

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

### **Reporting on Section 3 Activities**

**(OMB# 2501-0042)**

#### **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 request is for a renewal of form HUD-60002-A and the Business Registry/Opportunity Portal to support a rule called “Enhancing and Streamlining the Implementation of Section 3 Requirements for Creating Opportunities for Low- and Very Low-Income Persons and Eligible Businesses,” published at 24 CFR Part 75. The Section 3 working group, including participants from all affected program offices, have determined the necessary changes on the forms affected.

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.

“Reporting on Section 3 Activities” form (Form HUD-60002-A) is used by certain recipients of HUD financial assistance (e.g., public housing agencies, municipalities, and property owners) to report the number of labor hours that have been worked by Section 3 workers and Targeted Section 3 labor hours from their usage of covered HUD financial assistance, as required at 24 CFR § 75.15 and § 75.25. HUD financial assistance recipients are notified of reporting requirements through program office implementation notices, NOFO descriptions, award notices and reporting platform electronic deadline reminders. Data collected through this form via web reporting platforms is used to assess the overall effectiveness of Section 3 and to make determinations of compliance with regulatory requirements. This form is typically submitted electronically via program office platforms by the staff at these recipient agencies. If reporting benchmarks are not met, the HUD program office partners who manage the financial assistance programs will recommend corrective action to ensure that low- and very low-income persons and businesses are prioritized with opportunities derived from HUD financial assistance.

The Section 3 Business Registry/Opportunity Portal is utilized by businesses and contractors who are eligible under the definitions in 24 CFR § 75.3 to be considered a Section 3 Business Concern. These eligible businesses are typically small businesses. Businesses can also post subcontracting opportunities and workers can post resumes. The Business Registry is an optional portal available for stakeholder use. There is no mandate to utilize these systems. They are supplemental tools for recipients of HUD financial assistance to promote Section 3 businesses and worker opportunities and support qualitative reporting requirements.

Minor technical changes were made to the form since the last submission to enhance clarity and ease of use for respondents utilizing the form, but no substantive changes were made.

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.

The information collected through Form HUD-60002-A is submitted electronically by recipients of certain HUD financial assistance. Each program office has its respective web reporting platform where electronic submission is streamlined with other reporting requirements for a given financial assistance program. Submission does not require the physical printing and mailing of documents as all information can be submitted through web reporting platforms. Grantees are notified of reporting requirements through program office notices, NOFO descriptions, award notices and reporting platform electronic deadline reminders.

The Business Registry is a separate online portal utilized by Section 3 workers and businesses. The Business Registry is an optional portal available for stakeholder use. There is no mandate to utilize these systems. They are supplemental tools for recipients of HUD financial assistance to promote Section 3 businesses and worker opportunities and support qualitative reporting requirements.

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.

HUD does not have access to grantee and contractor payroll labor hours, particularly those filtered for Section 3 workers and targeted workers and Section 3 businesses. There is no duplicate HUD record that could be used or modified for the information described in item 2.

5. If the collection of information impacts small businesses or other small entities describe any methods used to minimize burden.

This collection does not impose a significant burden on Small Entities.

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 information collected on Form HUD-60002-A is required by the regulation entitled “Enhancing and Streamlining the Implementation of Section 3 Requirements for Creating Opportunities for Low- and Very Low-Income Persons and Eligible Businesses” at 24 CFR Part

75. The information is required to be collected annually for some grantees and at project close for others depending on funding type.

The Business Registry is an optional portal available for stakeholder use. There is no mandate to utilize these systems. They are supplemental tools for recipients of HUD financial assistance to promote Section 3 businesses and worker opportunities and support qualitative reporting requirements.

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;

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. 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.

In accordance with 5 CFR 1320.8(d), the agency's notice announcing this collection of information appeared in the Federal Register on 06/10/2024, (89 FR 48912). The public was given until 08/09/2024 to submit comments on the proposed information collection. One comment was received:

*Comment:* The National Association of Housing and Redevelopment Officials (NAHRO) submitted comments on August 2, 2024. NAHRO recommends that Section 3 reporting remain straightforward. They requested an accessible and reasonable method for communicating difficulties and qualitative efforts to HUD. NAHRO also noted exemptions for smaller agencies. NAHRO also asked that HUD accept the form's checklist without requiring excessive supporting documentation.

*Response:* Currently HUD is in the process of awarding the contract for the development of the new Section 3 Reporting tool which will include the fields captured in the Form HUD-60002-A. Public Housing Authorities (PHAs) will only be required to report when this tool goes live. Additionally, HUD does not require supporting documentation for Section 3 qualitative efforts. Reporting requirements have not changed with the HUD-60002-A, but the reporting process will be updated with the upcoming reporting tool. Report requirements for small PHAs have also remained unchanged.

*No actions or edits were made by HUD in response to the comments.*

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. If the collection requires a system of records notice (SORN) or privacy impact assessment (PIA), those should be cited and described here.

Form HUD-60002-A and the Business Registry/Opportunity Portal do not request confidential information. A statement included in the burden statement will exist within the systems identifying that no assurance of confidentiality is provided.

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:

- 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 chart below; 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.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
Business Registry/Opportunity Portal*	6,000.00	1.00	6,000.00	1.00	6,000.00	\$57.53	\$345,180.00
HUD Form 60002-A**	4,283.00	1.00	4,283.00	3.00	12,849.00	\$22.90	\$294,242.10
Total	10,283.00			4.00	18,849.00		\$639,422.10

Notes: Estimated burden averaged using a sample of respondents from the nation.

\*The Business Registry/Opportunity Portal is primarily utilized by small business owners and construction managers with a mean hourly wage of \$57.53

(<https://www.bls.gov/oes/current/oes119021.htm>)

\*\*The HUD Form 60002-A is primarily utilized by agency Section 3 coordinators/administrative assistants estimated to have a mean hourly wage of \$22.90

(<https://www.bls.gov/oes/current/oes436014.htm>)

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 already reflected on the burden worksheet 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.

There are no additional burden costs for respondents or recordkeepers. The estimates provided in item 12 above include time spent for recordkeeping, completing both information collections, and submitting them to the Department.

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.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
HUD Form 60002-A*	4,283.00	1.00	4,283.00	1.00	4,283.00	\$68.27	\$292,400.41

\*Notes: The HUD Form 60002-A will be analyzed by HUD staff located in HQ (DC) with an average salary of GS-14, step 1. (<https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2025/DCB.pdf>)

\*\*The Business Registry/Opportunity Portal does not require any processing from the federal government and functions as an independent resource for Section 3 stakeholders.

15. Explain the reasons for any program changes or adjustments reported in Items 12 and 14 of the Supporting Statement.

This is a revision of an existing collection. The changes made in Item 12 reflect updates in the mean hourly wage of respondents based on May 2024 Bureau of Labor Statistics national estimates. Also, since the last ICR, the Business Registry and Opportunity Portal were rolled into a single system and the number of respondents and burden hours estimated reflect usage data collected from those combined systems.

The changes made in Item 14 reflects updates in the mean hourly wage of Federal employees based on 2025 OPM Salary Tables. It also updates and reduces the number of burden hours per response for the Form HUD-60002-A. Due to the integration of the Form into grantee reporting systems, the burden hours have been significantly less than anticipated at the time of first collection.

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 on Form HUD-60002-A will be analyzed by HUD staff to determine the overall effectiveness of the Department's enforcement of the regulatory requirements at 24 CFR Part 75, and to track the percentage of labor hours performed by Section 3 workers and targeted Section 3 workers. Annual results and analysis will be published as part of HUD's Annual Performance Report.

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 identified in item 19.

There are no exceptions to the certification statement.

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

There are no statistical methods used in this collection.