

## Supporting Statement for Paperwork Reduction Act Submissions

### Section 3 Utilization Tool

(OMB# 2501-New)

#### 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 collection is to provide a voluntary sample tool for Section 3 related entities, to document the Section 3 labor hours for Section 3 workers and Section 3 Business concerns participating in housing and community development programs with HUD funding. This collection is reflective of the changes to the Section 3 regulation, published in the Federal Register 9/29/2020. The completion and submission of this Section 3 Utilization Plan meets the provisions of Section 3 found in 24 CFR Part 75, which is the current regulation published pursuant to requirements in 12 USC 1701u, for the entities identified within this plan. Grantees of HUD funded projects can use this as a sample tool to document their Section 3 labor hours. This collection is not a requirement but is to be used as a sample if employers do not already have a process in place to document Section 3 labor hours. The Section 3 regulation requires each recipient to maintain adequate records demonstrating compliance with the regulation. (24 CFR 75.33(a)).

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.

The sample utilization tools can be used by PHAs, housing and community development organizations, and other Section 3-related recipients, subrecipients, contractors, and subcontractors to represent the total number of Section 3 labor hours used on a HUD funded project. Section 3-related business entities may use these forms if they do not already have a process by which they are documenting Section 3 labor hours.

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.

These sample utilization tools will be available in a fillable format that can both be printed or saved on a computer.

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.

There is no duplication of information because this specific information is not being collected elsewhere. It is anticipated that the most Section 3-related entities that use this sample form will already be tracking labor hours worked for payroll and possibly Davis-Bacon requirements, but that labor-hour tracking would not capture specific information on Section 3 worker and Targeted Section 3 worker labor hours required to be reported under 24 CFR Part 75.

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 does not impose a significant burden on Small Entities. These forms are samples that can be used by the entities if they help to ease administrative burden. Other methods of certification can be used. Additionally, the regulation allows for entities without labor-hour time and attendance systems in place to use good faith estimates for calculating labor hours worked (See 24 CFR § 75.15(a)(5) and § 75.25(a)(5)). They are not required to start tracking labor hours if they do not already do so for other reasons.

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.

There is no consequence if the collection is not conducted because the forms are sample forms. As noted in #2, Section 3 related business entities may use these forms if they do not already have a process in place to document Section 3 labor hours.

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; **N/A**
- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; **N/A**
- requiring respondents to submit more than an original and two copies of any document; **N/A**
- requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records for more than three years; **N/A**
- 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; **N/A**
- requiring the use of a statistical data classification that has not been reviewed and approved by OMB; **N/A**
- 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  
N/A

- 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. N/A

There are no circumstances requiring deviation from 5 CFR 1320.6 as these circumstances are not applicable because the information will not be collected by HUD.

8. If applicable, provide a copy and identify the date and page number of publications 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.

1. 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.
2. 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.

This information is collected in a manner that is consistent with guidelines of 5 CFR 1320.8(d). The Federal Register announcing this collection of information was posted on August 23, 2021 (Volume 86, Number 160, Page 47136). One (1) comment has been received by David Weber, PHADA. Comments were responded to via email (copy of response included).

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

This information collection does not involve any payments or gifts to respondents.

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

There is no assurance of confidentiality to respondents on the sample utilization tools. HUD may review these forms as part of monitoring compliance but will not collect the forms.

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.

No information collection requests information of a sensitive nature.

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

1. 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;
2. 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
3. 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 Annum	Burden hour per response	Total Burden Hours	Hourly per response	Annual Cost
HUD Form 4737 Section 3 Utilization Tracker: Business Labor Hours	2,500.00	1.00	2,500.00	5.00	12,500.00	\$42.01 <sup>1</sup>	\$525,125.00
HUD Form 4737A Section 3 Utilization Tracker: Section 3 Labor Hours	2,500.00	1.00	2,500.00	5.00	12,500.00	\$42.01 <sup>1</sup>	\$525,125.00
HUD Form 4737B Section 3 Sample Utilization Tool: PHA Financial Assistance	2,500.00	1.00	2,500.00	1.50	3,750.00	\$ 49.83 <sup>2</sup>	\$186,862.50
HUD Form 4737C HUD Section 3 Sample Utilization Tool: Section 3 Projects with HCD Funding	2,500.00	1.00	2,500.00	1.50	3,750.00	\$ 34.18 <sup>3</sup>	\$128,175.00

HUD Form 4737D HUD Funding Tracker for Section 3	2,500.00	1.00	2,500.00	3.00	7,500.00	\$42.01 <sup>1</sup>	\$315,075.00
Total	12,500.00			16.00	40,000.00		\$1,680,362.50

<sup>1</sup> Forms 4737, 4737A, and 4737D hourly per response rate has been determined by a mean of the PHA General Operation Manager and HCD Compliance Manager hourly response rates.

<sup>2</sup> Form 4737B utilization hourly per response is set at the median hourly rate of a General Operation Manager, per OES, <https://www.bls.gov/oes/>.

<sup>3</sup> Form 4737C hourly per response rate has been determined by the median hourly rate of an HCD Compliance Manager, per OES, <https://www.bls.gov/oes/>.

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).

1. 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;
2. 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.
3. 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 estimates provided above include time spent for recordkeeping, completing both information collections, and review by PHA and HCD officials performing compliance reviews.

14. Provide estimates of annualized cost to the Federal government. Also, provide 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.

Information Collection	Number of Respondents	Frequency of Response	Responses per Annum	Burden hour per response	Burden Hours	Hourly per response*	Annual Cost
HUD Form 4737 <i>Section 3 Utilization Tracker: Business Labor Hours</i>	2,500.00	1.00	2,500.00	5.00	12,500.00	\$38.08	\$476,000.00
HUD Form 4737A <i>Section 3 Utilization Tracker: Section 3 Labor Hours</i>	2,500.00	1.00	2,500.00	5.00	12,500.00	\$38.08	\$476,000.00
HUD Form 4737B <i>Section 3 Sample Utilization Tool: PHA Financial Assistance</i>	2,500.00	1.00	2,500.00	1.50	3,750.00	\$38.08	\$142,800.00
HUD Form 4737C <i>HUD Section 3 Sample Utilization Tool: Section 3 Projects with HCD Funding</i>	2,500.00	1.00	2,500.00	1.50	3,750.00	\$38.08	\$142,800.00
HUD Form 4737D <i>HUD Funding Tracker for Section 3</i>	2,500.00	1.00	2,500.00	3.00	7,500.00	\$38.08	\$285,600.00
Total	12,500.00				40,000.00		\$1,523,200.00

\*GS-13 Step 1- OPM wage rate for Rest of United States

The rate utilized is the GS-13 level since field staff throughout the country will be reviewing the utilization tools.

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

This is a new collection of sample tools.

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.

Information collected by the sample and utilization forms will be analyzed by HUD staff to determine the overall effectiveness of the Department's enforcement of the regulatory requirements at 24 CFR § 75.

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.

This information collection is not seeking approval to not display the expiration date for OMB approval of the information collection.

18. Explain each exception to the certification statement.

There are no exceptions to the certification statement.

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

This information collection does not employ statistical methods.