

## **Supporting Statement for Paperwork Reduction Act Submissions**

**Supporting Statement  
2502-0507  
AAF Rent Increase Requirements  
Pursuant to the Housing Appropriations Act of 1995**

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### **A. Justification**

1. On September 28, 1994, P.L. 103-327, "Department of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1995," was enacted. This Act authorized HUD's spending authority for Fiscal Year 1995. Among the many measures contained in the bill, emphasis was placed on utilizing the mechanism in the Section 8 Housing Assistance Payment (HAP) contract language that permits an analysis on the reasonableness of the Annual Adjustment Factor (AAF) formula as it is applied to each project unit type. Under this law, review of the AAF under the Overall Limitation clause of the HAP contract would apply only to Section 8 New Construction and Substantial Rehabilitation properties where Section 8 rent levels for a unit type presently exceed the published existing housing fair market rents (FMRs). For Section 8 New Construction and Substantial Rehabilitation properties where rent levels for a particular unit type do not exceed the existing FMR and for all other Section 8 contract types without regard for current rent level, review under the overall limitation clause of the contract would not occur and the method of rent adjustment would be the appropriately published AAF. The result of the rent reasonableness test assures that contract rents do not exceed comparable market rents for the project area.
2. In order to receive a rent increase where rent levels for a specific unit type, in a Section 8 Substantial Rehabilitation or New Construction contract, exceed the existing FMR rent for that specific unit type, the owner must submit Form HUD 92273-S8, Estimates of Market Rent by Comparison. This form must be completed by a non-identity of interest State certified appraiser, for each unit type (e.g. 1 BR, 2 BR, etc.). The HUD 92273-S8 must contain at least three examples of unassisted housing in the same market area for similar age, type and quality which indicate rent levels of similar unassisted housing are above the published FMRs. In addition, the owners must provide a certification.

In cases where rent levels for a specific unit type in a Section 8 New Construction or Substantial Rehabilitation contract do not exceed the existing FMR for that specific unit type, and for all other Section 8 types where rents are adjusted by the AAF, regardless of current rent levels, the owner must submit the number of units in which turnover occurred since the last contract anniversary for each unit type. Based on the results of the Rent Comparability Study (RCS) and turnover rates, contract rents may or may not be adjusted.

3. An original signature is needed on all applicable HUD forms. Therefore, these documents must be printed, completed, and signed. The Form 92273-S8 and the Notice H 02-10 (extended notice H 03-14), are available for download online. Form 92273-S8 is not yet automated, pending the development of a Department-wide standard for electronic signatures. However, once automated, it will not save the respondent in terms of burden. Furthermore, the number of responses for this collection will continue to decline and eventually phase out over time since Section 8 contracts expiring in FY1999 and later years must renew according to the requirements of the Multifamily Assisted Housing Reform and Affordability Act of 1997.
4. No similar information is being collected.
5. This collection will not have a significant economic impact on small businesses or entities.

6. If this information were not collected as required in the Notice, HUD would be in violation of the FY 1995 Appropriations Act, which instructs the Department to review AAF rent adjustment requests under the overall limitation clause of the Housing Assistance Contract. Furthermore, project owners wouldn't be able to collect correct rent payments.
7. There are no special reporting requirements.
  - a. No requirement to report with greater frequency
  - b. No requirement to collect information in fewer than 30 days
  - c. No requirement to submit more than an original and 2 copies of any document
  - d. No requirement to retain records more than 3 years
  - e. No requirement in collection with statistical survey not designed to produce valid and reliable results
  - f. No requirement to use statistical data classification that has not been reviewed or approved by OMB
  - g. No requirement that includes a pledge of confidentiality that is supported by authority established in Statute of regulation
  - h. No requirement to require respondents to submit proprietary trade secrets or other confidential information
8. In accordance with 5CFR 1320.8(d), this information collection soliciting public comments was announced in the Federal Register on **September 5, 2017**, Volume **82**, No. **170**, Pages **41974**. (0) Comment received.
9. No other payments or gifts or annual adjustments are supplied by HUD to the respondents.
10. There is no assurance of confidentiality to respondents. A Privacy Impact Assessment was approved by the Department on 01/30/2018.
11. The forms do not contain questions of a sensitive nature.
12. Estimated Public Burden:

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hr. Per Response	Annual Burden Hrs	Hrly. Cost per Response	Total Annual Cost
HUD form 92273-S8	1,080	1	1080	1.5	1,620	\$ 39.07	\$63,293.40
			<b>1080</b>		<b>1,620</b>		<b>\$63,293.40</b>

Figures representing *The Number of Respondents* and *The Number of Responses* were provided by the Programming Division. They capture the current populations for the purpose of this submission. The hourly rate is based on a GS 12 step 1 salary of \$81,548. The first entry in the table is the total number of respondents that will have to complete either appendix three or appendix four should the property request a rent increase. The total number of responses represented above reflects the actual number of respondents that requested a rent increase in between 09/01/2014 and 08/31/2017. This data was obtained from two of HUD's subsystems; the Integrated Real Estate Management System (iREMS) and the Tenant Rental Assistance Certification System (TRACS).

13. There are no additional costs to respondents.

14. Estimated Government Burden:

Average time to review a response is 0.50 hour. The hourly rate for review of the response is \$39.07 (GS 12, Step 1).

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
HUD form 92273-S8	1,080	1	1080	1.5	1,620	\$ 39.07	\$63,293.40
<b>TOTALS</b>							

15. This is a revision of a currently approved collection. The number of responses remains the same as the last submission and may decrease over time because there are fewer owners who are using the AAF as the method of rent adjustment for their properties.

16. HUD does not plan to publish the results of this collection.

17. HUD is not seeking to not display the expiration date of OMB approval.

18. There are no exceptions to the Certification Statement.

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

No statistical methods are used in this collection.