dispense with its environmental responsibilities.

5. The Public Housing Agency of Saint Paul, Minnesota (Saint Paul Housing Agency) suggested that instead of approving a separate homeownership demonstration program, HUD should develop various alternative programs to be approved and administered under the Section 5(h) regulations. According to the Saint Paul Housing Agency, one such alternative could be this Omaha Demonstration Program, with its mandate to affirmatively further fair housing objectives. A second such alternative could be the program that the Saint Paul Housing Agency has developed, which provides for homeownership through a lease/ purchase contract with financial assistance. A third such alternative could be a program geared toward a metropolitan area and its special needs for affordable housing solutions. The Saint Paul Housing Authority remarked that by providing different variations of homeownership programs, HUD would allow housing agencies discretion to implement a program to meet local needs while staying within the Section 5(h) guidelines.

HUD Response: HUD agrees that the Section 5(h) program should accommodate many different models and has striven to preserve such flexibility in the recently published final Section 5(h) rule. HUD did not initiate the Omaha demonstration program. The primary innovation permitted by the Omaha demonstration that could not be accommodated by the existing Section 5(h) program is the wide discretion granted to the Omaha Housing Authority to select who is eligible to participate in the program. In most other respects, the Omaha Demonstration Program closely parallels the Section 5(h) program.

III. Other Matters

National Environmental Policy Act

At the time of the development of the interim rule, a Finding of No Significant Impact with respect to the environment was made in accordance with HUD regulations at 24 CFR part 50, implementing section 102(2)(C) of the National Environmental Policy Act of 1969, 42 U.S.C. 4332. That Finding remains applicable to this final rule, and is available for public inspection and copying between 7:30 a.m. and 5:30 p.m. weekdays at the Office of Rules Docket Clerk, 451 Seventh Street SW., Room 10276, Washington, DC 20410– 0500.

Regulatory Flexibility Act

The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed this rule before publication, and by approving it certified that this rule does not have a significant economic impact on a substantial number of small entities. This rule is limited in scope to Omaha, Nebraska.

Executive Order 12606, The Family

The General Counsel, as the Designated Official under Executive Order 12606, The Family, has determined that this rule does not have potential for significant impact on family formation, maintenance, or general well-being, except to the extent that the program authorized by the rule increases homeownership opportunities for low-income families in Omaha, Nebraska. Any such impact is beneficial and merits no further review under the Order.

Executive Order 12611, Federalism

The General Counsel, as the Designated Official under section 6(a) of Executive Order 12611, Federalism, has determined that the policies contained in this rule will not have substantial direct effects on States or their political subdivisions, or the relationship between the Federal Government and the States, or on the distribution of power and responsibilities among the various levels of government. As a result, this rule is not subject to review under the order.

Semi-Annual Agenda of Regulations

This rule was listed as sequence number 1895 in HUD's Semiannual Agenda of Regulations published on November 14, 1994 (59 FR 57632, 57673) under Executive Order 12886 and the Regulatory Flexibility Act.

List of Subjects in 24 CFR Part 907

Low and moderate income housing, Public housing, Reporting and recordkeeping requirements.

Accordingly, the interim rule, which amended title 24 of the Code of Federal Regulations by adding a new part 907 to chapter IX, and which was published in the **Federal Register** on January 24, 1994 (59 FR 3626), is adopted as a final rule with the following changes:

PART 907—HOMEOWNERSHIP DEMONSTRATION PROGRAM

1. The authority citation for part 907 continues to read as follows:

Authority: 42 U.S.C. 3535(d); sec. 132, Pub. L. 102–550, 106 Stat. 3712–3713.

§907.1 [Amended]

2. Section 907.1 is amended by removing the paragraph designation and the paragraph heading for paragraph (a), and by removing paragraph (b).

§907.5 [Amended]

3. Section 907.5 is amended by removing the paragraph designation and the paragraph heading for paragraph (a), and by removing paragraph (b).

§907.6 [Amended]

4. In § 907.6, paragraph (b) is amended by removing from the middle of sentence three that begins with "The Housing Authority prior * * *", the phrase "and that the property has passed recent fire and other applicable safety inspections conducted by appropriate local officials".

5. Section 907.8 is amended by revising the first sentence in the introductory text of paragraph (c), and by revising paragraph (d), to read as follows:

§ 907.8 Purchaser eligibility and selection.

(c) Homebuyer eligibility. Eligibility shall be limited to residents and applicants for public housing, who are capable of assuming the financial obligations of homeownership under minimum income standards for affordability, taking into account the unavailability of public housing operating subsidies and modernization funds after conveyance of the property by the Housing Authority. * * *

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(d) Procedures/Affirmative Fair Housing Marketing Strategy. The Housing Authority must establish written equitable procedures for identifying and selecting eligible families to participate in the homeownership program. The Housing Authority must have an affirmative fair housing marketing strategy that applies whenever homeownership opportunities are made available to other than current residents of the property. Selections made from the Housing Authority's waiting list for the homeownership program must be in a nondiscriminatory manner in accordance with preferences as submitted by the Housing Authority and approved by HUD.

* * * * * * Dated: January 12, 1995.

Henry G. Cisneros,

Secretary.

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