

Supporting Statement for Paperwork Reduction Act Submissions

MONTHLY REPORT OF EXCESS INCOME AND ANNUAL REPORT OF USES OF EXCESS INCOME OMB Control Number 2502-0086

A. JUSTIFICATION

1. The Secretary of the Department of Housing and Urban Development is authorized to make periodic interest reduction payments on behalf of owners of rental housing projects (12 U.S.C. 1715z-1). A project owner may retain some or all of excess charges for project use if authorized by the Secretary (12 U.S.C. 1715z-1(g)). The Housing and Community Development Act of 1987 authorizes HUD to collect Employer Identification Numbers (EINs) (42 U.S.C. 3543). HUD regulations at 24 C.F.R. 236 establish regulations for recordkeeping and reporting of excess income.
2. The owners/management agents of Section 236-assisted projects complete a web-based form on pay.gov, Monthly Report of Excess Income, to compute any excess rents that are payable to HUD and to report Excess Income that is retained by them with HUD's prior approval. Approximately 1,606 owners submit the form and required remittance to HUD no later than the tenth day of each month. Approximately 900 of these owners request to retain excess income, and are required to submit the Annual Report of Uses of Excess Income. It has come to the attention of the respondent that a currently active program known as "decoupling", which involves the sale and refinancing of Section 236 properties, continues to require the collection of Monthly Report of Excess Income and Annual Report of Uses of Excess Income. These properties continue to be considered "236" projects for reporting purposes. Consequently, their numbers have been incorporated into this Paperwork Reduction Act Submission.

The project-based calculations performed on pay.gov are derived from the unit-by-unit basis calculations performed by the owner and/or management agent. The owner/management agent must be able to provide ancillary information to support the calculations on a unit-by-unit basis to HUD, upon request, for possible HUD or GAO audit. HUD monitors owner submission requirements and checks to assure that required excess rents are remitted to the Department and/or retained by the owner.

Approximately 1,606 owners of Section 236 projects may be authorized to retain Excess Income for project use. These offices provide to the local HUD Office, on a monthly basis, proof of payment or evidence of amounts retained, through pay.gov. Without the monthly and annual descriptions, the local HUD Offices would not be able to ascertain general compliance by the owner regarding the owner's intended uses of Excess Income.

Annually, approximately 900 project owners submit a request to retain excess income for project use, and annually submit two copies of a brief narrative description of the amount of Excess Income retained during the prior Fiscal Year of the project and the uses made of that retained Excess Income.

3. Approximately 80% of management agents now use privately developed software packages that:
 - (a) Automate the project rent roll or the tenant accounts receivable subsidiary ledger,
 - (b) Quickly calculate the amounts of Excess Income generated.

HUD has moved Departmental Accounts Receivable Tracking/Collection to pay.gov. HUD is submitting the monthly Excess Income electronically through pay.gov.

4. The information collection is not duplicated by requirements imposed by other regulatory or State and Local governments.

5. This information collection does not involve a significant impact on small businesses or other small entities.
6. Tenant rent collection and occupancy data is the responsibility of the owner/manager and is not available to HUD from any other sources. The information must be available from the project books and records kept by the owner or agent. HUD could not ensure statutory compliance with 12 USC 1715z-1 - Rental and cooperative housing for lower income families, if the information is not collected.
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;**
There is no requirement for respondents to report the information more than quarterly. Each monthly submission reports updated, current information.
 - **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
There is no requirement for respondents to prepare a written response to a collection in fewer than 30 days.
 - **requiring respondents to submit more than an original and two copies of any document;**
There is no requirement for 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;**
There is no requirement for 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;**
This collection is not made in connection with a statistical survey.
 - **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
There is no use of a statistical data classifications with this collection.
 - **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**
There is no pledge of confidentiality that is not supported by authority established in statute or regulation.
 - **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.**
There is no requirement for respondents to submit proprietary trade secrets, or other confidential information.
8. Both HUD regulations and the project regulatory agreement signed by the project owner require monthly submissions of Excess Income reports. HUD would be unable to assure that all excess rents due the Department were properly remitted if information collection were conducted less frequently.
9. HUD contacted several Program Centers and management companies for direct feedback on use of the web-based format for reporting excess income. Patricia Russie of HUD's Detroit Hub responded that owner/agents have provided proof to us that they submitted information via pay.gov, but this information did not get relayed to the CFO's office. This appears to be a case of misunderstanding of data confirmation procedures at pay.gov. The Headquarters office will investigate the case further. Two management companies were contacted, Bob Sampson at Interstate Realty Management and John Autry at Monarch Properties Inc. Neither expressed concerns with the current process. HUD published the Notice of Proposed Information Collection in the Federal Register on **August 16, 2016**, volume **81**, number **158**, and page **54586**.

The public comment period for the Notice closed on **October 17, 2016**. HUD received no comments from the public.

10. No payments or gifts of any kind are provided to respondents.
11. Assurance of confidentiality is provided to respondents under the Privacy Act of 1974. Pay.gov is a secure website requiring identification and passwords to access individual data.
12. Although no questions of a sensitive nature were asked, the EIN is collected. The collection of EINs is essential to the effective monitoring of project owners/management agents excess income remittances and potential offsets, and form recovery and enforcement actions.
13. Estimates of the hour burden of the collection of information.

Estimates of the Hour Burden of the Collection of Information

Information Collection	Number of Respondents	Frequency of Response	Total Annual Responses	Burden Hours per Response	Annual Burden Hours	Hourly Cost	Total Annual Cost
Annual Report	799	12	9588.00	0.25	2,397.00	\$ 27.00	\$ 64,719.00
Monthly Report	799	1	799	0.75	599.25	\$ 27.00	\$ 16,179.75
TOTAL	799		10387.00		2,996.25		\$ 80,898.75

Hourly costs are based on an estimate of the owner or owner’s staff (Property Manager) to review the instructions and complete the form. The hourly cost has been adjusted to \$27.00 per hour based on information gathered from payscale.com. Payscale.com is an online salary and benefit information resource which provides compensation data for various occupations. The hourly costs provide a good estimate for costs to the respondent as to this data, which was obtained in July 2016.

14. There are no other costs other than those in item 12.
15. Annualized cost to the Federal Government.

Estimates of Annualized Cost to the Federal Government

Total Annual Responses	Burden Hours per Response	Total Annual Burden Hours	Hourly Cost	Total Annual Cost
799	12	9,588.00	\$34.03	\$ 326,279.64
799	1	799.00	\$34.03	\$ 27,189.97
				353469.61

*Estimated cost per hour for HUD staff (GS-12) to review and process the documents for this collection

16. This is a request for an extension of a currently approved collection. It has come to the attention of the respondent that a currently active program known as “decoupling”, which involves the sale and refinancing of Section 236 properties continues to require the collection of Monthly Report of Excess Income and Annual

Report of Uses of Excess Income. These properties continue to be considered “236” projects for reporting purposes. Consequently, their numbers have been incorporated into this Paperwork Reduction Act Submission.

17. The results of this information collection will not be published.
18. The form HUD-93104 was retired when the collection was transferred to pay.gov.
19. There are no exceptions to the certification statement in item 19 of the OMB 83-I.

B. Collection of Information Employing Statistical Methods.

There are no plans to employ statistical methods for this collection of information.