Schedule C to make certain that they are using the correct AAFs. Units located in metropolitan areas with a local CPI survey must use the corresponding AAFs listed separately for those metropolitan areas. Units that are located in areas without a local CPI survey must use the appropriate HUD regional Metropolitan or Nonmetropolitan AAFs.

The AAF area definitions shown in Schedule C are listed in alphabetical order by State. The associated HUD region is shown next to each State name. Areas whose AAFs are determined by local CPI surveys are listed first. All CPI defined areas have separate AAF schedules and are shown with their corresponding county definitions or as metropolitan counties. Listed after the CPI defined areas (in those states that have such areas) are the metropolitan and nonmetropolitan counties of each State. In the six New England States, the listings are for counties or parts of counties as defined by towns or cities.

Puerto Rico and the Virgin Islands use the Southeast AAFs. All areas in Hawaii use the AAFs identified in the table as STATE: Hawaii, which are based on the CPI survey for the Honolulu metropolitan area. The Pacific Islands use the Pacific/Hawaii Nonmetropolitan AAFs. The Anchorage metropolitan area uses the AAFs based on the local CPI survey. All other areas in Alaska use the Northwest/Alaska Nonmetropolitan AAFs. Reflecting a decrease in the local CPI survey, the AAFs for the San Diego, CA MSA are shown as 1.00.

Section 8 Certificate Program AAFs for Manufactured Home Spaces

The AAFs in this publication identified as "Highest Cost Utility Excluded" are to be used for updating manufactured home space contract rents. The applicable AAF is determined by reference to the geographic listings contained in Schedule C, as described in the preceding section.

Retroactivity

Retroactivity is permitted to avoid any detriment to owners because of HUD's delay in the annual publication of the factors, as required by 24 CFR 888.202. Owners of Section 8 units (other than units assisted under the Section 8 Certificate, Moderate Rehabilitation, regular and SRO, Project-based Assistance Certificates, and FmHA programs) who have HAP Contracts with anniversary dates falling on November 8, 1994 through March 7, 1995 may request that the AAFs be applied retroactively to the anniversary date of their HAP Contracts.

The AAFs are not applied retroactively for units assisted under the Section 8 Certificate, Moderate Rehabilitation (both regular and SRO), Project-based Assistance Certificates, and the FmHA programs. The annual adjustments for these units are determined as of any anniversary date using the AAFs most recently published in the Federal Register (see 24 CFR 882.108(a)(1)(i) and 884.109(b)(2)).

RDD Factors

HUD uses the RDD regional surveys for calculating AAFs. The RDD survey method is based on a sampling procedure that uses computers to select a statistically random sample of rental housing, dial and keep track of the telephone calls and process the responses. RDD surveys are conducted to determine the rent change factors for the metropolitan parts (exclusive of CPI areas) and nonmetropolitan parts of the 10 HUD regions, a total of 20 surveys.

AAF Formula

The formula for calculating the AAFs for each area is as follows:

For areas with CPI surveys: (1) Changes in the shelter rent and utilities components were calculated based on the most recent CPI annual average change data; (2) the shelter rent factor was calculated by eliminating the effect of heating costs that are included in the rent of some of the units included in the CPI surveys; and (3) the gross rent factors were calculated by weighing the rent and utility components with the 1990 Census corresponding components.

For areas using RDD surveys: (1) The change in gross rent was calculated using the most recent RDD survey median gross rent for the respective metropolitan or nonmetropolitan parts of the HUD region; and (2) the change in shelter rent was calculated by subtracting median value of utilities costs from the median gross rent. The median cost of utilities was determined from the units in the RDD sample reporting that all utilities were paid by the tenant.

Other Matters

An environmental assessment is unnecessary, since revising Annual Adjustment Factors is categorically excluded from the Department's National Environmental Policy Act procedures under 24 CFR 50.200(l).

The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, Federalism, has determined that the policies contained in this Notice do not have federalism implications and, thus, are not subject to review under the Order. The Notice merely announces the adjustment factors to be used to adjust contract rents in the Section 8 Housing Assistance Payment programs, as required by the United States Housing Act of 1937.

The General Counsel, as the Designated Official under Executive Order 12606, The Family, has also determined that this Notice does not have potential significant impact on family formation, maintenance, and general well-being and, thus, is not subject to review under the Order. The Notice merely announces the adjustment factors to be used to adjust contract rents in the Section 8 Housing Assistance Payment programs, as required by the United States Housing Act of 1937.

The Catalog of Federal Domestic Assistance program number for Lower Income Housing Assistance programs (Section 8) is 14.156.

Accordingly, the Department publishes these Contract Rent Annual Adjustment Factors for the Section 8 Housing Assistance Payments Program as set forth in the following tables:

Dated: February 7, 1995. Henry Cisneros, *Secretary* BILLING CODE 4210–32–P