

# Supporting Statement for Paperwork Reduction Act Submissions

## A. Justification

1. Section 9(e) of the U.S. Housing Act of 1937 (42 U.S.C. 1437g) authorizes the Secretary of the Department of Housing and Urban Development to establish an Operating Fund for the purpose of making assistance available to public housing agencies for the operation and management of public housing. The 1937 Act limits eligibility for public housing to low-income families and caps the public housing rents at 30 percent of a family's income. Accordingly, public housing agencies (PHAs) rely on the HUD operating subsidies, rather than rental income, to cover a significant amount of the costs associated with operating their public housing units.

On October 21, 1998, the Congress enacted the Quality Housing and Work Responsibility Act of 1998 (P.L. 105-276, approved October 21, 1998) (referred to as the "Public Housing Reform Act"). The Public Housing Reform Act made sweeping changes to HUD's public and assisted housing programs. Among other changes, section 519 of the Public Housing Reform Act amended section 9 of the 1937 Act. Section 9, as amended, establishes an operating fund for the purpose of making assistance available to PHAs for the operation and management of public housing (see **Exhibit A**). Section 9(e)(2) requires that the operating fund assistance to be made available be determined pursuant to a formula.

In September 2005 the Department implemented a final Operating Fund Program rule (see **Exhibit B**) developed through negotiated rulemaking. This rule provides that PHAs may appeal subsidy amounts under certain specified circumstances. Currently, there are four different permitted grounds of appeal (see Item 2, below) and the appeal procedures and requirements for each of these four grounds of appeals are set forth in the rule. All appeals require the submission of supporting documentation to HUD.

2. Under the Operating Fund Program rule, PHAs may elect to file an appeal of their subsidy amounts. When they do so, they must meet the appeal requirements set forth in subpart G of the rule. The four grounds on which PHAs can now appeal pursuant to 24 CFR § 990.245 are: (a) streamlined appeal; (c) appeal for specific local conditions; (d) appeal for changing market conditions; and (e) appeal to substitute actual project cost data. (See Response to #15 below regarding appeals which were previously permitted under 990.245(b) for formula income for economic hardship.) Appeals under 990.245 (a) and (c) must be submitted once annually. Accordingly, any changes to subsidy based on these grounds of appeal are only effective for one year. Appeals under (a) and (c) must be submitted for new projects in a PHA's inventory within one year of the applicable date of full availability. Finally, appeals under (c) and (e) are subject to HUD's review of an independent cost assessment of PHA properties, which results are binding on the PHA regardless of the new funding level. The rule does not establish frequency, timing or special supporting documentation requirements for appeals under (d).

A PHA that elects to file an appeal must submit the following to HUD for review:

- Cover letter from the Executive Director requesting the appeal and stating grounds under which the appeal is filed;
- Supporting documentation for each ground; and
- Any required assessment, per the provisions of the operating fund final rule.

3. As stated in Item 2, above, requests for appeals are voluntary. PHAs that do elect to appeal may submit their appeal request and all required documents electronically by email or they may send a hard copy by US Mail or other carrier.

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Signature of Senior Officer or Designee:

Date:

X  
Colette Pollard, Departmental Reports Management Officer,  
Office of the Chief Information Officer

4. Financial Management Division is not aware of any duplication of efforts to collect this data. Any data already submitted to HUD will not be requested again.
5. The information being collected has no significant impact on small businesses or other small entities.
6. HUD requests program funds annually in the Departmental Budget. The operating subsidy funds are obligated to the PHAs annually, as reflected on the operating budget, in accordance with the formula in the Operating Fund Program rule.
7. There are no special circumstances that require the collection of information to be inconsistent with the guidelines in 5 CFR § 1320.6.
  - 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; or  
**Not Applicable**
  - 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. This information collection was announced in the *Federal Register*, Volume 87; No. 202; Page 63794 on October 20, 2022. The public was given until December 19, 2022, to comment. HUD received no comments.
9. No payments or gifts are provided to respondents.
10. Assurance of confidentiality is neither provided nor needed because PHA budgets are passed at public Board of Commissioner meetings.
11. No sensitive questions are being asked.
12. The burden hour calculations for preparation and submission of an appeal are shown by the type of appeal that PHAs may file. The calculations assume that for certain of the permitted grounds of appeal more time is needed to complete the appeal submission because they require more information and data.

Appeal Total Annual Burden Hour Estimates for PHAs								
Grounds of Appeal Under § 990.245	Number of Respondents	X	Frequency of Response	Total Responses	X	Est. Hours	=	Total Annual Burden Hours
(a) Streamlined appeal	3		1	3		9		27
(c) Appeal for specific local conditions	1		1	1		12		12
(d) Appeal for changing market conditions	100		1	100		20		2000
(e) Appeal to substitute actual project cost data	1		1	1		10		10
<b>Totals</b>	<b>105</b>			<b>105</b>				<b>2049</b>

The estimated annual cost to respondents to appeal subsidy are provided in the table below and assume an Analyst's annual salary of \$126,390 at a GS-14/5 level rate (Salary Table 2022-GS) or an hourly rate of \$60.56.

Total Estimated Annual Costs to Respondents						
	Number of Respondents	Total Burden Hours	X	Hourly Rate	=	Annualized Cost
For all appeals	105	2049		\$ 60.56		\$ 124,087

13. For appeals under 24 CFR §§ 990.245 (c) specific local conditions, and (e) appeals to substitute actual project cost data, PHAs are required to acquire, and pay the cost of, an “independent cost assessment” of its projects. A PHA must submit this independent cost assessment to HUD as part of the PHA’s appeal for review by a professional who will be procured by HUD. Data shows that annually, PHAs submits an appeal that requires an independent cost assessment under (c) and PHAs submit appeals that require an independent cost assessment under (e), for a total of 5 appeals for the prior three years (see Item 12, above). In the chart below the cost to PHAs is shown by the average annual number of PHAs that paid for the cost of an independent cost assessment and the estimated annual hours.

Estimated Annual Cost to PHAs for the Independent Cost Assessment – Contract Support								
No. of PHAs	No. of Respond.	Freq. of Responses	Estimated Hours	Total Annual Burden Hours	X	Hourly Rate	=	Total Annual Cost
2	2	1	55	110		\$100.00		\$11,000

14. The estimated annualized costs to the federal government for the collection for PHA operating fund appeals is based on the 2022 general pay schedule for a GS-14/5 rate (an average salary for a financial analyst), which is \$60.56 per hour.

Estimated Annual Cost to the Federal Government – Staff								
PHA Action	Number of Respondents	Frequency of Responses	Estimated Hours	Total Annual Burden Hours	X	Hourly Rate	=	Total Annual Cost
Appeals	105	1	15	1575		\$60.56		\$95,382

<b>Grounds of Appeal</b>								
§990.245 (a), and (d)								
§990.245 (c) and (e)								
<b>Total</b>								

<b>Total Estimated Annual Cost to the Federal Government for Appeals</b>				
<b>Government Contractor Cost</b>	<b>+</b>	<b>Government Staff Cost</b>	<b>=</b>	<b>Total Annual Cost</b>
0		\$95,382		\$95,382

15. The total numbers of burden hours are 2,049. The annual salary information and the data submission information are based on the 2022 General Schedule Pay Scale (GS 14/5).

16. This information will not be published.

17. HUD will display the expiration date for OMB approval of this information collection.

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

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

N/A

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