demonstrating the best performance in the area of economic development may be identified. These guidelines will be distributed to both grantees and HUD Field Office staff. The Department will also identify administrative mechanisms through which additional relief may be provided to communities with the best economic development performance records.

Relationship to Section 3 Economic Opportunity Requirements

Recipients of CDBG funds must also comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968 (Section 3), as amended by Section 915 of the 1992 Act. Section 3 requires that, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, employment and other economic opportunities arising in connection with CDBG assistance to any Section 3 covered project are given to low- and very low-income persons residing within the metropolitan area (or nonmetropolitan county) in which the project is located. For the CDBG program, Section 3 covered projects include housing rehabilitation, housing construction, and other public construction. The Section 3 requirements apply to training, employment and contracting opportunities arising in connection with a covered project, as well as job (or other opportunities) which may be retained or created as a result of the project. An interim rule implementing the 1992 amendments to Section 3 was published by the Department in the Federal Register on June 30, 1994, and it became effective August 1, 1994.

Other Matters

Executive Order 12612, Federalism

The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, Federalism, has determined that the policies in this rule do not have Federalism implications when implemented and, thus, are not subject to review under the Order. Nothing in the rule implies any preemption of State or local law, nor does any provision of the rule disturb the existing relationship between the Federal Government and State and local governments.

Executive Order 12606, the Family

The General Counsel, as the designated Official under Executive Order 12606, has determined that this rule does not have potential significant impact on family formation, maintenance, and general well-being,

and, thus, is not subject to review under the Order.

Environmental Finding

A Finding of No Significant Impact with regard to the environment has been made in accordance with HUD regulations in 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969, 42 U.S.C. 4321. The Finding of No Significant Impact is available for public inspection between 7:30 a.m. and 5:30 p.m. weekdays in the Office of the Rules Docket Clerk, Room 10276, 451 Seventh Street, SW., Washington, DC 20410.

Regulatory Flexibility

Under the Regulatory Flexibility Act (5 U.S.C. 605(b)), the Secretary by his approval of publication of this rule hereby certifies that this rule does not have a significant economic impact on a substantial number of small entities. The rule does not affect the amount of funds provided in the CDBG program, but rather modifies and updates program administration and procedural requirements to comport with recently enacted legislation.

Semiannual Agenda

This rule was listed as item 1848 in the Department's Semiannual Agenda of Regulations published on November 14, 1994 (59 FR 57632, 57664) under Executive Order 12866 and the Regulatory Flexibility Act.

Catalog of Federal Domestic Assistance

The Community Development Block Grant Program is listed in the Catalog of Federal Domestic Assistance under the following numbers: Entitlements— 14.218, HUD-administered Small Cities—14.219, Indian—14.223, Insular Areas—14.225, State's Program—14.228.

List of Subjects in 24 CFR Part 570

Administrative practice and procedure, American Samoa, Community development block grants, Grant programs—education, Grant programs—housing and community development, Guam, Indians, Lead poisoning, Loan programs—housing and community development, Low and moderate income housing, New communities, Northern Mariana Islands, Pacific Islands Trust Territory, Pockets of poverty, Puerto Rico, Reporting and recordkeeping requirements, Small cities, Student aid, Virgin Islands.

Accordingly, 24 CFR part 570, subparts A, C, I, and J, are amended as follows:

PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS

1. The authority citation for 24 CFR part 570 continues to read as follows:

Authority: 42 U.S.C. 3535(d) and 5300–5320.

Subpart A—General Provisions

2. In § 570.3, definitions for "Community Development Financial Institution", "Microenterprise", and "Small business", are added in alphabetical order to read as follows:

§ 570.3 Definitions.

Community Development Financial Institution has the same meaning as used in the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 note).

Microenterprise means a business that has five or fewer employees, one or more of whom owns the enterprise.

Small business means a business that meets the criteria set forth in section 3(a) of the Small Business Act (15 U.S.C. 631, 636, 637).

Subpart C—Eligible Activities

3. In § 570.200, paragraph (e) is revised to read as follows:

§ 570.200 General policies.

(e) Recipient determinations required as a condition of eligibility. In several instances under this subpart, the eligibility of an activity depends on a special local determination. Recipients shall maintain documentation of all such determinations. A written determination is required for any activity carried out under the authority of §§ 570.201(f), 570.202(b)(3), 570.204, 570.206(f), and 570.209.

4. In § 570.201, paragraph (o) is added to read as follows:

§ 570.201 Basic eligible activities.

* * * * *

(o)(1) The provision of assistance either through the recipient directly or through public and private organizations, agencies, and other subrecipients (including nonprofit and for-profit subrecipients) to facilitate economic development by:

(i) Providing credit, including, but not limited to, grants, loans, loan guarantees, and other forms of financial support, for the establishment,