lessons learned from the 2012 RHFS, the Census Bureau will first conduct an Owner-Seeker operation to obtain contact information for the owner of the rental property prior to data collection. The Census Bureau will collect the owner/manager contact information using the Census Bureau's Business Help Site. Additionally, the Census Bureau has purchased commercial property tax, deed of trust, and mortgage data that may be used to help locate owners.

For the main 2015 RHFS data collection effort, the first contact with the owner/manager will be an advance letter providing them with an overview of the survey, the interview procedure, types of questions covered, and confidentiality.

The main data collection will occur using a web-based instrument. The web-based instrument is designed to reduce respondent burden by implementing skip patterns and help screens.

6. **Consequences of Less Frequent Collection**

The length of time between interviews is two or three years on the RHFS. Less frequent enumerations would impair HUD's ability to monitor GSE goal compliance on a timely basis. It would also reduce the HUD's ability to detect changes in severe housing needs. Without this ability, the Administration and Congress would be less able to formulate policy on rental housing finance and rental assistance.

7. **Special Circumstances**

The Census Bureau will collect the data in a manner consistent with OMB guidelines, and there are no special circumstances.

8. Consultations Outside the Agency

Attached is a copy of the *Federal Register Notice* required by 5 CFR 1320.8(d). Only one comment was received from the National Association of Home Builders. The comment expressed support for the 2015 RHFS and did not offer and suggested changes to the survey content.

HUD discussed plans for the 2015 RHFS with the following people:

Erica M. Filipek
Assistant Division Chief, Construction Indicator Programs
U.S. Census Bureau
301-763-5161

During the development of the 2015 RHFS questionnaire, HUD consulted with approximately 20 prospective data users who comprised diverse areas of interest. Data users represented groups from the National Association of Home Builders, Mortgage Bankers Association, National Multifamily Housing Council, Harvard Joint Center for Housing Studies, Housing Statistics Users Group, Freddie Mac, Federal Reserve Board, and Bureau of Economic Analysis. Feedback received from these data users had considerable effect on the content and sample design. There were no major problems that could not be resolved during consultation.

HUD and the Census Bureau will conduct cognitive testing of the 2015 RHFS questionnaire content in late 2014. Any applicable changes to the content of the questionnaire identified during cognitive testing will be incorporated in the final version of the instrument.

9. Paying Respondents

The RHFS does not give respondents payments or gifts.

10. Assurance of Confidentiality

The Census Bureau will collect the 2015 RHFS data in compliance with the Privacy Act of 1974 and OMB Circular A-108. The Census Bureau will make an attempt to identify property owners and/or managers during the Owner-Seeker operation. To maintain the confidentiality of property owners and/or managers during the Owner-Seeker operation, the Census Bureau plans to oversample rental properties. During the Owner-Seeker operation, the oversample allows for the property owners and/or managers to have a chance (not a certainty) for selection, thus protecting their confidentiality. The Census Bureau will send each Owner-Seeker respondent an advance letter. When the Owner-Seeker operation is complete, the Census Bureau will send each 2015 RHFS respondent an advance letter (RHFS-03(L)). Both the Owner-Seeker advance letter and the 2015 RHFS respondent advance letter will contain the information required by this act.

The letters inform the respondents of the voluntary nature of this survey and states there are no penalties for failure to answer any question. The letters will explain why the information is being collected, how it will be used, and how to respond to the survey. The letters will display the OMB control number and date of expiration.

For interviews conducted by telephone, if the respondents inquire as to the purpose of the survey, the telephone or field staff will provide an oral explanation that includes the information required by the Privacy Act.

The Owner-Seeker advance letter and the RHFS advance letter state that all information respondents give to the Census Bureau employees is held in strict confidence by Title 13, United States Code. Each employee has taken an oath to this effect and is subject to a jail term, fine or both, if he/she discloses any information given to him/her.

The data collected under this agreement are confidential under Title 13, U.S.C., Section 9. Should the HUD staff require access to Title 13 data from this survey to assist in the planning, data collection, data analysis, or production of final products, those staff members are required to obtain Census Bureau Special Sworn Status (SSS). They must demonstrate that they have suitable background clearance and they must take Data Stewardship Awareness Training.

Any access to Title 13 data at HUD is subject to prior approval by the Census Bureau's Data Stewardship Executive Policy Committee upon assurance that the HUD facility and information technology security meet Census Bureau requirements.

11. Justification for Sensitive Questions

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

12. Estimate of Hour Burden

We estimate the respondent burden hours to be 9,447. About 32 percent of the respondent burden hours are for the owner-seeker operation. This operation requires that we contact up to ten units in each sampled rental property in order to determine the owner. As noted above, the Census Bureau has purchased commercial property tax, deed of trust, and mortgage data that may be used to help locate owners. Please refer to the table on the following page for more detailed information.

Table 1. Estimate of Hour Burden

Interview Type		Total Addresses	Respondent Burden Combined	
(A) Name	(B) Definition	(C) RHFS	(D) Avg Min Per Intv	(E) Total Hours
Owner-Seeker Respondent	1. Sampled Property with two or more units 2. Single-family unit for rent	35,894	5	2,991
Occupied/ Vacant	1. Sampled property with two or more units 2. Single-family unit for rent	6,486	60	6,486
Noninterview	Sampled addresses not intended for occupancy or occupants refuse to participate, or out of scope	2,827	0	0
Total Addresses and Burden Hours For Data Collection		45,207		9,447
Computations $\text{Total Hours} = (\text{Average Minutes Per Case} * \text{Total Addresses}) / 60$				

13. Estimate of Cost Burden

Based on information available from the Department of Labor, Bureau of Labor Statistics, National Compensation Survey, Occupational Wages in the United States: 2013, we estimated the average hourly pay for Owner-Seeker respondents, all occupations, to be \$22.33. Therefore, the total cost to the Owner-Seeker respondents is \$66,789. For RHFS respondents, property managers, we estimated the average hourly pay to be \$30.90. Therefore, the total cost to RHFS respondents is \$200,417. When taken together the total cost to all respondents is \$267,206.

14. Cost to Federal Government

HUD estimates the costs to the government for the 2015 RHFS program to be about \$6.9 million. The figure provided represents the average of a two-year cycle consisting of a data collection year followed by a public use file (PUF) products processing year. The figure is based on the following factors.

- Actual money spent adjusted for inflation to complete data collection and release public use files for the RHFS.
- Actual money spent adjusted for inflation to design and maintain the RHFS samples in a non-data collection year. Maintenance includes completing the work to release the public use file for the RHFS sample.

15. Project Schedule

The Census Bureau has scheduled the Owner-Seeker operation to begin in March and continue through April 2015 and the RHFS data collection is scheduled to begin in May 2015 and continue through November 2015.

The projected release date of the public use file is mid 2016.

16. Request to Not Display Expiration Date

There are no requests.

17. Exceptions to the Certificate

There are no exceptions.

18. Contacts for Statistical Aspects and Data Collection

The HUD consulted the following individuals on the statistical data collection and analysis operation:

Statistical Methods:

Bonnie Kegan, Chief, Construction Programs Methodology Branch
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Subject Matter Expert:

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Overall Data Collection:

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Attachment: