reimbursement of costs for the development and packaging of the docket and project whether it is by outside technical assistance or by the applicant itself.

Two respondents suggested wording change to permit paying for technical assistance from a for-profit organization. This is not possible since, in accordance with the Housing Act of 1949, this assistance is limited to eligible *nonprofit* private and public agencies, not for-profit entities. This does not impact for-profit firms providing architectural, engineering and other specific services as they do now.

One respondent asked what type of plan would be needed to implement the reimbursement, and who would have the authority to approve such a plan? The revised regulation now includes a revision to Exhibit A–1, advising that projected technical assistance and inhouse costs should be incurred only after negotiation with the State/District Office staff as soon as possible in the applicant's process of developing a preapplication. Based upon what is typical in the area, the Agency will respond in writing approving the packaging plan and a range of costs in advance. The State Director or the delegated official will have the authority to approve the packaging plan. The cost breakdown submitted with the preapplication will also include the negotiated and agreed upon costs for such plan.

One respondent asked whether current applications would allow documented retroactive costs be reimbursed. The revised rule will be effective 30 days after publication and the agency will permit reimbursement on a case-by-case basis for projects authorized and not yet obligated as of the effective date.

Environmental Impact Statement

This document has been reviewed in accordance with 7 CFR part 1940, subpart G, "Environmental Program." It is the determination of the Agency that the proposed action does not constitute a major Federal action significantly affecting the quality of the human environment and in accordance with the National Environmental Policy Act of 1969, Public Law 91-190, an Environmental Impact Statement is not required.

Intergovernmental Review

This program/activity is listed in the Catalog of Federal Domestic Assistance under Number 10.405, Farm Labor Housing Loans and Grants, and as provided for in 7 CFR, part 1940 subpart J, is subject to the provisions of

Executive Order 12372 which requires intergovernmental consultation with State and local officials.

List of Subjects in 7 CFR Part 1944

Farm labor housing, Grant programs— Housing and community development, Loan programs—Housing and community development, Migrant labor, Nonprofit organizations, Public housing, Rent subsidies, and Rural housing

Therefore, chapter XVIII, title 7, Code of Federal Regulations is amended as follows:

PART 1944—HOUSING

1. The authority citation for part 1944 continues to read as follows:

Authority: 42 U.S.C. 1480; 5 U.S.C. 301; 7 CFR 2.23; 7 CFR 2.70.

Subpart D—Farm Labor Housing Loan and Grant Policies, Procedures and Authorizations

2. Section 1944.158 is amended by revising paragraph (i) to read as follows:

§1944.158 Loan and grant purposes. *

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*

(i) Provide loan/grant funds to enable a nonprofit group or public body to be reimbursed for technical assistance received from a nonprofit organization, with housing and/or community development experience, to assist the nonprofit applicant entity in the development and packaging of its loan/ grant docket and project.

(1) Loan and grant funds may also be used to reimburse any appropriate and necessary legal, architectural, engineering, technical, and professional fees.

(2) Costs incurred by the nonprofit applicant entity for development and packaging of its own loan/grant docket and project may also be reimbursed. Any costs incurred by the entity for its own formation and incorporation are not reimbursable.

(3) The amount to be reimbursed for developing and packaging the loan/ grant docket and project are limited by the total development cost (excluding initial operating and capital expenses). Reimbursed costs may range from 2 to 4 percent of total development costs and should reflect costs that are reasonable and typical for the area. In no case will the Agency reimburse in excess of 4 percent.

(4) The packaging costs are not required to be considered a part of the security value of the project.

(5) Related project costs as listed in §1944.169 of this subpart are not included as a part of the costs for

development and packaging of the loan/ grant docket and project.

3. Exhibit A to subpart D is amended by adding a new paragraph immediately following the first undesignated paragraph to read as follows:

Exhibit A—Labor Housing Loan and **Grant Application Handbook**

*

*

Introduction

* Payments for technical assistance incurred by a nonprofit group or public body applicant entity for developing and packaging an application will be reimbursed with loan and grant funds. If the services are performed, the proceeds will be limited and must be documented. The reimbursable costs should be negotiated and approved by the Agency in advance of the applicant entity's process of packaging and developing a preapplication. Based upon what is typical in the area, the Agency will respond in writing approving the packaging plan and a range of costs in advance.

4. Exhibit A-1 to subpart D is amended in the first sentence of paragraph II D. by revising the reference Subpart A of Part 1804 of this chapter (FmHA Instruction 1924-A)" to read "subpart A of part 1924 of this chapter" and by revising paragraph II. E. to read as follows:

Exhibit A-1—Information to be Submitted by Organizations and **Associations of Farmers for Labor Housing Loan or Grant**

*

II. * * *

E. A detailed cost breakdown of the project for items such as land purchase, right-ofways, building construction, equipment, utility connections, on-site improvements, architectural and/or engineering services, and legal services. Also, if applicable, the cost breakdown should include the costs incurred for the development and packaging of its own application. These costs may range from 2 to 4 percent of total development cost (excluding initial operating and capital expenses) and should reflect costs that are reasonable and typical for the area. Costs in excess of 4 percent will not be reimbursed. The cost breakdown should itemize labor and material unit costs. If an LH grant is proposed, construction will be subject to the provisions of the Davis-Bacon Act. LH grant applicants should, therefore, obtain a copy of Subpart D of Part 1901 of this chapter which explains the Davis-Bacon requirements.

Dated: December 29, 1994.

Michael V. Dunn,

Acting Under Secretary for Rural Economic and Community Development. [FR Doc. 95-1420 Filed 1-19-95; 8:45 am] BILLING CODE 3410-07-U