

**Supporting Statement for Paperwork Reduction Act Submissions**  
**Utility Allowance Adjustments**  
**OMB Control Number 2502-0352**

**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. Include a statement regarding the changes for this submission. (Example: The changes for this submittal is as follows or the difference between this submission and the last is as follows....)**

HUD requires an analysis of the project's utility allowances to be included in the owner's request for rent increase. Such data as changes in utility rates and other facts affecting utility consumption should be provided as part of this analysis to permit appropriate adjustments in the Utility Allowances. In addition, when approval of a utility rate change would result in a cumulative increase of 10 percent or more in the most recently approved Utility Allowances the owner must advise the Secretary and request approval of the new Utility Allowances. Utility allowance applies only for projects receiving subsidy assistance where all or some utilities are paid directly by the tenant. Clarification: Section 221(d)(3) BMIR projects that were built with tenant paid utilities (separate meters) are not eligible for the utility allowances. If the project has Rent Supplement or Loan Management Set-Aside (LMSA) units, those units however, receive an allowance. The regulations governing Utility Allowance Adjustments are set forth at 24 CFR 886.126 and 24 CFR 886.326, and identified in HUD Handbook 4350.1 REV-1 Chapter 7.

**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.**

HUD reviews the utility allowance adjustments to ensure that they comply with HUD policy and administrative procedures. When the cost of utilities (except telephone) and other essential housing services for an assisted unit are not included in the rent, the tenant is responsible for paying the utilities for the unit. The utility allowance is an amount equal to the estimate approved by HUD of the monthly cost of a reasonable consumption of such utilities and other services for the unit. This estimate is based on those costs for an energy conservative household of modest circumstances. If periodic adjustments to the utility allowance were not made, tenants would be required to pay a larger total tenant payment than is legally permissible.

Project owners must advise the Secretary of the need for a request for approval of a new utility allowance when the approval of a utility rate change results in a cumulative increase of 10 percent or more of the most recently approved utility allowance.

Chapter 7 of HUD Handbook 4350.1 provides the procedures for processing Budget Rent Increases and Fees for Commercial Space and Services in Insured, Direct Loan, and Non-regulated HUD projects. The chapter contains detailed information on when the owner should request an increase in the Utility Allowance for the project.

The number of respondents, responses, and burden hours has increased. HUD makes this estimate based on statistics gathered from annual financial statement responses from affected projects in the HUD portfolio.

**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.**

Currently, there are no plans to automate this information collection because it is not feasible. This information collection requires a letter from the owner along with supporting documentation from utility companies to substantiate the utility allowance adjustment request, which cannot be submitted electronically. Pending the development of a Department-wide standard for electronic signatures receipt of the required letter is not automated. Additionally, the supporting documentation from utility companies is provided to owners in paper format, generated by proprietary software owned by each utility company. Electronic transmission of their documentation is not feasible.

**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.**

The information is not collected through other information collections, and there is no duplication of information.

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

This collection of information does not impact small businesses or other small entities, with the exception of certain nonprofit owners of multifamily housing. Nonprofit owners are required to submit the form HUD-9250 information when requesting a withdrawal of funds from the Reserves for Replacement or Residual Receipt escrow. HUD reviews this information to ensure that funds are withdrawn and used in accordance with regulatory and administrative policy.

**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.**

In collecting this information, HUD determines that adjustments in utility allowances are adequate to meet reasonable costs. The information is forwarded to HUD for approval only when the increase in utility costs is 10 percent or more. Less frequent collection could cause tenants to pay a larger portion of rent than is required by law.

**7. Explain any special circumstances that would cause an information collection to be conducted in a manner: (PLEASE ANSWER EACH BULLET SEPARATELY)**

**\* requiring respondents to report information to the agency more often than quarterly;**  
There is no requirement for respondents to report the information 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 in fewer than 30 days. The form is used by owner/managers to request funds. HUD does not require use of the form for any other purpose.

**\* 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 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;**

Other than for purposes of maintaining warranty information provided with work and materials provided to the project, there is no requirement for respondents to retain records other than 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 that can be generalized to the universe of study;**

This collection is not made in connection with a statistical survey.

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

There is no use of a statistical data classifications with this collection.

**\* 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.

**\* requiring respondents to submit proprietary trade secrets, 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 secrets, or other confidential information.

**8. If applicable, provide a copy and identify the date and page 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 recordkeeping, disclosure, or reporting format (if any), and on 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 may preclude consultation in a specific situation. These circumstances should be explained.**

In accordance with 5CFR 1320.8(d), this information collection soliciting public comments was announced in the Federal Register on **October 3, 2016**, Volume **81**, No. **191**, Pages **68024**. (No Comment received.

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

There are no payments or gifts offered to respondents.

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

There is no assurance of confidentiality provided to the respondents; however, respondents are covered by the Privacy Act of 1974.

**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.**

Respondents are not requested to provide information of a sensitive nature, such as sexual, religious beliefs, and other matters that are commonly considered private.

**12. Provide estimates of the hour burden of the collection of information. The statement should:**

\* Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

\* If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.

\* Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 13.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Year	Average Burden Hours Per Response	Annual Burden Hours	Hourly Cost per Response	Total Annual Cost
	5,644	Various	1,524	.50	762.00	\$35.58	\$27,111.96
<b>TOTALS</b>	<b>5,644</b>		<b>1,524</b>		<b>762.00</b>		<b>\$27,111.96</b>

\*Estimated burden hours and hourly costs for respondent's staff to gather, review, and provide the requested information

\*Hourly costs are based on an estimate of the owner or owner's staff (Property Manager, GS-12) to review the instructions and complete the form. The hourly cost has been adjusted to \$35.58 per hour based on information gathered from OPM.gov, online salary and benefit information resource site, obtained in 2017. HUD annually receives form requests from approximately 27% of the project population.

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

\* The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

\* If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collections services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

\* Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

There are no additional capital or start-up costs.

**14. Provide estimates of annualized costs 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 may also aggregate cost estimates from Items 12, 13, and 14 in a single table.**

Information Collection	Number of Respondents	Frequency of Response	Responses Per Year	Burden Hours Per Response	Annual Burden Hours	Hourly Cost per Response	Total Annual Cost
	5,644	various	1,524	.50	762.00	\$35.58	\$27,111.96
<b>TOTALS</b>	<b>5,644</b>		<b>1,524</b>		<b>762.00</b>		<b>\$27,111.96</b>



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

This is an extension of a currently approved collection. HUD makes this estimate based on statistics gathered from annual financial statement responses from affected projects in the HUD portfolio. HUD estimates that approximately 27% of potential respondents will have need for utility allowance adjustments in any year.

**16. For collections 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 results of this information collection will not be published.

**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 is not seeking approval to avoid displaying the expiration date for this information collection.

**18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.**

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

**B. Collections of Information Employing Statistical Methods**

The agency should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results. When Item 17 on the Form OMB 83-I is checked, "Yes," the following documentation should be included in the Supporting Statement to the extent that it applies to the methods proposed:

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection methods to be used. Data on the number of entities (e.g., establishments, State and local government units, households, or persons) in the universe covered by the collection and in the corresponding sample are to be provided in tabular form for the universe as a whole and for each of the strata in the proposed sample. Indicate expected response rates for the collection as a whole. If the collection had been conducted previously, include the actual response rate achieved during the last collection.
2. Describe the procedures for the collection of information including:
  - \* Statistical methodology for stratification and sample selection,
  - \* Estimation procedure,
  - \* Degree of accuracy needed for the purpose described in the justification,
  - \* Unusual problems requiring specialized sampling procedures, and
  - \* Any use of periodic (less frequent than annual) data collection cycles to reduce burden.

3. Describe methods to maximize response rates and to deal with issues of non-response. The accuracy and reliability of information collected must be shown to be adequate for intended uses. For collections based on sampling, a special justification must be provided for any collection that will not yield "reliable" data that can be generalized to the universe studied.

4. Describe any tests of procedures or methods to be undertaken. Testing is encouraged as an effective means of refining collections of information to minimize burden and improve utility. Tests must be approved if they call for answers to identical questions from 10 or more respondents. A proposed test or set of test may be submitted for approval separately or in combination with the main collection of information.

5. Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.

N/A