

DEPARTMENT OF AGRICULTURE**Rural Housing Service****7 CFR Part 3560**

RIN 0575-AC13

Streamlining and Consolidation of the Sections 514, 515, 516, and 521 Multi-Family Housing (MFH) Programs**AGENCY:** Rural Housing Service, USDA.**ACTION:** Proposed rule.

SUMMARY: The Rural Housing Service (RHS), formerly Rural Housing and Community Development Service (RHCDS), a successor Agency to the Farmers Home Administration (FmHA), proposes to streamline and reengineer its regulations and to utilize private sector process and techniques in the administration of the origination, management, servicing, and preservation of its Multi-Family Housing (MFH) programs. These programs include the section 515 Rural Rental Housing (RRH) loan program, the section 514/516 Farm Labor Housing loan and grant program, and the section 521 Rental Assistance (RA) program.

This action is to reduce regulations, assure quality housing for residents, improve customer service, and improve the Agency's ability to achieve effectiveness and flexibility in managing the MFH portfolio. This streamlining will result in a reduction to the Code of Federal Regulations (CFR) coverage of the MFH programs by 90 percent. To explain how this was accomplished, the rewrite of the 1930-C regulation is offered as an example. This regulation alone covers 366 pages of CFR. The extensive language currently describes in detail, the form and format for conducting internal MFH supervisory activities by Agency personnel. This regulation has been replaced in the proposed rule with a four-page chapter. This was accomplished by using the authority of the regulation to develop a new handbook, which will provide direction on conducting monitoring actions. The handbook will incorporate many ideas that were obtained from the streamlining process into the streamlining of Agency supervisory efforts and will clarify and standardize the monitoring requirements, thereby reducing burden on borrowers and management agents.

DATES: Written or e-mail comments on this proposed rule must be received on or before August 1, 2003.

ADDRESSES: Written comments may be submitted, in duplicate, to the Branch Chief, Regulations and Paperwork

Management Branch, Support Services Division, U.S. Department of Agriculture, Stop 0742, 1400 Independence Avenue SW., Washington, DC 20250-0742. Comments may be submitted via the Internet by addressing them to "comments@rus.usda.gov" and must contain the word "Streamlining" in the subject. All comments will be available for public inspection at 3rd floor, 300 E Street, SW., Washington, DC 20546 during normal working hours.

FOR FURTHER INFORMATION CONTACT: Sue Harris-Green, Deputy Director, Multi-Family Housing Direct Loan Division, Rural Housing Service, U.S. Department of Agriculture, Room 1241, South Building, Stop 0781, 1400 Independence Avenue, SW., Washington, DC 20250-0781; Telephone: (202) 720-1660.

SUPPLEMENTARY INFORMATION:**Classification**

This proposed rule has been determined to be significant and was reviewed by the Office of Management and Budget (OMB) under Executive Order (E.O.) 12866.

Environmental Impact Statement

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

Regulatory Flexibility Act

The proposed rule has been reviewed with regard to the requirements of the Regulatory Flexibility Act (5 U.S.C. 601-612). The undersigned has determined and certified by signature on this document that this rule will not have a significant economic impact on a substantial number of small entities since this rulemaking action does not involve a new or expanded program nor does it require any more action on the part of a small business than required of a large entity.

Executive Order 13132, Federalism

The policies contained in this rule do not have any substantial direct effect on states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. Nor does this rule impose a substantial direct compliance costs on state and local governments.

Therefore, consultation with the states is not required.

Civil Justice Reform

This proposed rule has been reviewed under E.O. 12988, Civil Justice Reform. If this proposed rule is adopted: (1) Unless otherwise specifically provided, all state and local laws that are in conflict with this rule will be preempted; (2) no retroactive effect will be given this rule except as specifically prescribed in the rule; and (3) administrative proceedings of the National Appeals Division of the Department of Agriculture (7 CFR part 11) must be exhausted before bringing suit.

Unfunded Mandate Reform Act

Title II of the Unfunded Mandate Reform Act of 1995 (UMRA), Pub. L. 104-4, establishes requirements for federal agencies to assess the effects of their regulatory actions on state, local, and tribal governments and the private sector. Under section 202 of the UMRA, federal agencies generally must prepare a written statement, including cost-benefit analysis, for proposed and final rules with "federal mandates" that may result in expenditures to state, local, or tribal governments, in the aggregate, or to the private sector, of \$100 million or more in any one year. When such statement is needed for a rule, section 205 of the UMRA generally requires a federal Agency to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost effective or least burdensome alternative that achieves the objectives of the rule.

This rule contains no Federal mandates (under the regulatory provisions of Title II of the UMRA) for state, local and tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of the UMRA.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995, the Agency will seek Office of Management and Budget (OMB) approval of the reporting and recordkeeping requirements contained in this proposed regulation.

Title: Direct Multi-Family Housing Loans and Grants.

Type of Request: New Information Collection.

Abstract: Through public and private partnerships, RHS enables limited profit and nonprofit sponsors to develop rental housing for low-, very low- and moderate-income rural residents across rural America. In addition, loans and grants are made to house farmworkers,