

Supporting Statement for Paperwork Reduction Act Submissions

Supporting Statement

2502-0507

AAF Rent Increase Requirements

Pursuant to the Housing Appropriations Act of 1995

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 developed 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.
8. In accordance with 5 CFR 1320.8(d), this information collection soliciting public comments was announced in the *Federal Register* on **July 11, 2014** (Volume **79**, Number **133**, Pages **40129**).comments were 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.
11. The forms do not contain questions of a sensitive nature.
12. Estimated Public Burden:

Number of Respondents	Responses Per Annum	Total no. of Responses	Hours per Response	Total Hours	Hourly Rate	Total Cost
1,080	1080	8	1.5	12	\$33.54	\$402.48

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 \$69,764. 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 09/01/2013 and 08/31/2014. 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 \$33.54 (GS 12, Step 1).

Annual Responses	Hours Review per Response	Total Hours	Hourly Rate	Total Cost
8	0.5	4	\$33.54	\$134.16

15. This is an extension of a currently approved collection. The number of responses has decreases since the last submission and will continue to decrease over time because there are fewer owners who are using the AAF as the method of rent adjustment for their properties. The population of these properties is decreasing annually, and therefore the responses will decease annually. Beginning in FY1999, any project-based section 8 contract that expires must renew according to the requirements of the Multifamily Assisted Housing Reform and Affordability Act which do not use the AAF as the method of rent adjustment.
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.

B. Collections of Information Employing Statistical Methods

No statistical methods are used in this collection.