

# Supporting Statement for Paperwork Reduction Act Submissions

## Procedures for Appealing Section 8 Rent Adjustments OMB Control Number 2502-0446

### Justification

**Title II, Section 221**, of the National Housing Act requires that the Department of Housing and Urban Development (HUD) regulate rents for certain subsidized rental projects. Under this legislation, HUD is charged with the responsibility of determining the method of rent adjustments and with facilitating these adjustments. Because rent adjustments are considered benefits to project owners, HUD must also provide some means for owners to appeal the decisions made by the Department or the Contract Administrator. This appeal process, and the information collection included as part of the process, play an important role in preventing costly litigation and in ensuring the accuracy of the overall rent adjustment process.

2. Owners of certain subsidized multifamily housing rental projects are allowed two appeals under the Section 8 rent appeal process. The first appeal is made to the local HUD Office or Contract Administrator that rendered the initial rent adjustment decision, and the second appeal may be made to the Hub Director, who will designate an official to review any appeal. Each appeal must include a letter explaining the owner's disagreement and documentation outlining the requested rents, along with any other supporting documentation. This information must be submitted within 30 days of notification of denial of the rent adjustment request.
3. This information is not collected electronically and there are no plans to automate the process at this time because it requires either HUD staff or Contract Administrator staff to review the owner's supporting documentation to justify the appeal and compare it to the owner's original rent increase submission and determination of the rents by HUD or the Contract Administrator. At this time, automating this process is not feasible as it will not allow reviewers to adequately assess all pertinent materials due to the unique nature and project operation of every property while ensuring compliance with HUD regulations and guidelines as **required by the business agreements**.
4. **No similar** information is being collected.
5. Some project **owners** may be considered small businesses. The collection of this information is the same for all project owners. A project owner determines whether or not to submit the information. The two burden hours per submission are not considered significant.
6. If this information were not collected as required, HUD would be in violation of the statute. The information is collected, at the owner's discretion, when they wish to appeal a rent decision. The information collection could not be conducted less frequently. Failure to collect this information would hinder the Department's ability to provide owners with an opportunity to appeal rent adjustments.
7. The information must be submitted within 30 days of notification of denial of the **rent** adjustment request, as required by Section 516(c) of MAHRA.
8. In accordance with 5 CFR 1320.8(d), the agency's notice soliciting public comments was announced in the Federal Register on ( Tuesday, August 23, 2011; \_Vol; 76; No. 163; Page 52674.). No comments were received.
9. No payments or gifts are provided to the respondents.
10. There are no assurances of confidentiality provided to respondents.

11. The letters do not contain questions of a sensitive nature.

12. Estimated Burden and Annual Cost to Respondents:

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
Appeal Letter	525	1	525	2	1050	\$35.00	\$36,750

Methodology:

A survey was conducted of the New York and Philadelphia Multifamily Hubs, as well as two Performance-Based Contract Administrators (PBCAs): Contract Management Services and Indiana Quadel Consulting. The two PBCAs, which are the recipients of the first project owner/management agent appeal (if there is a disagreement with the Section 8 rent adjustment), reported that they received a total of 10 appeals last year (10 by Indiana Quadel Consulting and 5 by Contract Management Services). In addition, the two Multifamily Hubs reported a total of 12 appeals during the same time period. Although it takes an average of 5.75 hours to process and close each appeal, according to our test group, it only takes an owner no more than two hours to prepare an appeal letter to a Section 8 rent adjustment. This is because all of the documentation needed to justify the appeal has previously been prepared- it just needs to be pulled together with a cover letter providing the justification for the appeal. Since there are fifty-two HUD field offices, nationally, and fifty-three PBCAs, it is estimated that 525 appeals would be filed (i.e., 52 HUD Offices + 53 PBCAs= 105 x 5 appeals (est.)= 525 Number of Respondents).

Based on 2 hours to complete each appeal letter, the annual burden would be 1,050 hours (525 Responses Per Annum x 2 Burden Hour Per Response= 1,050 Annual Burden Hours). The Hourly Cost Per Response is \$35.00. This is based on a blended estimate of project owner's and clerical annual salaries, averaging \$72,800 annually. The Annual Cost of \$36,750 is based on 1,050 Annual Burden Hours x \$35.00 Hourly Cost Per Response.

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13. There are no additional costs to the respondents.

14. Estimated Burden and Annual Cost to the Federal Government:

Information Collection	Number of Responses	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
Appeal Letter	525	5.75	3018.75	\$43.00	\$129,806

The hourly rate is based on the annual salary of a GS-13, step 1(\$89,033 annually).

15. This is an extension of a currently approved collection. That process encourages owners of eligible multifamily housing projects to restructure their FHA-insured mortgages and project-based assistance contracts before the year in which the contract expires.

16. The results of this information collection will not be published.

17. HUD is not seeking approval to avoid displaying the expiration date.

18. There are no exceptions to the certification statement identified in Item 19 of the OMB 83-I.

### **Collections of Information Employing Statistical Methods**

This collection of information does not employ statistical methods.