DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Assistant Secretary for Housing—Federal Housing Commissioner

24 CFR Parts 290 and 886

[Docket No. R-95-1753; FR-3715-I-01] RIN 2502-AG30

Disposition of Multifamily Projects and HUD-Held Multifamily Mortgages

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

ACTION: Interim rule.

SUMMARY: This interim rule amends the Department's multifamily property disposition regulations to incorporate statutory amendments affecting the management and disposition of HUD-owned properties and properties with delinquent HUD-held mortgages, and the sale of HUD-held multifamily mortgages.

DATES: Effective date: March 2, 1995. Comments due date: May 1, 1995.

ADDRESSES: Interested persons are invited to submit comments regarding this interim rule to the Rules Docket Clerk, Office of General Counsel, Room 10278, Department of Housing and Urban Development, 451 Seventh Street SW., Washington, DC 20410. Communications should refer to the above docket number and title. A copy of each communication submitted will be available for public inspection and copying between 7:30 a.m. and 5:30 p.m. weekdays at the above address. Faxed comments will not be accepted.

FOR FURTHER INFORMATION CONTACT: Frank Malone, Director, Office of Multifamily Housing Preservation and Property Disposition, Department of Housing and Urban Development, Room 6164, 451 7th Street SW, Washington, DC 20410. Telephone (202) 708–3555; TDD (202) 708–4594. (These are not toll-free numbers.)

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act Statement

The information collection requirements contained in this interim rule were approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1980 and were assigned OMB control number 2502–0204 (expiration date: 9/30/96).

I. Introduction

On August 17, 1993 (58 FR 43708), the Department published a final rule amending its requirements for the

management and disposition of HUD-owned multifamily housing projects. The regulation, at 24 CFR part 290, implemented HUD's statutory authority, contained in section 207(k) and (l) of the National Housing Act and in section 203 of the Housing and Community Development Amendments of 1978, to handle and dispose of such real property.

Section 203 was amended by section 181 of the Housing and Community Development Act of 1987 (1987 Act), section 1010 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (1988 Act), and section 579 of the National Affordable Housing Act of 1990 (NAHA). The final rule published on August 17, 1993 implemented the NAHA amendments.

Generally, the statutory amendments specified the type of assistance to be provided when the Department determines to preserve units as affordable low- and very low-income housing, and included certain projects with HUD-held mortgages within the scope of section 203. The Department has been carrying out its multifamily property disposition program and its servicing of delinquent HUD-held multifamily mortgages on a project-by-project basis in conformity with the requirements of section 203, as amended.

In the Multifamily Housing Property Disposition Reform Act of 1994 (MHPDRA) (Pub. L. 102–233, approved April 11, 1994), section 203 was completely revised. This interim rule, in turn, completely revises 24 CFR part 290 to reflect the new statutory amendments.

Before turning to a discussion of specific details of the implementation of the revised section 203 in this interim rule, a general comment on the overall format of this interim rule is in order. HUD is attempting to implement this complex legislation in a manner that is more accessible and "user friendly" than the typical government regulation, with the goal of providing clear guidance within a legally binding context. The structure of the statute has been reorganized in the regulation to correspond more with the flow of the disposition process as it actually happens, from general, guiding principles, through notification requirements, plan development, and the various actions the Department will take to facilitate the disposition process. The section headings in this interim rule are posed in the form of questions, to invite a broader spectrum of users for the interim rule and to permit all of its users to scan it and identify more

quickly their areas of concern. Certain portions of the interim rule, which present an extended series of requirements or alternatives, have been summarized with the use of tables that appear within the permanent text of the interim rule itself. These tables, covering the subjects of rents, notification requirements, methods of disposition, and actions to facilitate disposition, provide a shorthand overview of major portions of the interim rule that will permit users to comprehend the interim rule and the disposition process more easily. The tables are cross referenced to the sections of interim rule text that provide a fuller explication of the requirements. HUD specifically invites comments on whether the public finds such innovations to be helpful, and welcomes suggestions for additional innovations.

A discussion of the revisions to the multifamily property disposition program, organized section-by-section according to the amended section 203, follows.

II. Implementation of Amended Section 203

Section 203(a)—Goals

The goals of the interim rule, which provide the general guidelines within which HUD makes its determinations for the management or disposition of multifamily housing projects, are listed in section 203(a). They closely resemble the goals previously listed at 24 CFR 290.5, but include three new factors. Protecting the financial interests of the Federal Government, adhering to fair housing requirements, and disposing of projects in a manner consistent with local housing market conditions are now explicitly listed among the goals which are set forth in § 290.3 of this regulation.

Section 203(b)—Definitions

Several of the nine definitions included in this section are combined and otherwise modified in the interim rule at § 290.5. The Department believes that its modifications provide additional precision and simplify the structure of the interim rule. For example, the interim rule defines the term multifamily housing project as a subset, with references to specific statutory authorities, of multifamily project, which is defined in very broad terms to cover most non-single family projects insured or subject to a loan under one of HUD's statutory authorities, including such properties as hospitals, intermediate care facilities, and nursing homes. The actions the Department may take to facilitate disposition (i.e., the