

Regulations (14 CFR 39.13) is amended by adding the following new AD.

Wytornia Sprzetu Komunikacyjnego, PZL-MIELEC: Applies to Model PZL M18 (Serial Nos. 12001-01 through 12001-05, 12001-08 through 12001-10, 12002-01 through 12002-05, 12003-01, through 12003-10, 12004-01 through 12004-10, and 12005-01 through 12005-14) airplanes certificated in any category.

Compliance: Required as indicated, unless already accomplished. Within the next 50 hours time-in-service after the effective date of this AD accomplish the following:

(a) To prevent inflight engine shutdown due to unmonitored fuel transfer between tanks, install non-return (check) valves Part Number (P/N) D61.170.00.G, install a second fuel quantity gauge, P/N 64126 or 6246-8, and install fuel filler placards in accordance with procedures III. A., III. B. and III. H. of Mandatory Bulletin I/009/81 and ERRATA sheet.

NOTE: The modifications required by paragraph (a) have been accomplished by the manufacturer on aircraft Serial Numbers 12001-02, 12004-02, 12004-05, 12004-06 and 12004-10.

(b) To eliminate mechanical linkage interference in the power controls, inspect the support tube (P/N D65.250.00.2) installation to assure that the propeller governor push rod to carburetor orifice and carburetor (R.P.M.) adjustment levers clearance is as prescribed in procedures III. D. Mandatory Bulletin I/009/81. If clearance is insufficient, readjust support tube and modify the carburetor orifice as prescribed to meet the clearances specified in procedures III. D.

(c) To eliminate a possible source of head injury to the pilot during a hard landing, replace the sunlight filter position adjustment butterfly nut, P/N 1414s49-8-ka, with ball knob, P/N D74.280.00.0 as prescribed in procedures III. F. of Mandatory Bulletin I/009/81.

(d) Airplanes may be flown in accordance with FAR 21.197 to a location where this AD may be accomplished.

(e) An equivalent means of compliance with this AD may be used if approved by the Manager, Aircraft Certification Staff, AEU-100, Europe, Africa, and Middle East Office, c/o American Embassy, 1000 Brussels, Belgium.

This amendment becomes effective on April 4, 1983.

(Secs. 313(a), 601 and 603 of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1354(a), 1421 and 1423); Sec. 6(c) Department of Transportation Act (49 U.S.C. 1655(c)); § 11.89 of the Federal Aviation Regulations (14 CFR § 11.89)).

Note: The FAA has determined that this regulation is an emergency regulation that is not major under Section 8 of Executive Order 12291. It is impracticable for the agency to follow the procedures of Order 12291 with respect to this rule since the rule must be issued immediately to correct an unsafe condition in aircraft. It has been further determined that this document involves an emergency regulation under DOT Regulatory Policies and Procedures (44 FR 11034;

February 26, 1979). If this action is subsequently determined to involve a significant regulation, a final regulatory evaluation or analysis, as appropriate, will be prepared and placed in the regulatory docket (otherwise, an evaluation is not required). A copy of it, when filed, may be obtained by contacting the Rules Docket under the caption "ADDRESSES" at the location identified.

Issued in Kansas City, Missouri, on March 15, 1983.

John E. Shaw,

Acting Director, Central Region.

[FR Doc. 83-7853 Filed 3-25-83; 8:45 am]

BILLING CODE 4910-13-M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 240

[Release Nos. 33-6441A, 34-19290A, 40-12865A, File No. S7-939]

Disclosure of Certain Relationships and Transactions Involving Management; Correction

AGENCY: Securities and Exchange Commission.

ACTION: Final rules; correction.

SUMMARY: This document corrects a final rule amendment, concerning disclosure of directors and nominees for director, that was made in connection with the adoption of new Item 404 of Regulation S-K regarding management relationships and transactions. The amendment appeared at page 55668 of the Federal Register on Monday, December 13, 1982, FR Doc. 82-33628. This action is necessary to correct the amendatory language to conform with changes in the text of the Regulation.

DATES: Item 404 and the coordinating amendments are effective for all documents filed on or after July 1, 1983. Registrants, however, may comply with the provisions prior to that date if they comply with all applicable provisions upon the election to do so and in any subsequent filings.

FOR FURTHER INFORMATION CONTACT: Prior to the effective date, contact Susan P. Davis, (202) 272-2589, Office of Disclosure Policy, Division of Corporation Finance, Securities and Exchange Commission, 450 5th Street, NW., Washington, D.C. 20549. After the effective date, contact John J. Gorman, (202) 272-2573, Office of Chief Counsel, Division of Corporation Finance, Securities and Exchange Commission, 450 5th Street, NW., Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION: On page

55668, column one, the amendatory language for number 7 is corrected to read as follows:

"7. By removing paragraphs (b)(3) through (b)(7) and the note to paragraph (b)(7) and by revising the introductory text and paragraphs (b)(1) and (b)(2) of Item 6 of § 240.14a-101 to read as follows:"

Dated: March 22, 1983.

George A. Fitzsimmons,
Secretary.

[FR Doc. 83-7878 Filed 3-25-83; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Part 282

[Docket No. RM79-14]

Incremental Pricing Regulations Implementing the Incremental Pricing Provision of the Natural Gas Policy Act of 1978; OPR of Publication of Incremental Pricing Acquisition Cost Thresholds Under Title II of the NGPA

AGENCY: Federal Energy Regulatory Commission, DOE.

ACTION: Order Prescribing Incremental Pricing Thresholds.

SUMMARY: The Director of the Office of Pipeline and Producer Regulation is issuing the incremental pricing acquisition cost thresholds prescribed by Title II of the Natural Gas Policy Act and 18 CFR 282.304. The Act requires the Commission to compute and publish the threshold prices before the beginning of each month for which the figures apply. Any cost of natural gas above the applicable threshold is considered to be an incremental gas cost subject to incremental pricing surcharging.

EFFECTIVE DATE: April 1, 1983.

FOR FURTHER INFORMATION CONTACT: Kenneth A. Williams, Federal Energy Regulatory Commission, 825 N. Capitol Street NE., Washington, D.C. 20426, (202) 357-8500.

SUPPLEMENTARY INFORMATION: Issued: March 22, 1983.

Section 203 of the NGPA requires that the Commission compute and make available incremental pricing acquisition cost threshold prices prescribed in Title II before the beginning of any month for which such figures apply.

Pursuant to that mandate and pursuant to § 375.307(1) of the

Commission's regulations, delegating the publication of such prices to the Director of the Office of Pipeline and Producer Regulation, the incremental pricing

acquisition cost threshold prices for the month of April 1983 is issued by the publication of a price table for the applicable month.

List of Subjects in 18 CFR Part 282

Natural gas.
Kenneth A. Williams,
Director, Office of Pipeline and Producer Regulation.

TABLE I.—INCREMENTAL PRICING ACQUISITION COST THRESHOLD PRICES

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Calendar Year 1980												
Incremental Pricing Threshold	\$1.702	\$1.738	\$1.750	\$1.762	\$1.776	\$1.790	\$1.804	\$1.819	\$1.834	\$1.849	\$1.863	\$1.877
NGPA Section 102 Threshold	2.958	2.981	2.404	2.428	2.453	2.478	2.504	2.532	2.560	2.588	2.614	2.640
NGPA Section 109 Threshold	1.786	1.799	1.812	1.825	1.839	1.853	1.867	1.883	1.899	1.915	1.929	1.943
130% of No. 2 Fuel Oil in New York City Threshold	7.170	7.260	7.410	7.110	7.380	8.040	7.840	7.380	7.400	7.400	7.450	7.580
Calendar Year 1981												
Incremental Pricing Threshold	\$1.891	\$1.908	\$1.925	\$1.942	\$1.954	\$1.967	\$1.980	\$1.990	\$2.000	\$2.010	\$2.025	\$2.041
NGPA Section 102 Threshold	2.667	2.698	2.729	2.761	2.787	2.813	2.840	2.863	2.886	2.909	2.940	2.971
NGPA Section 109 Threshold	1.957	1.975	1.993	2.011	2.024	2.037	2.050	2.060	2.070	2.080	2.096	2.112
130% of No. 2 Fuel Oil in New York City Threshold	7.610	7.760	8.260	9.010	9.510	9.430	9.360	9.260	8.860	8.700	8.930	8.960
Calendar Year 1982												
Incremental Pricing Threshold	\$2.057	\$2.071	\$2.085	\$2.099	\$2.106	\$2.113	\$2.120	\$2.129	\$2.139	\$2.149	\$2.159	\$2.169
NGPA Section 102 Threshold	3.003	3.033	3.063	3.093	3.112	3.132	3.152	3.176	3.200	3.224	3.249	3.274
NGPA Section 109 Threshold	2.128	2.143	2.158	2.173	2.180	2.187	2.194	2.204	2.214	2.224	2.234	2.244
130% of No. 2 Fuel Oil in New York City Threshold	9.180	9.340	9.470	9.340	9.280	8.000	8.170	8.670	8.660	8.950	8.640	8.890
Calendar Year 1983												
Incremental Pricing Threshold	\$2.179	\$2.187	\$2.195	\$2.203								
NGPA Section 102 Threshold	3.299	3.321	3.344	3.367								
NGPA Section 109 Threshold	2.254	2.262	2.270	2.278								
130% of No. 2 Fuel Oil in New York City Threshold	9.420	9.320	8.620	8.120								

[PR Dec. 83-7786 Filed 3-25-83; 8:45 am]

BILLING CODE 6717-01-M

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Assistant Secretary for Housing—Federal Housing Commissioner

24 CFR Parts 880, 881, 883, 884 and 886

[Docket No. R-83-1040]

Section 8 Housing Assistance Payments Programs for New Construction and Substantial Rehabilitation

AGENCY: Office of Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

ACTION: Interim rule and request for comments.

SUMMARY: This interim rule implements certain provisions in the Housing and Community Development Amendments of 1981 which change the Section 8 Housing Assistance Payments Programs for New Construction and Substantial Rehabilitation. This rule (1) extends assistance to substantially rehabilitated single-room occupancy (SRO) housing, (2) provides assistance for a family residing in a manufactured home (space rental or rental of space and

manufactured home), (3) provides for limitations on cost and rent increases after selection of a Section 8 new construction or substantial rehabilitation proposal, (4) states new requirements to the effect that Section 8 new construction must be modestly designed, and (5) establishes a preference for locating Section 8 new construction projects on land provided by States or units of local government. The rule also provides for a minimum contract term of 20 years for Section 8, new or substantially rehabilitated housing assistance payments contracts. **DATES:** Effective upon expiration of the first period of 30 calendar days of continuous session of Congress after publication, subject to waiver, but not before further notice of the effective date is published in the Federal Register.

Comment due date: May 27, 1983.

ADDRESS: Interested persons are invited to submit comments to the Rules Docket Clerk, Office of General Counsel, Room 10278, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, D.C. 20410. Each comment should include the commenter's name and address and must refer to the docket number indicated in the heading of this rule. A copy of each comment will be available

for public inspection during regular business hours at the above address.

FOR FURTHER INFORMATION CONTACT: James Hamernick, Director, Office of Multifamily Housing Development, Telephone: (202) 755-5720 or (with respect to Part 883) Steven Silvert, Acting Director, Office of State Agency and Bond Financed Programs, Telephone: (202) 755-8135. (These are not toll-free numbers.)

SUPPLEMENTARY INFORMATION: The major amendments implemented in this rule were included in the Housing and Community Development (HCD) Amendments of 1981 (Title III, Subtitle A, Omnibus Budget Reconciliation Act of 1981 (Pub. L. 97-35)).

Single-Room Occupancy (SRO) Housing

Section 324(3) of the HCD Amendments of 1981 added a new section 8(n) to the U.S. Housing Act of 1937 expressly authorizing the Secretary of HUD to provide Section 8 assistance for substantially or moderately rehabilitated single-room occupancy (SRO) housing (i.e., residential properties in which some or all of the dwelling units do not contain bathroom or kitchen facilities). This authority can only be used if (a) the housing is located in an area in which there is a significant

demand for these units, as determined by the Secretary, and (b) the unit of general local government and the local PHA for the area in which the housing is located approve of the units being used for that purpose.

An interim rule implementing this authority with respect to moderate rehabilitation was published in the Federal Register on August 9, 1982 (47 FR 34376), and became effective September 28, 1982. The present rule would provide comparable authority for substantial rehabilitation under 24 CFR Parts 881 and 883.

The rule amends §§ 881.201 and 883.302 to define SRO housing as a unit for occupancy by a single eligible individual capable of independent living, which does not contain food preparation and/or sanitary facilities and which is located within a multifamily structure consisting of more than 12 units. This definition is designed to distinguish SRO housing from congregate housing and from independent group residences, which have supportive services standards. The rule revises §§ 881.202(c)(3) and 883.303(c)(3) to replace the current limitation on the use of SRO housing only for relocation purposes with the statutory limitations noted above. Also, the rule revises §§ 881.203(c)(3) and 883.304(c)(3) to specify that the Fair Market Rents for SRO units will be 75% of the FMR for 0-bedroom units of the same type, rather than 100% of the FMR as provided in the existing regulation. This change represents the amount the Department believes is needed for SRO housing (in light of the fact that SRO housing units do not contain private bathroom and/or kitchen facilities) and is consistent with the FMR ceiling set for moderately rehabilitated SROs.

The rule also amends §§ 880.202(c) and 884.110(a) to delete the eligibility of SRO housing under the Section 8 new construction programs carried out by the Department and by the Farmers Home Administration (FmHA), respectively. Currently, newly constructed SRO housing is eligible for Section 8 assistance if it is planned specifically as a relocation resource. The Department has found a demonstrated interest in some localities in providing SRO housing through the rehabilitation of existing residential hotels, rooming houses, etc., and there appears to be a sufficient number of such structures to rehabilitate for this purpose. Conversely, there appears to be no similar interest in the construction of new SRO housing units. Therefore, the Department has decided that SRO housing will be eligible for Section 8 assistance only in

substantially or moderately rehabilitated housing under the conditions established by the Congress in section 8(n).

With respect to SRO units assisted under the new statutory provisions, section 324(3) of the HCD Amendments of 1981 authorizes the Secretary to waive, in appropriate cases, both a statutory preference for single persons who are elderly, handicapped or displaced in determining priority for admission to Section 8 housing, and a 15 percent statutory limit on units under the jurisdiction of a public housing agency which are occupied by single persons who are not entitled to the statutory preference. This explicit waiver authority, coupled with the Department's general waiver authority contained in 24 CFR 899.101, will permit HUD to assure that current occupancy restrictions on single individuals not entitled to the statutory preference do not impede the purposes of the SRO authority. Accordingly, the Department has determined, consistent with the moderate rehabilitation interim rule, that this waiver authority need not be made explicit in the regulations. Field Office Managers may direct requests for waivers of 24 CFR Part 812 to the Assistant Secretary for Housing.

Cost and Rent Increases After Selection of Proposal

Section 324(3) of the HCD Amendments of 1981 added a new section 8(1) to the U.S. Housing Act of 1937. This new section establishes restrictions on approval of cost and rent increases in connection with newly constructed or substantially rehabilitated Section 8 projects. After selection of a proposal for such a project, the Secretary must limit cost or rent increases (except for adjustments in contract rent pursuant to section 8(c)(2)) to increases due to unforeseen factors beyond the owner's control, design changes required by the Secretary or the local government, or changes in financing approved by the Secretary.

These changes are implemented by amending 24 CFR Part 880 (for new construction), 24 CFR Part 881 (for substantial rehabilitation), 24 CFR Part 883 (for State agency new construction and substantial rehabilitation), and 24 CFR Part 884 (for the Section 8/FmHA new construction program).

Under existing regulations (§§ 880.204, 881.204, 883.305, and 884.107), contract rents for a project through cost certification must be within the applicable Fair Market Rent in effect at the time of the processing of the proposal, and must meet a "rent reasonableness" test. The rule retains

these requirements, but limits increases in contract rents between proposal selection and cost certification to the statutory criteria. The present criteria for granting these increases are deleted §§ 880.403, 881.403, 883.408(d), and 884.211(c).

The rule provides an illustrative listing of the circumstances which may qualify as an "unforeseen factor" for purposes of the regulation. These are strikes, weather delays, delays caused by local government, circumstances under which substantial errors by HUD (or the State agency or FmHA, as appropriate) in the original processing would otherwise result in serious inequities, and acts of God. Given the fact that what may constitute an "unforeseen factor" will vary with the factual setting, the determination to permit a cost or rent increase on this ground will be made on a case-by-case basis.

Consistent with the statute, the rule limits increases in the estimated project replacement cost between proposal selection and cost certification to those meeting the statutory criteria (§§ 880.204(c)(6), 881.204(c)(6), 883.305(c)(5), and 884.107(c)). The rule also makes a conforming change to limit increases in project replacement cost stemming from relocation costs borne by the project owner to those within the statutory criteria (§§ 880.209(b)(8)(iv), 881.209(b)(8)(iv), and 883.311(b)(8)(iv)).

With respect to Subpart C of Part 886 (Section 8 Assistance for the Disposition of HUD-Owned Projects), the existing regulatory provisions, which are more restrictive than the statutory contract rent increase limitations, are retained. The only change is a clarifying amendment specifying that any increases in contract rents must be due to unforeseen factors which caused cost increases.

In accordance with section 371(b) of the HCD Amendments of 1981, the new limitations on cost and rent increases between selection of the project proposal and cost certification will not apply to any project for which the Agreement to Enter into a Housing Assistance Payments Contract was originally entered into before October 1, 1981. Thus, the limitation will not apply even if the Agreement was amended on or after October 1, 1981. These projects will be subject to the applicable requirements before the effective date of this rule. However, the limitation will apply to any project where the Agreement was entered into on or after October 1, 1981, whether or not the Housing Assistance Payments Contract

itself has been executed before the effective date of this rule.

Numerous technical amendments are made throughout this rule correcting obsolete cross references to the now-deleted §§ 880.403, 881.403, and 883.408(d), and making more exact references to the amended §§ 880.204(b), 881.204(b), 883.305 and 884.107.

Modest Design

Section 324(1) of the HCD Amendments of 1981 requires the Secretary to assure that newly constructed housing to be assisted under Section 8 is modest in design, in order to increase housing opportunities for very low-income families.

This provision is consistent with Departmental policy with respect to both newly constructed and substantially rehabilitated Section 8 housing. See, e.g., §§ 880.101(d) and 880.204(a) and (e) for new construction; §§ 881.101(d) and 881.204(a) and (e) for substantial rehabilitation; §§ 883.101(d) and 883.305(a) and (e) for State agencies. This rule amends §§ 880.204(e), 883.305(e) and 884.110 for the Section 8 new construction programs administered by HUD, the State agencies, and the Section 8 FmHA program. Consistent with the above-described departmental policy, the amended modest design requirements are also extended to Section 8 substantial rehabilitation (§ 881.204(e)).

The rule is intended to clarify and streamline the existing policy with respect to design and amenities in connection with new and substantially rehabilitated Section 8 housing. The rule reiterates that assisted housing must be modest in design. The existing regulations limit amenities to those which are "generally provided in unassisted housing of modest design." The rule would limit amenities to those which are "generally provided in unassisted, decent, safe and sanitary housing for lower income families." Since there is no necessary correlation between the design of a project and the types of amenities provided, the change is intended to make clear that the amenities which may be provided are limited to those generally available to the income population the Section 8 Program is designed to serve.

The rule also eliminates the maintenance of lists of acceptable amenities by field offices and guidance in the regulation as to what an acceptable amenity may be. Such guidance will be made available in HUD handbooks.

Finally, the rule retains the current exemption from the limitation on amenities for partially assisted projects,

and continues the current provision specifying that the use of more durable, high quality materials to control or reduce maintenance, repair and replacement costs will not be considered "excess amenities."

Preference for New Construction Sites Provided by State or Local Governments

Section 324(3) of the HCD Amendments of 1981 added a new subsection (m) to Section 8 of the U.S. Housing Act of 1937, which provides that, for the purpose of achieving the lowest cost in providing units in newly constructed projects, the Secretary shall give a preference in entering into Section 8 contracts to projects which are to be located on specific tracts of land provided by States or units of local government, if the Secretary determines that the tract of land is suitable for such housing, and that affording such preference will be cost effective. The Joint Explanatory Statement of the Committee of Conference on the HCD Amendments of 1981 states, with respect to this provision: "The Conferees wish to clarify that the intent of this provision is that, where projects are considered substantially equal in other respects, the Secretary should give a preference to projects on land provided by state or local government."

The rule amends § 880.306(b) (new construction), § 883.204(d) (State agency), and § 884.204 (Section 8/FmHA) to incorporate this statutory change into applicable procedures for ranking and selecting new construction proposals for processing and funding.

Manufactured Homes

Section 329H of the HCD Amendments of 1981 revised and expanded section 8(j) of the U.S. Housing Act of 1937, which deals with Section 8 assistance with respect to manufactured homes. Before enactment of the HCD Amendments of 1981, section 8(j) dealt only with the rental of a manufactured home space by the owner of the manufactured home, and provided a special statutory assistance formula for this case (differing from the standard Section 8 assistance formula). As a result of the HCD Amendments of 1981, section 8(j) provides for Section 8 assistance to (1) a manufactured home owner who rents the space (under section 8(j)(2)) and (2) for a family which rents both the manufactured home and the space on which the home is located (section 8(j)(3)). For rental of a space only by the owner of a manufactured home, the 1981 amendments do not make any substantive change in the assistance formula governing the amount of subsidy for the space. With

respect to assistance to a family renting the manufactured home and the space, section 8(j)(3) now provides for an assistance formula substantively identical to the standard Section 8 assistance computation independent of section 8(j).

The 1981 changes also clarify that assistance may be provided in existing, newly constructed or substantially rehabilitated manufactured home parks. In the case of a newly constructed or substantially rehabilitated park, the 1981 law provided that Section 8 assistance contracts entered into shall be for a term of not less than 240 months and not more than the maximum term for a manufactured home loan under section 2(b) of the National Housing Act. Finally, the 1981 law provided that the mortgage amount attributable to the rental spaces within the park may not exceed the limitation for manufactured home spaces contained in section 207(c)(3) of the National Housing Act, with such increases as are permitted by the Secretary under that section for high-cost areas.

A program-by-program description of the regulatory changes to implement the 1981 revisions follows.

Section 8 New Construction Program (Part 880). Under present Section 8 new construction regulations, HUD permits Section 8 assistance with respect to the rental of a "mobile home," consisting of the manufactured home and the space on which it is located (§ 880.202(c)). Assistance may not be provided, however, where a unit is occupied by an owner (§ 880.202(b)). Consequently, assistance only with respect to the space on which the home is located is not permitted. This rule adds a new § 880.202(j) and makes other appropriate amendments to also permit Section 8 assistance with respect to owners of manufactured homes who rent spaces in newly constructed manufactured home parks.

Section 8(j)(2)(B) of the United States Housing Act of 1937 specifies that the maximum monthly assistance payment for an owner of a manufactured home who rents the space upon which the home is located is the difference between the amount the family must contribute under section 3(a) of the 1937 Act and the sum of:

(1) The monthly payment made by the family to amortize the cost of purchasing the home;

(2) The monthly utility payments made by the family subject to reasonable limitations prescribed by the Secretary; and

(3) The maximum monthly rent permitted for the space

In no case, however, may the assistance payment exceed the total amount of the rent for the space.

The rule implements these provisions by modifying the definitions of "Contract Rent", "Housing Assistance Payment", and "Total Housing Expense" contained in § 880.201 as follows:

— "Contract Rent" is defined, in the case of the rental of only a manufactured home space, as the total rent specified in the contract as payable by HUD and the tenant to the owner for rental of the space, including fees or charges for management and maintenance services with respect to the space, but excluding utility charges for the home.

— "Housing Assistance Payment" is the difference between total housing expense and the family contribution. This definition is modified to specify that the assistance payment for rental of only a manufactured home space may not exceed the contract rent for the space.

— "Total Housing Expense" is defined, in the case of rental of only a manufactured home space, to include the family's monthly payment to amortize the purchase price for the manufactured home, in addition to the space rental and allowance for utilities.

The rule also amends the definition of "Fair Market Rent" to provide that, in the case of a manufactured home space, the FMR is HUD's determination of the rents that would be required to obtain, in a particular market area, privately developed and owned spaces of modest design in newly constructed manufactured home parks, including maintenance and management services with respect to the space, but excluding utility charges for the manufactured home.

A conforming change is also made to the definition of "Tenant Rent".

As noted above, the rule limits assistance to units in newly constructed manufactured home parks, and does not extend to assistance for units outside of parks. This is consonant with the project focus of the Section 8 new construction program.

Section 880.203 is amended to establish the Fair Market Rents for manufactured home spaces at 125 percent of the FMR for Section 8 Existing manufactured home spaces. HUD already has experience establishing Fair Market Rents with respect to manufactured home spaces under the Section 8 Existing Program. Therefore, the Department has decided to use these rents as a basis for determining FMRs under the new construction program. This provision

also deletes as unnecessary § 880.203(d), which provided for the establishment of FMRs for manufactured homes only upon application.

Section 880.204(b), which relates to limitations on contract rents (amended as discussed above) is further amended by adding a new provision limiting approval of exception rents in excess of FMR to 110 percent of the applicable Fair Market Rent in the case of the rental of only a manufactured home space. This complies with section 8(j)(2)(A) of the U.S. Housing Act of 1937. A parallel amendment is made to the "rent reasonableness" provision of § 880.204(b) permitting contract rents to exceed those determined by market comparison by only 10 percent in the case of space rentals only.

In § 880.208, relating to the financing of Section 8 projects, a new provision is added to limit the principal amount of any mortgage attributable to the rental spaces in a manufactured home park to an amount per space determined in accordance with 24 CFR 207.33(b)—i.e., the FHA mortgage limits for manufactured home park spaces. This change implements section 8(j)(7) of the 1937 Act.

Finally, § 880.502, relating to the term of Section 8 contracts, is amended to specify that, for assisted units or spaces in newly constructed manufactured home parks, the term of the contract will be 20 years. This complies with section 8(j)(5) of the 1937 Act, which provides that the contract term, in the case of a newly constructed manufactured home park, shall be at least 20 years and not more than the maximum term of a manufactured home loan under section 2(b) of the National Housing Act. Although the section 2(b) statutory term is 23 years for multi-module manufactured homes, the Department has decided to set the term at 20 years, consistent with the existing Title I regulations for all manufactured homes.

Section 8 Substantial Rehabilitation Program (Part 881). As a matter of HUD policy, the current Section 8 substantial rehabilitation regulations do not permit assistance for manufactured homes or spaces under the substantial rehabilitation program. In response to enactment of the revised section 8(j), this rule amends the substantial rehabilitation regulations to permit Section 8 assistance with respect to the rental of spaces in substantially rehabilitated manufactured home parks where the family either (1) owns the manufactured home or (2) rents a new manufactured home and the space on which it is located (§ 881.202(i)). Consistent with past policy, the Department has decided not to extend

the program to manufactured homes requiring substantial rehabilitation.

The definitions of "Contract Rent", "Fair Market Rent", "Housing Assistance Payment", "Tenant Rent", and "Total Housing Expense" contained in § 881.201 of the regulations are modified in the same manner as was done in the new construction program. Sections 881.202 (relating to project eligibility), § 881.203 (relating to Fair Market Rents for manufactured home spaces), § 881.204 (relating to limitations on contract rents, replacement costs and amenities), § 881.208 (relating to project financing), and § 881.502 (relating to the term of the Housing Assistance Payments Contract) are also amended in the same manner as in comparable sections of the Section 8 new construction regulations.

Section 8 Assistance to State Housing Agencies (Part 883). Current regulations authorize assistance under the State agency new construction program for manufactured homes just as under Part 880. As with Part 881, there is currently no State Agency substantial rehabilitation program for manufactured homes. This rule brings authority under the State Agency regulation in line with that being provided with respect to manufactured homes and spaces under the Part 880 Section 8 new construction program, and under the Part 881 substantial rehabilitation program.

The definitions of "Contract Rent", "Fair Market Rent", "Housing Assistance Payment", "Tenant Rent", and "Total Housing Expense" contained in § 883.302 of the regulations are modified in the same manner as was done in the new construction and substantial rehabilitation programs. Sections 883.303 (relating to project eligibility), § 883.304 (relating to Fair Market Rents for manufactured home spaces), § 883.305 (relating to limitations on contract rents, replacement costs and amenities), § 883.307 (relating to project financing), and § 883.603 (relating to the term of the Housing Assistance Payments Contract) are also amended in the same manner as in comparable sections of the Section 8 new construction and substantial rehabilitation regulations.

Minimum Term of HAP Contracts

Also included in this rule are provisions implementing section 211(b) of the Housing and Community Development Amendments of 1979. That section amended section 8(e)(1) of the U.S. Housing Act of 1937 to prohibit the Secretary from contracting to make housing assistance payments with respect to a newly constructed or

substantially rehabilitated dwelling unit for a term of less than 20 years. The rule revises §§ 881.502 and 884.108 to implement this statutory provision.

Part 885 Regulations

There currently are no provisions in Part 885 of the CFR (Section 202 Loans for Housing for the Elderly or Handicapped Program) which directly implement the statutory provisions covered in this interim rule. The Department is preparing a regulation amending Part 885 which, among other matters, would incorporate these amendments and other statutory changes to Section 8 programs affected by the HCD Amendments of 1981.

Findings and Miscellaneous

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 of No Significant Impact is available for public inspection during regular business hours in the Office of the Rules Docket Clerk at the above address.

This rule does not constitute a "major rule" as that term is defined in Section 1(b) of Executive Order 12291 on Federal Regulation. Analysis of the rule indicates that it does not (1) have an annual effect on the economy of \$100 million or more; (2) cause a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or (3) have a significant adverse effect on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

Pursuant to the provisions of 5 U.S.C. 605(b) (the Regulatory Flexibility Act), the Undersigned hereby certifies that this rule would not have a significant economic impact on a substantial number of small entities. The changes made by this rule can be considered technical adjustments to the existing structure of the Section 8 program. They do not change the goals toward which program activities are directed and any effect on small entities should be minor and positive.

The Secretary has determined that notice and prior public procedure are impracticable and contrary to the public interest and that good cause exists for making this rule effective as soon after publication as possible. Publication of this rule carries out requirements

originally enacted by the Congress in 1979 and in 1981. Implementation of the rule will allow the Department to use more efficiently those Section 8 funds made available to HUD through the appropriation process. Savings can be effected through greater limitations on allowable contract rent increases, through provision of a preference for projects located on land provided by States and units of local government, and through a more effective limitation on amenities in approved projects. Issuance of an interim rule provides the most expedient route for implementation of these amendments, while allowing adequate opportunity for public comments. Comments are invited for a period of 60 days following this publication in the Federal Register and will be considered in the adoption of a final rule.

The Secretary also has determined that, for the reasons stated above, good cause exists for exempting this interim rule from the 30-day delay in effectiveness provided by the Administrative Procedure Act (5 U.S.C. 553(d)). However, Section 7(o)(3) of the Department of HUD Act (42 U.S.C. 3535(o)(3)) provides for a delay in effectiveness for a period of 30 calendar days of continuous session of Congress after publication, unless waived by the Chairmen and Ranking Minority Members of the Senate Committee on Banking, Housing and Urban Affairs and the House Committee on Banking, Finance, and Urban Affairs. At the time of publication of this interim rule, it is not known whether or when such waivers will be granted. When this is known, a notice stating the effective date of this rule will be published in the Federal Register.

Information collection requirements contained in this rule have been approved by the Office of Management and Budget under the provisions of the Paperwork Reduction Act of 1980 (Pub. L. 96-511) and have been assigned the following OMB control numbers: 2502-0029 (Application for Project Mortgage Insurance NH/ICF, FHA 2013); 2502-0118 (Previous Participation Certificate, HUD-2530); 2502-0124 (Application for Assignment of Portion of Set-Aside to Specific Project, HUD-52516); 2502-0182 (Housing Owner's Certification and Application for Housing Assistance, HUD-52670 and 52670(A)); 2502-0204 (Certification and Recertification of Tenant Eligibility, HUD 50059 and 50059(A)); 2502-0232 (Supplemental Application and Processing Forms, Housing for the Elderly or Handicapped, HUD-92013(E)); 2535-0027 (Affirmative Fair Housing Marketing Plan, HUD-935.2).

The Catalog of Federal Domestic Assistance program number is 14.156.

This rule is listed at 47 FR 48425 as items H-130-82, H-131-82 and H-133-82 in the Department's Semiannual Agenda of Regulations published on October 28, 1982 pursuant to Executive Order 12291 and the Regulatory Flexibility Act.

List of Subjects

24 CFR Parts 880 and 881

Grant programs—Housing and community development, Rent subsidies, Low and moderate income housing.

24 CFR Part 883

Grant programs—Housing and community development, Rent subsidies, New construction and substantial rehabilitation.

24 CFR Part 884

Grant programs—Housing and community development, Rent subsidies, Rural areas, Low and moderate income housing.

24 CFR Part 886

Grant programs—Housing and community development, Housing assistance payments, Lower income housing.

Accordingly, 24 CFR Parts 880, 881, 883, 884 and 886 are amended as follows:

PART 880—SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM FOR NEW CONSTRUCTION

1. Section 880.103 is amended by revising paragraph (a) to read as follows:

§ 880.103 Construction and management.

(a) *Construction.* Construction of the project is carried out in conformance with the Agreement. Increases in contract rents are permitted with HUD approval during construction only for the reasons specified in § 880.204(b)(2). The project will be accepted by HUD and a Contract executed upon completion in accordance with the Agreement. These provisions are contained in Subpart D, §§ 880.401 through 880.404.

2. Section 880.201 is amended by revising the definitions of Contract Rent, Fair Market Rent, Housing Assistance Payment, Tenant Rent and Total Housing Expense to read as follows:

§ 880.201 Definitions.

Contract Rent. The total amount of rent specified in the Contract as payable by HUD and the tenant to the owner for an assisted unit. In the case of the rental of only a manufactured home space, "contract rent" is the total rent specified in the Contract as payable by HUD and the tenant to the owner for rental of the space, including fees or charges for management and maintenance services with respect to the space, but excluding utility charges for the manufactured home.

Fair Market Rent. HUD's determination of the rents, including utilities (except telephone), ranges and refrigerators, parking, and all maintenance, management and other essential housing services, which would be required to obtain, in a particular market area, privately developed and owned, newly constructed rental housing of modest design with suitable amenities. In the case of manufactured home spaces, Fair Market Rent is HUD's determination of the rents that would be required to obtain, in a particular market area, privately developed and owned spaces of modest design in newly constructed manufactured home parks, including maintenance and management services with respect to the space, but excluding utility charges for the manufactured home.

Housing Assistance Payment. The payment made by the contract administrator to the owner of an assisted unit as provided in the Contract. The payment is the difference between the total housing expense and the total family contribution. However, for rental of only a manufactured home space as provided in § 880.202(j), the payment may not exceed the contract rent for the space. A housing assistance payment, known as a "vacancy payment", is made to the owner when an assisted unit is vacant. Except in the case of a family renting only a manufactured home space, a payment may be made to the family when the utility allowance is greater than the total family contribution.

Tenant Rent. The portion of the contract rent payable directly to the owner by an eligible family occupying an assisted unit. Except in the case of a family renting only a manufactured home space, tenant rent equals the total family contribution less any utility allowance.

Total Housing Expense. The total monthly cost of housing an eligible family, which is the sum of the contract

rent and any utility allowance for the assisted unit occupied by the family. In the case of rental of only a manufactured home space, total housing expense also includes the family's monthly payment to amortize the purchase price of the manufactured home.

3. Section 880.202 is amended by revising paragraphs (b) and (c), and by adding a new paragraph (j) at the end thereof, to read as follows:

§ 880.202 Project eligibility.

(b) The Section 8 new construction program is for rental housing only. Cooperatives are considered rental housing rather than owner-occupied housing for purposes of this part. No assistance will be provided for any unit occupied by an owner, except as provided in paragraph (j).

(c) The types of new construction rental housing which can be assisted under this part include: (1) Single-family houses, manufactured homes (as provided in paragraph (j) of this section) and multifamily structures; and (2) housing designed for the elderly, disabled or handicapped.

(j) Units in newly constructed manufactured home parks are eligible for assistance under this part. Such assistance may be provided with respect to the rental of a new manufactured home and the space on which it is located, or, where a manufactured home is owned by an eligible family, with respect to the rental of the space alone (including a space in a cooperative).

4. Section 880.203 is amended by removing paragraph (d), redesignating paragraph (e) as paragraph (d), and by revising paragraphs (a) and (c) to read as follows:

§ 880.203 Fair market rents.

(a) Fair Market Rents are HUD's determination of the rents, including utilities (except telephone), ranges and refrigerators, parking, and all maintenance, management and other essential housing services, which would be required to obtain, in a particular market area, privately developed and owned, newly constructed rental housing of modest design with suitable amenities. In the case of manufactured home spaces, Fair Market Rent is HUD's determination of the rents that would be required to obtain, in a particular market area, privately developed and owned spaces of modest design in newly constructed manufactured home parks, including maintenance and management services with respect to the

space, but excluding utility charges for the manufactured home.

(c) The Fair Market Rents for (1) dwelling units designed for the elderly, disabled or handicapped are those for the appropriate size units, not to exceed 2-bedrooms for the elderly, multiplied by 1.05, (2) congregate housing dwelling units are the same as for non-congregate units, and (3) manufactured home spaces are 125 percent of the Fair Market Rents for Section 8 Existing manufactured home spaces.

5. Section 880.204 is amended by revising paragraphs (b) and (e), and by adding a new paragraph (c)(6) to read as follows:

§ 880.204 Limitations on contract rents, replacement costs and amenities.

(b)(1) *Limitation on contract rents.* The contract rents for a project through cost certification at completion must be within both of the following limitations:

(i) *Fair market rent.* The contract rent plus any utility allowance for the unit must not exceed the Fair Market Rent in effect at the time of processing. The published Fair Market Rents will reflect a trended rent in order to allow for the period of construction as stated in the publication. If the scheduled construction time for a project is less, an appropriate reduction will be made in determining the approvable contract rent. The contract rent plus utility allowance may exceed the applicable Fair Market Rent under special circumstances or if needed to implement a local Housing Assistance Plan:

(A) By up to 10 percent with the approval of the HUD field office manager, or

(B) Except in the case of the rental of a manufactured home space only, by up to 20 percent with the approval of the HUD Assistant Secretary for Housing.

(ii) *Rent reasonableness.* The contract rent must be reasonable. Contract rents will be considered reasonable only under the following conditions:

(A) When HUD determines that the rents compare reasonably to or are below the rents of unassisted units of similar age, design and location which provide comparable amenities and services; or

(B) Rents may exceed those determined by market comparison by no more than 20 percent (10 percent for the rental of manufactured home spaces only) only in cases where warranted by cost and expense estimates provided by the owner at final proposal and cost

certification at completion, as specified in §§ 880.308 and 880.405; or

(C) For small projects and partially assisted projects, the rents may exceed the comparable rents by up to 10 percent without the cost justification set forth in paragraph (b)(1)(ii)(B) of this section.

(2) *Limitation on contract rent increases.* Between selection of the Preliminary Proposal and cost certification at completion, increases in contract rents may be made only with HUD approval within the Fair Market Rent and rent reasonableness limitations established pursuant to paragraph (b)(1), and only to reflect the amount necessary to cover:

(i) Design changes required by HUD or the State or local government;

(ii) Changes in financing approved by HUD; or

(iii) Unforeseen factors (e.g., strikes, weather delays, delays caused by local government, substantial errors by HUD in the original processing which would otherwise result in serious inequities, and acts of God) determined by HUD to be beyond the owner's control.

All requests for increases in contract rents under this paragraph (b)(2) shall be submitted to the field office for review as soon as the need for the increase becomes apparent. After cost certification at completion, contract rents may be increased only by adjustments in accordance with § 880.609. This paragraph does not apply to any project where the Agreement was entered into before October 1, 1981.

(c) * * *

(6) With respect to Agreements entered into on or after October 1, 1981, between selection of the Preliminary Proposal and cost certification at completion, increases in the HUD-approved estimate of project replacement cost are permitted only for one or more of the reasons specified in paragraph (b)(2) of this section.

(e) *Limitation on housing design and amenities.* Housing assisted under this part shall be modest in design. Amenities in projects assisted under this part (except partially assisted projects) will be limited to those amenities, as determined by HUD, which are generally provided in unassisted, decent, safe and sanitary housing for lower income families in the market area. The use of more durable, high-quality materials to control or reduce maintenance, repair and replacement costs will not be considered an excess amenity.

6. Section 880.208 is amended by adding a new paragraph (e) at the end thereof, to read as follows:

§ 880.208 Financing.

(e) *Financing of manufactured home parks.* In the case of a newly constructed manufactured home park, the principal amount of any mortgage attributable to the rental spaces in the park may not exceed an amount per space determined in accordance with § 207.33(b) of this Title.

7. Section 880.209 is amended by revising paragraph (b)(8)(iv) to read as follows:

§ 880.209 Relocation and land acquisition requirements.

(b) * * *

(8) * * *

(iv) Owners are responsible for assuring that payments and services required by this section are provided. Costs incurred by the owner in providing these services and payments may be included in project replacement cost, subject to § 880.204(c)(6), except that payments to tenants permanently relocated in accordance with paragraph (b)(8)(ii) of this section may not be so included.

8. Section 880.306 is amended by revising paragraph (b)(2) and the first sentence of paragraph (c)(3), to read as follows:

§ 880.306 Preliminary evaluation and technical processing.

(b) * * *

(2)(i) Preference points in selection of proposals for technical processing will be given to small projects and partially assisted projects (except partially assisted projects relying on financing available through the Government National Mortgage Association under the authority of Section 305 of the National Housing Act).

(ii) After the ranking of proposals in accordance with the preference points, if two or more projects are substantially equal in other respects, preference shall be given to a project involving land provided by a State or local government, if HUD determines that the land is suitable for the proposed housing and that affording such a preference will be cost effective.

(c) * * *

(3) The field office will evaluate proposed rents in accordance with § 880.204(b)(1)(ii).

7. Section 880.308 is amended by revising paragraph (a)(8) to read as follows:

§ 880.308 Contents of final proposal.

(a) * * *

(8) Cost estimates in the HUD prescribed form of the replacement cost, operating expenses, income, and debt service, sufficient to enable the field office to determine the cost justified rent, where required under § 880.204(b)(1)(ii). The replacement cost may include the cost to the owner of relocation (except for payments to tenants permanently relocated pursuant to § 880.209(b)(8)(ii)). The cost estimate must indicate and reflect any anticipated benefits from land write-down, tax abatement, favorable financing terms and similar savings.

10. Section 880.309 is amended by revising paragraph (a)(2) to read as follows:

§ 880.309 Review of final proposals.

(a) * * *

(2) The field office will review the projected replacement cost to assure compliance with the limitations of § 880.204(c) in effect at the time. The field office will also review the proposed rents to assure that the rents are within the limitations of § 880.204(b) and are cost justified, where required under § 880.204(b)(1)(ii) concerning reasonable rents. Cost justification at this stage will consist of review by the field office of the cost and expense estimates to determine whether the estimates justify a need for rents above comparable rents based on debt service calculation.

11. Section 880.401 is amended by revising paragraph (b) to read as follows:

§ 880.401 Timely performance of work.

(b) Extensions of the time may be granted for the reasons stated in the Agreement. However, contract rents will be increased only for the reasons stated in § 880.204(b)(2).

12. Section 880.405 is amended by revising paragraph (a)(3) to read as follows:

§ 880.405 Cost certification and adjustment of contract rents.

(a) * * *

(3) There will be no cost certification submission required for projects with rents that are equal to or less than comparable rents or for partially assisted projects or small projects except as required by § 880.204(b)(1)(ii); and

13. Section 880.502 is amended by revising the introductory language in paragraph (a), and all of paragraph (b), to read as follows:

§ 880.502 Term of contract.

(a) *Term (Except for Manufactured Home Parks).* The term of the contract will be as follows:

(b) *Term for Manufactured Home Parks.* For manufactured home units or spaces in newly constructed manufactured home parks, the term of the Contract will be 20 years.

14. Section 880.604 is revised to read as follows:

§ 880.604 Tenant rent.

The tenant rent is paid directly to the owner by the eligible family to whom an assisted unit is leased in partial payment of the contract rent. Except in the case of a family renting only a manufactured home space, it is equal to the family's total family contribution minus any utility allowance for the unit. If the family's total family contribution is less than the utility allowance for the unit which it occupies, the tenant rent payable by the family to the owner is zero.

§ 880.403—[Removed]

15. Section 880.403 is removed.

PART 881—SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM FOR SUBSTANTIAL REHABILITATION

16. Section 881.103 is amended by revising paragraph (a) to read as follows:

§ 881.103 Development and management.

(a) *Development.* Development of the project is carried out in conformance with the Agreement. Increases in contract rents are permitted with HUD approval during the rehabilitation period only for the reasons specified in § 881.204(b)(2). The project will be accepted by HUD and a Contract executed upon completion in accordance with the Agreement. These provisions are contained in Subpart D, §§ 881.401 through 882.404.

17. Section 881.201 is amended by (1) revising the definitions of Contract Rent, Fair Market Rent, Housing Assistance Payment, Tenant Rent and Total Housing Expense, and (2) adding a definition of Single Room Occupancy (SRO) Housing immediately following the definition of Secretary, to read as follows:

§ 881.201 Definitions

Contract Rent. The total amount of rent specified in the Contract as payable by HUD and the tenant to the owner for an assisted unit. In the case of the rental of only a manufactured home space, "contract rent" is the total rent specified in the Contract as payable by HUD and the tenant to the owner for rental of the space, including fees or charges for management and maintenance services with respect to the space, but excluding utility charges for the manufactured home.

Fair Market Rent. HUD's determination of the rents, including utilities (except telephone), ranges and refrigerators, parking, and all maintenance, management and other essential housing services, which would be required to obtain, in a particular market area, privately developed and owned, substantially rehabilitated rental housing of modest design with suitable amenities. In the case of manufactured home spaces, Fair Market Rent is HUD's determination of the rents that would be required to obtain, in a particular market area, privately developed and owned spaces of modest design in substantially rehabilitated manufactured home parks, including maintenance and management services with respect to the space, but excluding utility charges for the manufactured home.

Housing Assistance Payment. The payment made by the contract administrator to the owner of an assisted unit as provided in the Contract. The payment is the difference between the total housing expense and the total family contribution. However, for rental of only a manufactured home space as provided in §§ 881.202(i), the payment may not exceed the contract rent for the space. A housing assistance payment, known as a "vacancy payment", is made to the owner when an assisted unit is vacant. Except in the case of a family renting only a manufactured home space, a payment may be made to the family when the utility allowance is greater than the total family contribution.

Single Room Occupancy (SRO) Housing. A unit for occupancy by a single eligible individual capable of independent living, which does not contain food preparation and/or sanitary facilities and is located within a multifamily structure consisting of more than 12 units.

Tenant Rent. The portion of the contract rent payable directly to the owner by an eligible family occupying an assisted unit. Except in the case of a family renting only a manufactured home space, tenant rent equals the total family contribution less any utility allowance.

Total Housing Expense. The total monthly cost of housing an eligible family, which is the sum of the contract rent and any utility allowance for the assisted unit occupied by the family. In the case of rental of only a manufactured home space, total housing expense also includes the family's monthly payment to amortize the purchase price of the manufactured home.

18. Section 881.202 is amended by revising paragraphs (b) and (c), and by adding at the end thereof a new paragraph (i), to read as follows:

§ 881.202 Project eligibility.

(b) The Section 8 substantial rehabilitation program is for rental housing only. Cooperatives are considered rental housing rather than owner-occupied housing for purposes of this part. No assistance will be provided for any unit occupied by an owner, except as provided in paragraph (i).

(c) Various types of rental housing can be assisted under this part including: (1) Single-family houses, manufactured homes in accordance with paragraph (i) of this section, and multifamily structures; (2) housing designed for the elderly, disabled or handicapped; and (3) single room occupancy (SRO) housing if (i) the housing is located in an area in which there is a significant demand for such units, as determined by the HUD field office, and (ii) the PHA and the unit of general local government in which the housing is located approve of such units being utilized for such purpose.

(i) Units in substantially rehabilitated manufactured home parks are eligible for assistance under this part. Such assistance may be provided with respect to the rental of a new manufactured home and the space on which it is located, or, where a manufactured home is owned by an eligible family, with respect to the rental of the space alone (including a space in a cooperative).

19. Section 881.203 is amended by revising paragraphs (a) and (c) to read as follows:

§ 881.203 Fair market rents.

(a) Fair Market Rents are HUD's determinations of the rents, including utilities (except telephone), ranges and refrigerators, parking, and all maintenance, management and other essential housing services, which would be required to obtain, in a particular market area, privately developed and owned substantially rehabilitated rental housing of modest design with suitable amenities. In the case of manufactured home spaces, Fair Market Rent is HUD's determination of the rents that would be required to obtain, in a particular market area, privately developed and owned spaces of modest design in substantially rehabilitated manufactured home parks, including maintenance and management services with respect to the space, but excluding utility charges for the manufactured home.

(c) The Fair Market Rents for (1) dwelling units designed for the elderly, disabled or handicapped are those for the appropriate size units, not to exceed 2-bedrooms for the elderly, multiplied by 1.05, (2) congregate housing dwelling units are the same as for non-congregate units, (3) single room occupancy dwelling units are 75 percent of those for 0-bedroom units of the same type, and (4) manufactured home spaces are 125 percent of the Fair Market Rents for Section 8 Existing manufactured home spaces.

20. Section 881.204 is amended by revising paragraphs (b) and (e), and by adding a new paragraph (f) to paragraph (c)(6), to read as follows:

§ 881.204 Limitation on contract rents, replacement costs and amenities.

(b)(1) *Limitation on contract rents.* The contract rents for a project through cost certification at completion must be within both of the following limitations:

(i) *Fair market rent.* The contract rent plus any utility allowance for the unit must not exceed the Fair Market Rent in effect at the time of processing, except that for projects where the estimated cost of rehabilitation is less than 25 percent of the estimated value of the property after rehabilitation, the contract rent plus any utility allowance may not exceed 75 percent of the Fair Market Rent. The published Fair Market Rents will reflect a trended rent in order to allow for the period of rehabilitation work as stated in the publication. If the scheduled rehabilitation period for a project is less, an appropriate reduction will be made in determining the

approvable contract rent. The contract rent plus utility allowance may exceed the applicable Fair Market Rent or 75 percent thereof, under special circumstances or if needed to implement a local Housing Assistance Plan:

(A) By up to 10 percent with the approval of the HUD field office manager, or

(B) Except in the case of the rental of a manufactured home space only, by up to 20 percent with the approval of the HUD Assistant Secretary for Housing.

(ii) *Rent reasonableness.* The contract rent must be reasonable. Contract rents will be considered reasonable only under the following conditions:

(A) When HUD determines that the rents compare reasonably to or are below the rents of unassisted units of similar age, design and location which provide comparable amenities and services; or

(B) Rents may exceed those determined by market comparison by no more than 20 percent (10 percent for the rental of manufactured home spaces only) only in cases where warranted by cost and expense estimates provided by the owner at final proposal and cost certification at completion, as specified in §§ 881.308 and 881.405; or

(C) For small projects and partially assisted projects, the rents may exceed the comparable rents by up to 10 percent without the cost justification set forth in paragraph (b)(1)(ii)(B) of this section.

(2) *Limitation on contract rent increases.* Between selection of the Preliminary Proposal and cost certification at completion, increases in contract rents may be made only with HUD approval within the Fair Market Rent and rent reasonableness limitations established pursuant to paragraph (b)(1), and only to reflect the amount necessary to cover:

(i) Design changes required by HUD or the State or local government;

(ii) Changes in financing approved by HUD; or

(iii) Unforeseen factors (e.g., strikes, weather delays, delays caused by local government, substantial errors by HUD in the original processing which would otherwise result in serious inequities, and acts of God) determined by HUD to be beyond the owner's control.

All requests for increases in contract rents under this subparagraph (b)(2) shall be submitted to the field office for review as soon as the need for the increase becomes apparent. After cost certification at completion, contract rents may be increased only by adjustments in accordance with § 881.609. This paragraph does not apply

to any project where the Agreement was entered into before October 1, 1981.

(c) * * *

(6) With respect to Agreements entered into on or after October 1, 1981, between the selection of the Preliminary Proposal and cost certification at completion, increases in the HUD-approved estimate of project replacement cost are permitted only for one or more of the reasons specified in paragraph (b)(2) of this section.

(e) *Limitation on housing design and amenities.* Housing assisted under this part shall be modest in design. Amenities in projects assisted under this part (except partially assisted projects) will be limited to those amenities, as determined by HUD, which are generally provided in unassisted, decent, safe and sanitary housing for lower income families in the market area. The use of more durable, high-quality materials to control or reduce maintenance, repair and replacement costs will not be considered an excess amenity.

21. Section 881.208 is amended by adding a new paragraph (e), to read as follows:

§ 881.208 Financing.

(e) *Financing of manufactured home parks.* In the case of a substantially rehabilitated manufactured home park, the principal amount of any mortgage attributable to the rental spaces in the park may not exceed an amount per space determined in accordance with § 207.33(b) of this Title.

22. Section 881.209 is amended by revising paragraph (b)(8)(iv) to read as follows:

§ 881.209 Relocation and land acquisition requirements.

(b) * * *

(8) * * *

(iv) Owners are responsible for assuring that payments and services required by this section are provided. Costs incurred by the owner in providing these services and payments may be included in project replacement cost, subject to § 881.204 (c)(6), except that payments to tenants permanently relocated in accordance with paragraph (b)(8)(ii) of this section may not be so included.

23. Section 881.306 is amended by revising the first sentence of paragraph (c)(3) to read as follows:

§ 881.306 Preliminary evaluation and technical processing.

(c) * * *

(3) The field office will evaluate proposed rents in accordance with § 881.204 (b)(1)(ii).

24. Section 881.308 is amended by revising paragraph (a)(6) to read as follows:

§ 881.308 Contents of final proposal.

(a) * * *

(8) Cost estimates in the HUD prescribed form of the replacement cost, operating expenses, income, and debt service, sufficient to enable the field office to determine the cost justified rent, where required under § 881.204(b)(1)(ii). The replacement cost may include the cost to the owner of relocation (except for payments to tenants permanently relocated pursuant to § 881.209(b)(6)(ii)). The cost estimate must indicate and reflect any anticipated benefits from land write-down, tax abatement, favorable financing terms and similar savings.

25. Section 881.309 is amended by revising paragraph (a)(2) to read as follows:

§ 881.309 Review of final proposal.

(a) * * *

(2) The field office will review the projected replacement cost to assure compliance with the limitations of § 881.204(c) in effect at the time. The field office will also review the proposed rents to assure that the rents are within the limitations of § 881.204(b) and are cost justified, where required under § 881.204(b)(1)(ii) concerning reasonable rents. Cost justification at this stage will consist of review by the field office of the cost and expense estimates to determine whether the estimates justify a need for rents above comparable rents based on a debt service calculation.

26. Section 881.401 is amended by revising paragraph (b) to read as follows:

§ 881.401 Timely performance of work.

(b) * * *

(b) Extensions of the time may be granted for the reasons stated in the Agreement. However, contract rents will be increased only for the reasons stated in § 881.204(b)(2).

27. Section 881.405 is amended by revising paragraph (a)(3) to read as follows:

§ 881.405 Cost certification and adjustment of contract rents.

(a) * * *

(3) There will be no cost certification submission required for projects with rents that are equal to or less than comparable rents or for partially assisted projects or for small projects except as required by § 881.204(b)(1)(ii); and

28. Section 881.502 is revised to read as follows:

§ 881.502 Term of contract.

(a) *Term (Except for Manufactured Home Parks).* The term of the Contract will be as follows:

(1) Where the estimated cost of the rehabilitation is less than 25 percent of the estimated value of the project after completion of the rehabilitation, the contract will be for a term of 20 years for any dwelling unit.

(2) Where the estimated cost of rehabilitation is 25 percent or more of the estimated value of the project after completion of rehabilitation, the contract may be for a term which

(i) Will cover the longest term, but not less than 20 years, of a single credit instrument covering:

- (A) The cost of rehabilitation, or
- (B) The existing indebtedness, or
- (C) The cost of rehabilitation and the refinancing of the existing indebtedness, or

(D) The cost of rehabilitation and the acquisition of the property; and

(ii) For assisted units in a project financed with the aid of a loan insured or co-insured by the Federal government or a loan made, guaranteed or intended for purchase by the Federal government, will be 20 years for any dwelling unit; or

(iii) For units in a project financed other than as described in paragraph (a)(2)(ii) of this section will not exceed 30 years for any dwelling unit except that this limit will be 40 years if (A) the project is owned or financed by a loan or loan guarantee from a state or local agency, (B) the project is intended for occupancy by non-elderly families and (C) the project is located in an area designated by HUD as one requiring special financing assistance.

(b) *Term for manufactured home parks.* For manufactured home units or spaces in substantially rehabilitated manufactured home parks, the term of the Contract will be 20 years.

(c) *Staged projects.* If the project is completed in stages, the term of the Contract must relate separately to the units in each stage. The total Contract term for the units in all stages, beginning with the effective date of the Contract for the first stage, may not exceed the

overall maximum term allowable for any one unit under this section, plus two years.

29. Section 881.604 is revised to read as follows:

§ 881.604 Tenant rent.

The tenant rent is paid directly to the owner by the eligible family to whom an assisted unit is leased in partial payment of the contract rent. Except in the case of a family renting only a manufactured home space, it is equal to the family's total family contribution minus any utility allowance for the unit. If the family's total family contribution is less than the utility allowance for the unit which it occupies, the tenant rent payable by the family to the owner is zero.

30. Section 881.707 is amended by revising paragraphs (c)(2) and (c)(3) to read as follows:

§ 881.707 Submission, review and approval requirements for NSA proposals which are not HUD-insured and not State agency-financed.

(c) * * *

(2) The proposed Contract Rents plus any allowance for utilities and other services and the estimated replacement costs do not exceed the limitations of § 881.204 (b) and (c).

(3) The proposed Contract Rents are reasonable pursuant to § 881.204(b)(1)(ii).

§ 881.403 [Removed]

31. Section 881.403 is removed.

PART 883—SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM STATE HOUSING AGENCIES

32. Section 883.103 is amended by revising paragraph (a) to read as follows:

§ 883.103 Construction and management of new construction and substantial rehabilitation projects.

(a) *Construction.* Construction of the project is carried out in conformance with the Agreement approved by HUD. Increases in contract rents are permitted during construction for the reasons specified in § 883.305(b)(2). Upon completion in accordance with the Agreement, the project will be accepted by the Agency, which certifies to HUD that the project has been acceptably completed and a Contract executed. These provisions are contained in subpart D, §§ 883.407 through 883.410.

33. Section 883.204 is amended by revising paragraph (d) to read as follows:

§ 883.204 Set-asides.

(d) *Agency notification and selection requirements.* Promptly after the Agency receives notification of its set-aside from HUD, the Agency must make a public announcement that it has been allocated a set-aside, specify the amount of the set-aside by housing and household type, indicate where and when applications to the Agency for fund commitments may be submitted by owners, and indicate that the Agency's selection procedure is available upon request. The Agency must have a written procedure for open and competitive owner selection. Where new construction proposals are considered substantially equal in other respects, the Agency must give a preference in owner selection for projects involving land provided by a State or local government, if the Agency determines that the land is suitable for the proposed housing and that affording such a preference will be cost effective. The Agency must certify that these requirements have been met.

34. Section 883.302 is amended by (1) revising the definitions of Contract Rent, Fair Market Rent, Housing Assistance Payment, Tenant Rent and Total Housing Expense, and (2) adding a definition of Single Room Occupancy (SRO) Housing immediately following the definition of Secretary, to read as follows:

§ 883.302 Definitions.

Contract Rent. The total amount of rent specified in the Contract as payable by the Agency and the tenant to the owner for an assisted unit. In the case of the rental of only a manufactured home space, "contract rent" is the total rent specified in the Contract as payable by the Agency and the tenant to the owner for rental of the space, including fees or charges for management and maintenance services with respect to the space, but excluding utility charges for the manufactured home.

Fair Market Rent (FMR). HUD's determination of the rents, including utilities (except telephones), ranges and refrigerators, parking, and all maintenance, management and other essential housing services, which would be required to obtain, in a particular market area, privately developed and owned, newly constructed or substantially rehabilitated rental housing of modest design with suitable

amenities. In the case of manufactured home spaces, Fair Market Rent is HUD's determination of the rents that would be required to obtain, in a particular market area, privately developed and owned spaces of modest design in newly constructed or substantially rehabilitated manufactured home parks, including maintenance and management services with respect to the space, but excluding utility charges for the manufactured home.

Housing Assistance Payment. The payment made to the owner of an assisted unit by the State Agency as provided in the Contract. The payment is the difference between the total housing expense and the total family contribution. However, for rental of only a manufactured home space as provided in § 883.303(i), the payment may not exceed the contract rent for the space. A housing assistance payment, known as a "vacancy payment", is made to the owner when an assisted unit is vacant. Except in the case of a family renting only a manufactured home space, a payment may be made to the family when the utility allowance is greater than the total family contribution.

Single Room Occupancy (SRO) Housing. A unit for occupancy by a single eligible individual capable of independent living, which does not contain food preparation and/or sanitary facilities and is located within a multifamily structure consisting of more than 12 units.

Tenant Rent. The portion of the contract rent payable directly to the owner by an eligible family occupying an assisted unit. Except in the case of a family renting only a manufactured home space, tenant rent equals the total family contribution less any utility allowance.

Total Housing Expense. The total monthly cost of housing an eligible family, which is the sum of the contract rent and any utility allowance for the assisted unit occupied by the family. In the case of rental of only a manufactured home space, total housing expense also includes the family's monthly payment to amortize the purchase price of the manufactured home.

35. Section 883.303 is amended by revising paragraphs (b) and (c) and by adding a new paragraph (i), to read as follows:

§ 883.303 Project eligibility.

(b) The Section 8 program under this part is for rental housing only. Cooperatives are considered rental housing rather than owner-occupied housing for purposes of this part. No assistance will be provided for any unit occupied by an owner, except as provided in paragraph (i).

(c) The types of rental housing which can be assisted under this part include: (1) Single-family houses, manufactured homes in accordance with paragraph (i) of this section, and multifamily structures; (2) housing designed for the elderly, disabled or handicapped; and (3) substantially rehabilitated single room occupancy housing, if (i) the housing is located in an area in which there is a significant demand for such units, as determined by the HUD field office, and (ii) the PHA and the unit of general local government in which the housing is located approve of such units being utilized for such purpose.

(i) Units in newly constructed or substantially rehabilitated manufactured home parks are eligible for assistance under this part. Such assistance may be provided with respect to the rental of a new manufactured home and the space on which it is located or, where a manufactured home is owned by an eligible family, with respect to the rental of the space alone (including a space in a cooperative).

36. Section 883.304 is amended by removing paragraph (d) and redesignating paragraph (e) as paragraph (d), and by revising paragraph (a) and (c), to read as follows:

§ 883.304 Fair market rents.

(a) Fair Market Rents are HUD's determination of the rents, including utilities (except telephone), ranges and refrigerators, parking and all maintenance, management and other essential housing services, which would be required to obtain, in a particular market area, privately developed and owned rental housing of modest design with suitable amenities. In the case of manufactured home spaces, Fair Market Rent is HUD's determination of the rents that would be required to obtain, in a particular market area, privately developed and owned spaces of modest design in newly constructed or substantially rehabilitated manufactured home parks, including maintenance and management services with respect to the space, but excluding

utility charges for the manufacture home.

(c) The Fair Market Rents for (1) dwelling units designed for the elderly, disabled or handicapped are those for the appropriate size unit, not to exceed 2-bedrooms for the elderly, multiplied by 1.05, (2) congregate housing dwelling units are the same as for non-congregate units, (3) single room occupancy dwelling units are 75 percent of those for 0-bedroom units of the same type, and (4) manufactured home spaces are 125 percent of the Fair Market Rents for Section 8 Existing manufactured home spaces.

37. Section 883.305 is amended by revising paragraphs (b) and (e), and by adding a new (c)(5), to read as follows:

§ 883.305 Limitations on contract rents, replacement costs and amenities.

(b)(1) *Limitation on contract rents.* The contract rents for a project through cost certification at completion must be within both of the following limitations:

(i) *Fair market rent.* The contract rent (including a possible adjustment using the FCC) plus any utility allowance for the unit must not exceed the Fair Market Rent in effect at the time of processing. The published Fair Market Rents will reflect a trended rent in order to allow for the period of construction as stated in the publication. If the scheduled construction time for a project is less, an appropriate reduction will be made in determining the approvable contract rent. The contract rent plus utility allowance may exceed the applicable Fair Market Rent under special circumstances or if needed to implement a local Housing Assistance Plan:

(A) By up to 10 percent with the approval of the HUD field office manager, or

(B) Except in the case of the rental of a manufactured home space only, by up to 20 percent with the approval of the HUD Assistant Secretary for Housing.

(ii) *Rent reasonableness.* The contract rent must be reasonable. The HFA must certify to HUD that:

(A) The rents compare reasonably to or are below the rents of unassisted units of similar age, design and location which provide comparable amenities and services; or

(B) Any rents exceed those determined to compare reasonably do so by no more than 20 percent (10 percent for the rental of manufactured home spaces only), and are warranted by cost and expense estimates acceptable to the HFA and cost certification at completion, as specified in § 883.441; or

(C) For small projects and partially assisted projects, the rents exceed the rents for similar units by no more than 10 percent. Where rents exceed those determined to compare reasonably by more than 10 percent but no more than 20 percent, the cost justification set forth in paragraph (b)(1)(ii)(B) applies.

(2) *Limitation on contract rent increases.* HFA must certify that, between approval of the Proposal and cost certification at completion, increases in contract rents have been made only with HFA approval within the Fair Market Rent and rent reasonableness limitations established pursuant to paragraph (b)(1), and only to reflect the amount necessary to cover:

(i) Design changes required by HFA, HUD, or the State or local government;

(ii) Changes in financing approved by HFA; or

(iii) Unforeseen factors (e.g., strikes, weather delays, delays caused by local governments, substantial errors by HUD or the HFA in the original processing which would otherwise result in serious inequities, and acts of God) determined by the HFA to be beyond the owner's control.

After cost certifications at completion, contract rents may be increased only by adjustments in accordance with § 883.710. This paragraph (b)(2) does not apply to any project where the Agreement was entered into before October 1, 1981.

(c) * * *

(5) With respect to Agreements entered into on or after October 1, 1981, the HFA must certify to HUD that, between the approval of the Proposal and cost certification at completion, increases in the HFA-approved estimate of project replacement cost have been permitted only for one or more of the reasons specified in paragraph (b)(2) of this section.

* * * * *

(e) *Limitation on housing design and amenities.* Housing shall be modest in design. The HFA must certify that amenities in all new construction and substantial rehabilitation projects assisted under this part (except partially assisted projects) will be limited to those amenities, as determined by HUD and the HFA, which are generally provided in unassisted, decent, safe and sanitary housing for lower income families in the market area. The use of more durable, high-quality materials to control or reduce maintenance, repair and replacement costs will not be considered an excess amenity.

38. Section 883.307 is amended by adding a new paragraph (e), to read as follows:

§ 883.307 Financing.

* * * * *

(e) In the case of a newly constructed or substantially rehabilitated manufactured home park, the principal amount of any mortgage attributable to the rental spaces in the park may not exceed an amount per space determined in accordance with § 207.33(b) of this Title.

39. Section 883.311 is amended by revising paragraph (b)(8)(iv) to read as follows:

§ 883.311 Relocation and land acquisition requirements.

* * * * *

(b) * * *

(8) * * *

(iv) Owners are responsible for assuring that payments and services required by this section are provided. Costs incurred by the owner in providing these services and payments may be included in project replacement cost subject to § 883.305(c)(5), except that payments to tenants permanently relocated in accordance with paragraph (b)(8)(ii) of this section may not be included.

* * * * *

40. Section 883.403 is amended by revising paragraph (d)(3) to read as follows:

§ 883.403 HFA submission of proposals.

* * * * *

(d) * * *

(3) That the proposal complies with §§ 883.305(b)(1)(ii) regarding the reasonableness of contract rents, 883.305(e) regarding amenities, 883.306 regarding distributions to owners, and 883.305(c)(2) regarding replacement costs.

* * * * *

§ 883.408 [Amended]

41. Section 883.408 is amended by removing paragraph (d).

42. Section 883.411 is amended by revising paragraph (a) to read as follows:

§ 883.411 Cost certification.

(a) As soon as possible after execution of the Contract, the HFA must certify to HUD that it has reviewed and approved the certified costs submitted by the owner. The HFA must submit to HUD with its certification a summary of the owner's cost certifications. The certifiable cost may include relocation costs incurred by the owner under § 883.311, except for payments to tenants permanently relocated under § 883.311(b)(8)(ii). The owner's cost certifications must be consistent with

any HUD requirements and be supported by the unqualified opinion of an Independent Public Accountant. A cost certification submission is not required by HUD for projects with rents that are equal to or less than comparable rents, or except as required by § 883.305(b)(1)(ii), for partially assisted projects or small projects. HFAs may impose their own cost certification requirements in addition to any required by HUD.

43. Section 883.603 is amended by revising paragraph (a) and paragraphs (b)(2), (3) and (4) to read as follows:

§ 883.603 Term of contract.

(a) *New Construction.* The term of the Contract will be governed by the following provisions:

(1) For assisted units in a project financed with the aid of a loan insured by the Federal government (including coinsurance under Section 244 of the National Housing Act) or a loan made, guaranteed or intended for purchase by the Federal government and for assisted units in newly constructed manufactured home parks, the term of the Contract will be 20 years.

(2) For assisted units in a project owned by or financed by a loan or loan guarantee from a State or local agency, where the assisted units are intended for occupancy by non-elderly families and where it is located in an area designated by the Assistant Secretary for Housing as one requiring special financial assistance, the Contract will be for an initial term of 20 years for any dwelling unit, with provision for renewal for additional terms of not more than 5 years each. The total term of initial and renewal terms will not exceed the lesser of (i) 40 years for any dwelling unit, or (ii) the term of the permanent financing (but not less than 20 years).

(3) For assisted units in all other projects, the Contract will be for an initial term of 20 years for any dwelling unit, with provision for renewal for additional terms of not more than 5 years each. The total term of initial and renewal terms will not exceed the lesser of (i) 30 years for any dwelling unit, or (ii) the term of the permanent financing (but not less than 20 years).

(b) * * *

(2) For assisted units in a project financed with the aid of a loan (including coinsurance under Section 244 of the National Housing Act), or a loan made, guaranteed or intended for purchase by the Federal Government, and for assisted units in a substantially rehabilitated manufactured home park, the term of the Contract will not exceed 20 years; or

(3) For assisted units in a project owned or financed by a loan or loan guarantee from a State or local agency where the assisted units are intended for occupancy by non-elderly families and where it is located in an area designated by the Assistant Secretary for Housing as one requiring special financial assistance, the Contract will be for an initial term of 20 years for any dwelling unit. There will be a provision for renewal for additional terms of not more than 5 years each. The total of initial and renewal terms will not exceed the lesser of (i) 40 years for any dwelling unit, or (ii) the term of the permanent financing (but not less than 20 years); or

(4) For assisted units in projects financed other than as described in paragraphs (b)(2) or (3) of this section, the Contract will be for an initial term of 20 years for any dwelling unit. There will be a provision for renewal for additional terms of not more than 5 years each. The total of initial and renewal terms will not exceed the lesser of (i) 30 years for any dwelling unit, or (ii) the term of the permanent financing (but not less than 20 years).

PART 884—SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM, NEW CONSTRUCTION SET-ASIDE FOR SECTION 515 RURAL RENTAL HOUSING PROJECTS

§ 884.102 [Amended]

44. Paragraph (d) of the definition of Fair Market Rent in § 884.102 is removed.

45. Section 884.107 is amended by adding a new paragraph (c), to read as follows:

§ 884.107 Initial contract rents.

(c) *Limitation on contract rent increases.* FmHA must certify that, between approval of the Proposal and execution of the Contract, increases in contract rents may be made only with FmHA approval within the Fair Market Rent and rent reasonableness limitations referred to in paragraphs (a) and (b) of this section, and only to reflect the amount necessary to cover:

(1) Design changes required by HUD, FmHA, or the State or local government;

(2) Changes in financing approved by FmHA; or

(3) Unforeseen factors (e.g., strikes, weather delays, delays caused by local government, substantial errors by FmHA or HUD in the original processing which would otherwise result in serious inequities, and acts of God) determined by HUD to be beyond the owner's control.

After Contract execution, contract rents may be increased only by adjustments in accordance with § 884.109. This paragraph (c) does not apply to any project where the Agreement was entered into before October 1, 1981.

46. Section 884.108 is amended by revising paragraph (a) to read as follows:

§ 884.108 Term of housing assistance payments contract.

(a) Except in the case of a Contract described in paragraph (b), the Contract shall be for an initial term of 20 years; *Provided*, That at the end of such Contract term and at the request of FmHA, HUD may, subject to the availability of contract and budget authority, authorize the execution of a new Contract providing for a total Contract term of an additional 20 years.

47. Section 884.110 is revised to read as follows:

§ 884.110 Types of housing and property standards.

(a) Newly constructed single-family houses and multifamily structures may be utilized in this program. Congregate housing may be developed for elderly, disabled, or handicapped Families and individuals. Except in the case of housing predominantly for the elderly, high-rise elevator projects for Families with children may not be utilized unless HUD determines there is no practical alternative.

(b) Participation in this program requires compliance with (1) Minimum Property Standards, (2) in the case of congregate housing, the appropriate HUD guidelines and standards, (3) HUD requirements pursuant to section 209 of the HCD Act for projects for the elderly, disabled or handicapped, (4) HUD requirements pertaining to noise abatement and control, and (5) applicable State and local laws, codes, ordinances, and regulations.

(c) Housing assisted under this part shall be modest in design. Amenities in projects assisted under this part (except partially assisted projects) will be limited to those amenities, as determined by HUD, which are generally provided in unassisted, decent, safe and sanitary housing for lower income families, in the market area. The use of more durable, high-quality materials to control or reduce maintenance, repair and replacement costs will not be considered an excess amenity.

48. Section 884.204 is revised to read as follows:

§ 884.204 Obtaining proposals.

FmHA shall establish its own procedures for obtaining and selecting proposals for submission to HUD under this part. Where new construction proposals are considered substantially equal in other respects, FmHA shall give preference in selection to proposals involving land provided by a State or local government, if FmHA determines that the land is suitable for the proposed housing and that affording such a preference will be cost effective.

49. Section 884.207, paragraph (b)(5), is amended by striking out the period at the end, inserting a semicolon in its place, and adding a new paragraph (b)(6), to read as follows:

§ 884.207 Submission of acceptance of notification and certification of compliance.

(b) * * *

(6) Increases in contract rents to which § 884.107(c) applies have been made in accordance with the requirements of that section.

50. Section 884.211 is amended by revising paragraphs (b) and (c) to read as follows:

§ 884.211 Construction period.

(b) *Delays.* Although extensions of time may be granted for the reasons specified in the Agreement, no increases in Contract Rents may be granted on that account, except as provided in § 884.107(c).

(c) *Changes.* The Owner shall submit for HUD approval any changes from the approved Proposal which would materially reduce or alter the Owner's obligations or any changes which would alter the design or materially reduce the quality or amenities of the project. HUD may, after consultation with FmHA, condition its approval of such changes on a reduction of Contract Rents. If such changes are made without prior HUD approval, HUD may determine that Contract Rents shall be reduced or that the Owner shall remedy the deficiency as a condition for acceptance of the project. Contract rents may be increased between approval of the Proposal and execution of the Contract, except as provided in § 884.107(c).

PART 886—SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM—SPECIAL ALLOCATIONS

51. Section 886.334 is amended by revising paragraph (b)(1)(i) and (b)(1)(iii) to read as follows:

§ 886.334 Execution of housing assistance payments contract.

(b) * * *

(1) * * *

(i) When, during rehabilitation, work items are discovered which could not reasonably have been anticipated by HUD or are necessitated by an unforeseen change in local codes or ordinances; were not listed in the work write-up prepared by HUD but are deemed by HUD, in writing, to be necessary work; and will require additional expenditures which would make the rehabilitations infeasible at the Contract Rents established in the Agreement. Under these circumstances, HUD will:

(A) Approve a change order to the rehabilitation contract, or amend the work write-up if there is no rehabilitation contract, specifying the additional work to be accomplished and the additional cost for this work,

(B) Recompute the Contract Rents, within the limits specified in paragraph (b)(4) of this section, based upon the revised cost estimate, and

(C) Prepare and execute an amendment to the Agreement stating the additional work required and the revised Contract Rents.

(iii) When, due to unforeseen factors, the actual certified relocation payments made by the Owner to temporarily relocated Families varies from the cost estimated by HUD.

(Sec. 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f); Sec. 7(d), Department of Housing and Urban Development Act [42 U.S.C. 3535(d)])

Dated: February 3, 1983.

W. Calvert Brand,

General Deputy Assistant Secretary for Housing—Federal Housing Commissioner.

[FR Doc. 83-7713 Filed 3-25-83; 6:45 am]

BILLING CODE 4210-27-M

DEPARTMENT OF THE INTERIOR**Office of Surface Mining Reclamation and Enforcement****30 CFR Part 915****Approval of the Abandoned Mine Land Reclamation Plan for the State of Iowa Under the Surface Mining Control and Reclamation Act of 1977.**

AGENCY: Office of Surface Mining Reclamation and Enforcement (OSM), Interior.

ACTION: Final rule

SUMMARY: On December 17, 1982, the State of Iowa submitted to OSM its proposed Abandoned Mine Land Reclamation Plan (Plan) under the Surface Mining Control and Reclamation Act of 1977 (SMCRA). The purpose of this submission was to demonstrate the State's intent and capability to assume responsibility for administering and conducting the Abandoned Mine Land Reclamation Program established by Title IV of SMCRA and regulations adopted by OSM (30 CFR Chapter VII, Subchapter R, 43 FR 49932-49952, October 25, 1978). After opportunity for public comment and review of the plan submission, the Assistant Secretary for Energy and Minerals of the Department of the Interior has determined that the Iowa Abandoned Mine Land Reclamation Plan meets the requirements of SMCRA and the Secretary's regulations. Accordingly, the Assistant Secretary has approved the Iowa Plan.

EFFECTIVE DATE: The rule is effective March 28, 1983.

ADDRESSES: Copies of the full text of the Iowa Plan are available for review during regular business hours at the following locations:

Office of Surface Mining Reclamation and Enforcement, Missouri Field Office, 818 Grand Avenue, Kansas City, Missouri 64108.

Iowa Department of Soil Conservation, Wallace State Office Building, Des Moines, Iowa 50319.

Office of Surface Mining Reclamation and Enforcement, Administrative Record—Room 5315, 1100 L Street, NW., Washington, D.C. 20240.

FOR FURTHER INFORMATION CONTACT: Charles V. Smith, Program Manager, Division of Abandoned Mine Land Reclamation, Office of Surface Mining Reclamation and Enforcement, U.S. Department of the Interior, 1951 Constitution Avenue, NW., Washington, D.C. 20240 Telephone (202) 343-7921

SUPPLEMENTARY INFORMATION:**General Background of the Abandoned Mine Land Reclamation Program**

Title IV of the Surface Mining Control and Reclamation Act of 1977 (SMCRA), Pub. L. 95-87, 30 U.S.C. 1201 *et seq.*, establishes an abandoned mine land reclamation program for the purposes of reclaiming and restoring lands and water resources adversely affected by past mining. This program is funded by a reclamation fee imposed upon the production of coal. Lands and water eligible for reclamation are those that were mined or affected by mining and abandoned or left in an inadequate