



This document is scheduled to be published in the Federal Register on 09/02/2014 and available online at <http://federalregister.gov/a/2014-20654>, and on FDsys.gov

Billing Code 4210-67

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Parts 500, 501-509, 510, 511, 572, 585, 590, 597 and 598

[Docket No. FR-5798-F-01]

RIN 2506-AC36

Removal of Obsolete Community Planning and Development (CPD) Regulations

AGENCY: Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Final rule.

SUMMARY: This final rule removes from title 24 of the Code of Federal Regulations HUD regulations which are obsolete and no longer necessary. In accordance with Executive Order 13563, “Improving Regulation and Regulatory Review,” HUD reviewed its regulations to identify regulations that are “outmoded, ineffective, insufficient or excessively burdensome.” Following its review, HUD determined that the CPD regulations removed by this final rule are obsolete and unnecessary because they govern programs that are no longer funded or have been consolidated into other programs. No new grants or grant agreements making designations are being made under the regulations being removed. Existing grants or grant agreements entered into under the regulations being removed by this rule will continue to be governed by the regulations that existed immediately before the effective date of this final rule.

DATES: Effective Date: **[Insert date that is 30 days from the date of publication in the Federal Register].**

FOR FURTHER INFORMATION CONTACT: Camille E. Acevedo, Associate General Counsel for Legislation and Regulations, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW, Room 10276, Washington, DC, 20410; telephone

number 202-708-1793 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the Federal Relay Service at 800-877-8389 (this is a toll-free number).

SUPPLEMENTARY INFORMATION:

On January 18, 2011, President Obama issued Executive Order 13563, “Improving Regulation and Regulatory Review.”¹ The Executive Order directs heads of Federal departments and agencies to review all existing regulations to eliminate those that are outdated and modify others to increase flexibility and reduce burden. As a part of HUD’s overall effort to reduce regulatory burden and streamline the content of title 24 of the Code of Federal Regulations, this rule removes unnecessary CPD regulations for which funding is no longer being provided.

The removal of these regulations will streamline HUD’s regulations and eliminate confusion regarding status of these programs. No new grants or grant agreements making designations are being made under the regulations being removed. Existing grants or grant agreements making designations under the regulations being removed by this rule will continue to be governed by the regulations that existed immediately before the effective date of this final rule.

The final rule removes the following parts of title 24 of the Code of Federal Regulations:

1. 24 CFR part 511 - The Rental Rehabilitation Program. Through this program, HUD provided grant funds to states and units of general local government for the rehabilitation of privately-owned real property to be used for primarily residential rental purposes. Funds were last appropriated for this program in Fiscal Year 1991.

¹ The Executive Order was subsequently published in the Federal Register on January 21, 2011, at 76 FR 3821.

2. 24 CFR part 572 -The HOPE for Homeownership of Single Family Homes Program (HOPE 3). The goal of the HOPE 3 Program was to assist eligible applicants to develop affordable homeownership opportunities for first-time, low-income homebuyers. Funds were last appropriated for this program in Fiscal Year 1995.

3. 24 CFR Part 585 - The Youthbuild Program. The Youthbuild Program provides opportunity for at-risk youth living in distressed American communities. HUD administered this program and provided funding, through an annual competitive grant application process, to local organizations who implement the Youthbuild Program. Effective September 22, 2006, authority for this program was transferred to the Department of Labor (see section 3(b) of Pub. L. 109-281, approved September 22, 2006).

4. 24 CFR Part 590 - Urban Homesteading. The Urban Homesteading Program transferred abandoned houses in deteriorating neighborhoods acquired through foreclosure to the communities. The program helped reduce the inventory of vacant houses owned by HUD while providing communities with the opportunity to improve their neighborhoods. Funds were last appropriated for this program in Fiscal Year 1991.

5. 24 CFR Part 597 -The Urban Empowerment Zones and Enterprise Communities: Round One Designations, and 24 CFR Part 598 -The Urban Empowerment Zones and Enterprise Communities: Round Two and Three Designations. The Empowerment Zone (EZ), Enterprise Community (EC), and Renewal Community (RC) initiatives, authorized by the Omnibus Budget Reconciliation Act of 1993 (Pub. L. 103-66, approved August 10, 1993), sought to reduce unemployment and generate economic growth through the designation of Federal tax incentives and award of grants to distressed communities. The EZ/EC initiative was implemented in the form of three competitions in 1994 (round I), 1998 (round II), and 2001 (round III). The EC

designation expired in 2004 and EZ and RC designations generally expired at the end of 2009. However, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Pub. L. No. 111-312) extended the Empowerment Zone and DC Enterprise Zone designations to December 31, 2011. Following the end of the EZ designation extension on December 31, 2011, the American Taxpayer Relief Act (ATRA) of 2012, signed into law by President Obama on January 2, 2013, provided for an extension of the Empowerment Zone designations until December 31, 2013. The ATRA of 2012 did not extend the designation of the DC Enterprise Zone.

II. Justification for Final Rulemaking

In accordance with 24 CFR part 10, it is the practice of the Department to offer interested parties the opportunity to comment on proposed regulations. Part 10 provides for exceptions to the general rule if an agency, for good cause, finds that “notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.”² (See 24 CFR 10.1.)

The removal of these regulations from the Code of Federal Regulations does not establish or affect substantive policy. This final rule removes obsolete and unnecessary regulatory provisions for programs that are no longer being funded or for operation of the program has been transferred. Therefore, HUD finds that public notice and comment are unnecessary and contrary to the public interest.

III. Findings and Certification

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) (5 U.S.C. 601 *et seq.*) generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic

² 5 U.S.C. 553(b).

impact on a substantial number of small entities. Because HUD has determined that good cause exists to issue this rule without prior public comment, this rule is not subject to the requirement to publish an initial or final regulatory flexibility analysis under the RFA as part of such action.

Unfunded Mandates Reform

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA)³ requires that an agency prepare a budgetary impact statement before promulgating a rule that includes a Federal mandate that may result in the expenditure by state, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more in any one year. If a budgetary impact statement is required, section 205 of UMRA also requires an agency to identify and consider a reasonable number of regulatory alternatives before promulgating a rule.⁴ However, the UMRA applies only to rules for which an agency publishes a general notice of proposed rulemaking. As discussed above, HUD has determined, for good cause, that prior notice and public comment is not required on this rule and, therefore, the UMRA does not apply to this final rule.

Executive Order 13132, Federalism

Executive Order 13132 (entitled “Federalism”) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial direct compliance costs on state and local governments and is not required by statute, or the rule preempts state law, unless the agency meets the consultation and funding requirements of section 6 of the Executive Order. This final rule will not have federalism implications and would not impose substantial direct compliance costs on state and local governments or preempt state law within the meaning of the Executive order.

³ 2 U.S.C. 1532.

⁴ 2 U.S.C. 1534.

Environmental Review

This final rule does not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern, or regulate, real property acquisition, disposition, leasing, rehabilitation, alteration, demolition, or new construction, or establish, revise, or provide for standards for construction or construction materials, manufactured housing, or occupancy. Accordingly, under 24 CFR 50.19(c)(1), this final rule is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

List of Subjects

24 CFR Part 500

Administrative practice and procedure, Community development, Community facilities, Government property, Grant programs-housing and community development, Homeless, Housing, Indians, Intergovernmental relations, Lead poisoning, Low and moderate income housing, Nonprofit organizations, Reporting and recordkeeping requirements, Technical assistance, Urban renewal.

24 CFR Part 510

Lead poisoning, Loan programs-housing and community development, Relocation assistance, Reporting and recordkeeping requirements, Social security, Urban renewal.

24 CFR Part 511

Administrative practice and procedure, Grant programs-housing and community development, Lead poisoning, Low and moderate income housing, Reporting and recordkeeping requirements, Technical assistance, Urban renewal.

24 CFR Part 572

Government property, Grant programs-housing and community development, Low and moderate income housing, Nonprofit organizations, Reporting and recordkeeping requirements.

24 CFR Part 585

Community facilities, Grant programs-housing and community development, Homeless, Low and moderate income housing, Reporting and recordkeeping requirements.

24 CFR Part 590

Government property, Housing, Intergovernmental relations, Low and moderate income housing, Reporting and recordkeeping requirements, Urban renewal.

24 CFR Part 597

Community development, Indians, Intergovernmental relations, Reporting and recordkeeping requirements, Urban areas.

24 CFR Part 598

Community development, Indians, Intergovernmental relations, Reporting and recordkeeping requirements, Urban areas.

For the reasons set forth in the preamble, and pursuant to the Secretary's authority under 42 U.S.C. 3535(d), 24 CFR Chapter V is amended as follows:

TITLE 24 – HOUSING AND URBAN DEVELOPMENT

**CHAPTER V – OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY
PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT**

SUBCHAPTER A -- GENERAL

1. Revise the heading of Chapter V, subchapter A to read as set forth above.
2. Add part 500 to subchapter A to read as follows:

PART 500 – EXPIRING PROGRAMS—SAVINGS CLAUSE

Authority: 42 U.S.C. 3535(d).

§ 500.1 Expiring programs—Savings clause.

No new grants or grant agreements are being made under the programs listed in this section. Existing grants or grant agreements making designation under these programs continue to be governed by the regulations in effect as they existed immediately before **[insert date 30 days from publication in the Federal Register]** (see 24 CFR parts 500 to 699, revised as of April 1, 2014):

| | |
|-----------------|---|
| 24 CFR Part 511 | Rental Rehabilitation Grant Program (42 U.S.C. 1437o) |
| 24 CFR Part 572 | HOPE for Homeownership of Single Family Homes (HOPE 3) (42 U.S.C. 12891) |
| 24 CFR Part 585 | Youthbuild (42 U.S.C. 8011) |
| 24 CFR Part 590 | Urban homesteading (12 U.S.C. 1706e) |
| 24 CFR Part 597 | Urban empowerment zones and enterprise communities (Round one designations) (26 U.S.C. 1391) |
| 24 CFR Part 598 | Urban empowerment zones; Round two and three designations (26 U.S.C. 1391) |

PARTS 501-509 [Reserved] [REMOVED]

3. Remove reserved parts 501-509.

PART 510 – [REDESIGNATED]

4. Transfer part 510 from Chapter V, subchapter A, to Chapter V, subchapter B.

PART 511 – [REMOVED]

5. Remove part 511.

SUBCHAPTER B – SLUM CLEARANCE AND URBAN RENEWAL

6. Add a heading to Chapter V, subchapter B to read as set forth above.

PART 572 – [REMOVED]

7. Remove part 572.

PART 585 – [REMOVED]

8. Remove part 585.

PART 590 – [REMOVED]

9. Remove part 590.

PART 597 – [REMOVED]

10. Remove part 597.

PART 598 – [REMOVED]

11. Remove part 598.

Dated: August 26, 2014

Clifford Taffet, Assistant Secretary for
Community Planning and Development (Acting)