

**Supporting Statement for Paperwork Reduction Act Submission
Survey of Market Absorption of New Multifamily Units (SOMA)
OMB Control # 2528-0013**

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.**

This survey provides the data necessary to measure the rate at which different types of new rental apartments and new condominium/cooperative apartments are absorbed, that is, taken off the market, usually by being rented or sold, over the course of the first twelve months following completion of a building. The data are collected at quarterly intervals until the twelve months expire or until the units in a building are completely absorbed, which may be sooner.

The survey also provides estimates of the characteristics of apartments being absorbed and provides a basis for analyzing the degree to which multifamily-building activity is meeting the present and future needs of the public. The survey has been conducted since 1970.

Data are collected under Title 12, U.S.C. Sec. 1701Z-1 and 2.

- 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.**

Data from this survey enable the Department of Housing and Urban Development (HUD) to analyze the characteristics, location, and rents or prices of newly completed multi-family rental and condominium units and to assess how quickly they are being absorbed (rented or bought) by the market. Data are useful as a barometer of demand for new rental units (particularly in the local market areas), since the absorption rates indicate the relative tightness or looseness of rental markets. The data may be used to address the adequacy of the supply of the rental housing stock.

The Federal Reserve Board uses the data to compare asking rents for rental properties with data on monthly mortgage payments. The Board also uses the data as an indicator of strength of demand for different types of new rental units, and as a measure of volume of nonsubsidized, privately financed multifamily units being completed.

These data have been used by the Fiscal Analysis Division of the Congressional Budget Office, the Council of Economic Advisors, and the Office of Thrift Supervision as well as

many other public and private entities for such purposes as analysis of the rental housing market and forecasting future trends.

Consequences to Federal programs or to Federal policy if the collection of this information were not conducted would be to limit analysis of the housing market.

- 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.**

SOMA data has been collected using Computer-Assisted Personal Interviewing (CAPI) since April 2014. Field Representatives (FRs) conduct SOMA interviews over the phone using the CAPI instrument whenever possible. In-person interviews are only conducted when an FR has permission from their supervisor to do so.

All data tables and analytical reports are posted to the Census Bureau Internet site.

- 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.**

After a review of other surveys taken by the Census Bureau, including the Survey of Construction, the American Housing Survey, the Current Population Survey, the American Community Survey, and the Housing Vacancy Survey, we have determined that no information collected by the Census Bureau can provide the absorption information for new multi-unit buildings that is produced by the SOMA.

The Survey of Market Absorption (SOMA) follows a sample of multifamily units from 5+ unit buildings from the Survey of Construction (SOC) to measure characteristics and absorption rates 3, 6, 9, and 12 months after completion. Census is currently exploring the possibility of using building permit data aggregated by private companies to build the SOC frame or part of the frame and then use satellites to monitor the progress of construction to reduce the need for SOC interviews. Two types of administrative records data (Multifamily Public Records Data, collected by companies like Zillow and Redfin, and Third-Party Multifamily Rental Data, collected by companies like Costar and Realpage) are data sources that can potentially provide information to replace or supplement the SOMA. To evaluate the feasibility of replacing or supplementing the SOMA with administrative records, the quality of address information (because data will need to be matched to the SOC sample), available data points, and timeliness of data delivery need to be assessed.

Multifamily Public Records Data

Rented Units in SOMA: The information that SOMA collects for multifamily rental units likely could not be gathered from public record sources. Public records do not typically

contain information about individual units in multifamily rental properties. Data is collected at the property level (at the level of ownership), not the unit level.

Owned Units in SOMA (Condos and Co-ops): Public records could be a source for some, but not all, of the data that is collected in the SOMA on owned multifamily units (below is a comparison of what SOMA collects to what Zillow and Redfin collect). Condos are single family homes for tax purposes and have records at the unit level. However, there is a wide variation in the timelessness of public records collection throughout the United States. Because of that, we would be unlikely to be able to publish SOMA data on condo sales as time as we can now. It may be 12-18 months before the public records are available.

What SOMA collects:

For Condos and Co-Ops, SOMA collects information on asking sales price, the number of units taken off the market (absorbed), the number of units in the building, the number of floors in the building, presence of elevators, items included in the condo or co-op fee (Electric, Gas, Water, Sewer, Cable or Satellite TV, Internet or Wifi, Swimming Pool, Off street parking, Washer/Dryer, and Laundry Facilities). Since 2002, the survey has asked whether the unit is in a building that is age-restricted and whether the management of the building provides residents with meals, transportation, housekeeping, managing finances, and personal care.

What Zillow collects for condos/co-ops (<https://www.zillow.com/research/data/>):

Home Values by Number of Bedrooms and Per Square Foot, For Sale Inventory, Days to Pending, List Price, Condo/Co-Op, Single Family, Multifamily 2+ Units, and Duplex/Triplex

What Redfin collects for condo/co-ops (<https://www.redfin.com/blog/data-center/>):

Sales Price, Sale-to-list difference, Price per square foot, Inventory (number of homes on the market), New Listings, Months of supply, Number of Homes Sold, and Days on Market

Third-party data on Multifamily Rentals

Third party vendors could potentially provide some of the data that is collected in the SOMA for multifamily properties. There are some limitations that make this impractical. First, the level of detail needed for SOMA (occupancy rates by bedroom size and rent rate category) could come from rent roll records. Third party data vendors, like Costar or RealPage, compile data from rent rolls via property management software that many rental property management companies use. Costar (<https://www.costar.com/customers/multifamily-property-managers>), for instance, claims to have a Census of rental units in 20+ unit buildings and collects data from property management systems on vacancy, absorption, rental rates, and some amenities. They, and other software vendors, provide detailed rental data for purchase. However, to ensure SOC and SOMA respondent confidentiality, the Census Bureau would have to purchase data for all rental properties from each software vendor and conduct the matching at Census. The cost of purchasing the rental data from multiple software vendors is likely to greatly exceed the SOMA budget.

Lastly, we know from data sources like the Rental Housing Finance Survey, and from property management software companies themselves, that small rental properties (<50 units) often manage their properties without using one of the main property management software applications. Thus, if we depended on a property management software company to supply us the data from their rental properties, we know we will not receive data about smaller rental properties.

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.

The SOMA collects information via personal visit for the initial interview, which is three months after completion. Subsequent interviews for units not rented or sold within three months, if any, are conducted by telephone when possible.

Subsequent interviews (as needed) occurring 6, 9 and 12 months after completion only include an update on remaining units, not the entire set of questions. The survey uses the Census Bureau's Survey of Construction (SOC) as its universe and is, in effect, a follow-on to SOC. As much information as possible is taken from SOC and verified by the interviewer rather than re-asked.

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.

The data are collected quarterly for each building until a building is completely absorbed, with the first interview for each building occurring 3 months after completion. If necessary, additional interviews are conducted at 6, 9, and 12 months. A less frequent collection schedule would alter the basis for analysis, affect data comparability, and might introduce bias into the results.

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

The proposed data collection activities are consistent with the guidelines set forth in 5 CFR 1320 (Controlling Paperwork Burdens on the Public). There are no special circumstances that require deviation from these guidelines. The following below are **“Not Applicable”** to this collection:

- requiring respondents to report information to the agency more than quarterly – **“Not Applicable”**;
 - requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it – **“Not Applicable”**;
 - requiring respondents to submit more than an original and two copies of any document – **“Not Applicable”**;
 - requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records for more than three years – **“Not Applicable”**;
 - 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 – **“Not Applicable”**;
 - requiring the use of a statistical data classification that has not been reviewed and approved by OMB – **“Not Applicable”**;
 - 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 – **“Not Applicable”**; or
 - 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 – **“Not Applicable”**.
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 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 notice to continue with the survey was published on Friday, November 8, 2019, Volume 84, No. 60404 in the Federal Register.

a. Consultations

This data collection was initiated in 1970. Prior to and during 1970-71, frequent consultations were held among representatives of the Department of Housing and Urban Development (HUD), the Census Bureau, and persons from outside the agencies. Currently, consultations occur as needed between officials of the two agencies. Discussions are held periodically with members of the Housing Statistics Users Group on the status of SOMA. This group is comprised of trade and private sector organizations that use housing data. Comments are also welcome from survey respondents and are given careful consideration, as are those from other representatives of the user community.

b. Problems

There are no unresolved problems.

c. Comments

Comments are received by the Census Bureau from respondents through their field staff. Other comments are received by mail or telephone from data users.

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

Respondents are not paid or otherwise rewarded.

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

The Census Bureau collects these data in compliance with Title 13 of the United States Code, the Federal Cybersecurity Enforcement Act of 2015, and OMB Circular A-108. The instrument contains a screen that FRs read to all respondents which informs them of (1) the voluntary nature of this survey, (2) the estimated average burden hours per response, (3) the addresses of the agency to which any comments on the accuracy of the estimate and

suggestions for reducing the burden may be addressed, (4) states that there are no penalties for failure to answer any questions, (5) states that the U.S. Census Bureau is required by law to protect respondent information (Title 13, United States Code, Section 9), (6) states, per the Federal Cybersecurity Enhancement Act of 2015, that respondent data are protected from cybersecurity risks through screening of the systems that transmit data, and (7) that by law, the Census Bureau can only use responses to produce statistics.

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.

The questionnaire does not include any questions of a sensitive nature

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 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; and**
- **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.**

Every month buildings completed with five or more housing units in the Census Bureau's Survey of Construction are selected. The number of respondents may vary from month to month since a single respondent may be asked to reply for more than one building. The number of new buildings in sample each month is limited to 1,000.

After the initial interview, subsequent interviews will be conducted only for buildings that have not been completely absorbed and will determine only the number and types of units remaining for rent or sale.

The burden for initial and subsequent interviews at a particular building averages 30 minutes (.5 hours), for a maximum estimated burden of 6,000 hours (12,000 respondents' x 30 minutes) per year.

| Information Collection | Number of Respondents | Frequency of Response | Responses Per Annum | Burden Hour Per Response | Annual Burden Hours | Hourly Cost Per Response | Annual Cost |
|------------------------|-----------------------|-----------------------|---------------------|--|---------------------|--------------------------|--------------|
| SOMA | 12,000.00 | 4.00 | 48,000.00 | .125 (30 minutes' total divided by 4 interviews) | 6,000.00 | \$36.75 | \$220,500.00 |

13. Provide an estimate of 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 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 collection 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.**

The respondents to the SOMA are apartment managers, real estate agents, owners, and builders. HUD assumes a wage rate of \$36.75 per hour reflects the wage rate of the respondents to the survey. This wage rate is equivalent to the Federal GS-13 base pay grade for FY19. Using this wage rate, the annualized cost estimate to respondent for burden hours is \$220,500.

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.

HUD estimates the costs to the Federal Government for the 2020 SOMA for FY2020 rounded up to be \$1,830,000. The total cost for Census professional staff, field data collection, and technology is borne by HUD.

| Cost Items | FY2020 |
|-----------------------|-----------------------|
| Professional Staff | \$977,286.00 |
| Field Data Collection | \$403,984.00 |
| Technology | \$448,730.00 |
| TOTAL | \$1,830,000.00 |

The figures above are based on the following factors:

- For professional staff, the estimates are based on budgeted “not-to-exceed” amounts for FY 2020. Professional staff include survey methodologists, statisticians, computer programmers and other IT support, communications specialists and managers.
- For field data collection, projected costs reflect “not-to-exceed” amounts. The projected costs are provided by the Census Bureau’s field case management cost projection model. The cost projection model uses information on costs from prior surveys (including, but not limited to, the SOMA), specifications for the current SOMA, and current local and regional labor rates.
- Technology costs include purchase and maintenance of laptops. This estimate is provided by the Census Bureau and reflects a cost-sharing portion of the Census Bureau’s annual technology costs CAPI-based surveys. All surveys using CAPI share in the cost of technology

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

There is no change in the burden hours from 2017 to 2020. For 2020, burden hours were converted into annualized respondent cost burden using the GS-13 base wage rate for FY2019, the most recent rate available.

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.

Each month the data will be processed as soon as all the information is transmitted directly by the interviewers. After the last month of each quarter, the data are tabulated, with the results posted on the Internet.

The survey produces four quarterly reports which present data on the time it takes to rent or sell new multifamily units completed in a quarter by showing percent absorbed at 3-, 6-, 9-, and 12-month intervals following completion of the units. The quarterly reports are issued about the 4th week of March, June, September, and December.

An annual report is released in April that provides similar data for the calendar year for which 12-month absorption figures are available.

A second annual report is released in July and provides data on characteristics of multifamily units completed in the most recent calendar year.

Summary tables are available on the Internet at: www.census.gov/housing/soma.

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.

The expiration date will be displayed on the electronic information collection instrument.

18. Explain each exception to the certification statement identified in item 19.

There are no exceptions.