security deposit in an amount equal to one month's total tenant payment or \$50, whichever is greater. The family is expected to pay the security deposit from its own resources and other available public or private resources. The Owner may collect the security deposit on an installment basis. The Owner must place the security deposits in a segregated interest-bearing account.

#### Utility Allowances

The Owner must also submit an analysis of any utility allowances applicable. Such data as changes in utility rates and other facts affecting utility consumption should be provided as part of this analysis to permit appropriate adjustments in the utility allowances for assisted units. In addition, if utility rate changes would result in a cumulative increase of 10 percent or more in the most recently approved utility allowances, the Owner must advise HUD and request approval of new utility allowances. Whenever a utility allowance for an assisted unit is adjusted, the Owner will promptly notify affected families and make a corresponding adjustment of the tenant payment and the amount of the project rental assistance payment.

# Vacancy Payments

Vacancy payments under the Project Rental Assistance Contract (PRAC) will not be made unless certain conditions for receipt of these project rental assistance payments are fulfilled. For each unit that is not leased as of the effective date of the PRAC, the Owner is entitled to vacancy payments in the amount of 50 percent of the per unit operating cost for the first 60 days of vacancy, if the Owner: (1) Conducted marketing in accordance with §889.600(a) and otherwise complied with § 889.600; (2) has taken and continues to take all feasible actions to fill the vacancy; and (3) has not rejected any eligible applicant except for good cause acceptable to HUD. If an eligible family vacates a unit, the Owner is entitled to vacancy payments in the amount of 50 percent of the approved per unit operating cost for the first 60 days of vacancy if the Owner: (1) Certifies that it did not cause the vacancy by violating the lease, the PRAC, or any applicable law; (2) notified HUD of the vacancy or prospective vacancy and the reasons for the vacancy upon learning of the vacancy or prospective vacancy; (3) has fulfilled and continues to fulfill the requirements specified in § 889.600(a)(2) and (3) and §889.650(b)(2) and (3); and (4) for any vacancy resulting from the Owner's

eviction of an eligible family, certifies that it has complied with § 889.635. If the Owner collects payments for vacancies from other sources (tenant payments, security deposits, payments under § 889.640(c), or governmental payments under other programs), the Owner shall not be entitled to collect vacancy payments to the extent these collections from other sources plus the vacancy payment exceed the approved per unit operating cost.

## HUD Reviews

HUD shall conduct periodic on-site management reviews of the Owner's compliance with the requirements of part 889.

# VI. Amendments to 24 CFR Parts 243 and 760

This interim rule also amends 24 CFR part 243 by including the Supportive Housing for the Elderly and Supportive Housing for Persons with Disabilities projects in the list of projects covered by the pet ownership requirements. The interim rule also amends part 760 and applies the wage and claim consent form requirements to the Supportive Housing for the Elderly and Supportive Housing for Persons with Disabilities Programs.

#### VII. Other Matters

### Environmental Impact

A Finding of No Significant Impact with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50 implementing section 102(2)(C) of the National Environmental Policy Act of 1969, 42 U.S.C. 4332. The Finding of No Significant Impact is available for public inspection and copying between 7:30 a.m. and 5:30 p.m. weekdays at the Office of the Rules Docket Clerk, 451 Seventh Street, SW., Room 10276, Washington, DC 20410–0500.

### Regulatory Flexibility Act

Under 5 U.S.C. 605(b) (the Regulatory Flexibility Act), the undersigned hereby certifies that this interim rule does not have a significant economic impact on a substantial number of small entities. The interim rule would provide capital advances to private nonprofit organizations and nonprofit consumer cooperatives to expand the supply of supportive housing for the elderly. Although small entities will participate in the program, the interim rule would not have a significant impact on them.

## Executive Order 12606, the Family

The General Counsel, as the Designated Official for Executive Order 12606, the Family, has determined that the provisions of this interim rule will not have a significant impact on family formation, maintenance or well being.

## Executive Order 12612, Federalism

The General Counsel, as the Designated Official under section 6(a) of Executive Order No. 12611— Federalism, has determined that the interim rule does not involve the preemption of State law by Federal statute or regulation and does not have federalism impacts.

## Regulatory Agenda

This interim rule was listed as sequence number 1807 in the Department's Semiannual Agenda of Regulations published on November 14, 1994 (59 FR 57632, 57657) under Executive Order 12866 and the Regulatory Flexibility Act.

## Catalog of Federal Domestic Assistance

The program number is 14.157, Housing for the Elderly or Handicapped.

#### List of Subjects

## 24 CFR Part 243

Aged, Grant programs—housing and community development, Individuals with disabilities, Loans programs housing and community development, Low and moderate income housing, Mortgage insurance, Pets, Reporting and recordkeeping requirements.

# 24 CFR Part 760

Grant programs—housing and community development, Income verification procedures, Indians, Intergovernmental relations, Loan programs—housing and community development, Penalties, Public housing, Rent subsidies, Reporting and recordkeeping requirements, Wages.

## 24 CFR Part 889

Aged, Capital advance programs, Grant programs—housing and community development, Loan programs—housing and community development, Low and moderate income housing, Rent subsidies, Reporting and recordkeeping requirements.

Accordingly, for the reasons stated in the preamble, title 24 of the Code of Federal Regulations is amended to read as follows:

## PART 243—PET OWNERSHIP IN HOUSING FOR THE ELDERLY OR HANDICAPPED

1. The authority citation for part 243 continues to read as follows:

**Authority:** 12 U.S.C. 1701r–1; 42 U.S.C. 3535(d).