These provisions, entitled "determination not to preserve," are included to provide criteria under which the Department will take the action of a determination not to preserve a project, or a part of a project, as affordable rental or cooperative housing, resulting primarily in demolition.

In addition to these basic, alternative, and additional categories of actions is the category of required actions. Section 203(g) provides for required assistance for very-low income tenants, and 203(j) provides for required displacement assistance. The displacement assistance requirements in this interim rule are based upon the requirements of the August 17, 1993 final rule. An action from the August 17, 1993 final rule is also included as required, the nondiscrimination against Section 8 certificate holders and voucher holders provisions of section 183(c) of the Housing and Community Development Act of 1987.

The interim rule organizes this complex system of actions to facilitate a disposition according to the type of project involved in a dispositionseparate subparts address which actions are applicable to all multifamily housing projects, or to subsidized projects, or to unsubsidized projects, as follows. Subpart E contains the required actions applicable to all multifamily housing projects under sections 203 (g) and (j), as well as the nondiscrimination requirements of section 183(c) of the Housing and Community Development Act of 1987. Subpart F contains the basic and alternative actions applicable to subsidized projects under section 203(e), with a reference to the additional section 203(f) actions listed in subpart H. Subpart G contains the same information for unsubsidized projects as subpart F does for subsidized projects. Subpart H lists the additional actions under 203(f) that are applicable to all multifamily housing projects. All of the actions to facilitate disposition are set out in abbreviated form in a table that precedes subpart E, to permit users of this interim rule to follow more easily the options for assistance and restrictions that would apply to a particular project.

Section 203(h)—Contract Requirements

This section states the contract requirements applicable to project-based Section 8 assistance provided in accordance with a disposition. These requirements are implemented by revising the appropriate Section 8 regulations at 24 CFR 886.310 and 886.311.

Section 203(i)—Right of First Refusal for Local and State Government Agencies

This right of first refusal provision is included among the notification requirements in subpart C as § 290.24.

III. Sale of HUD-Held Multifamily Mortgages

On September 22, 1994 (59 FR 48726), the Department published a final rule that amended 24 CFR part 290 to set forth the basic policies and procedures that govern the disposition of HUD-held multifamily project mortgages. This final rule implemented a proposed rule published on April 13, 1994 (59 FR 17500) and also incorporated amendments made by the MHPDRA. The provisions of the mortgage sale final rule are included in this interim rule as subpart I, with only slight modifications to conform to the new format of this interim rule.

IV. Other Amendments in This Interim Rule

Section 101(d) of the MHPDRA amended the definition of *owner* under the United States Housing Act of 1937 to include "an Agency of the Federal Government." The purpose and effect of this amendment is to permit HUD to collect Section 8 rental payments when it owns or manages a project. The conforming change to the definition of *owner* is made in 24 CFR 886.302.

The definition of *eligible project or project* in 24 CFR 886.302 is also amended to include a multifamily housing project under 24 CFR part 290.

Section 886.319 is amended to conform to § 886.120 and state explicitly that HUD may contract for the administration of its Section 8 contract functions.

V. Other Matters

Any assistance made available to a purchaser under this interim rule, whether rental or other financial assistance, will be subject to scrutiny under section 102(d) of the HUD Reform Act, insofar as that statutory provision has been implemented by guidelines issued by the Office of Housing under 24 CFR part 12, subpart D (see, *e.g.*, a **Federal Register** Notice published April 9, 1991 (56 FR 14436) entitled "Administrative Guidelines; Limitations on Combining Other Government Assistance with HUD Housing Assistance").

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, which implement section 102(2)(C) of the National Environmental Policy Act of 1969. The Finding is available for public inspection between 7:30 a.m. and 5:30 p.m. weekdays in the Office of the Rules Docket Clerk, Office of the General Counsel, Department of Housing and Urban Development, Room 10276, 451 Seventh Street SW., Washington, DC 20410.

Executive Order 12866

This interim rule has been reviewed and approved by the Office of Management and Budget in accordance with Executive Order 12866, issued by the President on September 30, 1993 (58 FR 51735, October 4, 1993). Any changes to the interim rule resulting from this review are available for public inspection between 7:30 a.m. and 5:30 p.m. weekdays in the Office of the Rules Docket Clerk.

Regulatory Flexibility Act

The Secretary, in accordance with provisions of the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed this interim rule before publication and by approving it certifies that it will not have a significant economic impact on a substantial number of small entities. These revisions to the policies governing the management and disposition of HUD-owned multifamily housing projects should not affect the ability of small entities, relative to larger entities, to bid for and acquire projects that HUD determines to sell.

Executive Order 12612, Federalism

HUD has determined, in accordance with Executive Order 12612, Federalism, that this interim rule will not have a substantial, direct effect on the States or on the relationship between the Federal government and the States, or on the distribution of power or responsibilities among the various levels of government. While the interim rule would impose terms and conditions on States that acquire projects under this interim rule, that is clearly the intent of the authorizing legislation, and therefore no further review is necessary or appropriate.

Executive Order 12606, the Family

HUD has determined that this interim rule will not have a significant impact on family formation, maintenance, and general well-being within the meaning of Executive Order 12606, The Family, because it does not affect the eligibility of families for admission into multifamily housing projects that are subject to this rulemaking.