renewed for successive terms of one month. The Owner shall use the lease form prescribed by HUD. The Owner may not use any of the prohibited provisions specified by HUD. In addition to required provisions of the lease form, the Owner may include a provision in the lease permitting the Owner to enter the leased premises, at any time, without advance notice where there is reasonable cause to believe that an emergency exists or that health or safety of a family member is endangered. The provisions of 24 CFR part 247 apply to all decisions by an Owner to terminate the tenancy or modify the lease of a household residing in a unit (or residential space in a group home).

Security Deposit

At the time of the initial execution of the lease, the Owner will require each household occupying an assisted unit (or residential space in a group home) to pay a security deposit in an amount equal to one month's tenant payment or \$50, whichever is greater. The household 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 submit an analysis of any utility allowances applicable in an independent living complex. 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 households 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 the conditions for receipt of these project rental assistance payments are fulfilled. For each unit (or residential space in a group home) 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 (or pro rata share of the group home operating cost) for the first 60 days of vacancy, if the Owner: (1) Conducted marketing in accordance with § 890.600(a) and otherwise complied with § 890.600; (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 household vacates an assisted unit (or residential space in a group home) the Owner is entitled to vacancy payments in the amount of 50 percent of the approved per unit operating cost (or pro rata share of the group home 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 § 890.600(a) (2) and (3) and § 890.645(b) (2) and (3); and (4) for any vacancy resulting from the Owner's eviction of an eligible household, certifies that it has complied with § 890.630. If the Owner collects payments for vacancies from other sources (tenant payment, security deposits, payments under § 890.635(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 890.

HUD Issuances

The Department intends to amend the Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs, with these new part 890 requirements.

VI. 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 to expand the supply of supportive housing for persons with disabilities. 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. No significant change in existing HUD policies or programs will result from promulgation of this interim rule, as those policies and programs relate to family concerns.

Executive Order 12612, Federalism

The General Counsel, as the Designated Official under section 6(a) of Executive Order No. 12611—Federalism, has determined that this 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 1809 in the Department's Semiannual Agenda of Regulations published on November 14, 1994 (59 FR 57632, 57658) under Executive Order 12866 and the Regulatory Flexibility Act.

Catalog of Federal Domestic Assistance

The program number is 14.181, Supportive Housing for Persons with Disabilities.

List of Subjects in 24 CFR Part 890

Civil rights, Grant programs—housing and community development, Individuals with disabilities, Loan programs—housing and community development, Low and moderate income housing, Mental health programs, Reporting and recordkeeping requirements.

Accordingly, for the reasons stated in the preamble, part 890 of title 24 of the