

**DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

24 CFR Part 1000

[Docket No. FR-4825-I-02]

RIN 2577-AC43

**Extension of Minimum Funding Under
the Indian Housing Block Grant
Program**

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Interim rule.

SUMMARY: This interim rule provides authority for Indian tribes to receive a minimum grant amount under the need component of the Indian Housing Block Grant (IHBG) formula in Fiscal Year 2004. The minimum funding provision currently in effect in HUD's regulations limited authority for receipt of a minimum grant amount to Fiscal Year 2003. The reinstatement of the authority for minimum grant amounts in Fiscal Year 2004 will avoid hardship to the affected tribes.

DATES: *Effective Date:* July 19, 2004.

Comment Due Date: August 16, 2004.

ADDRESSES: Interested persons are invited to submit comments regarding this rule to the Regulations Division, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-0500. Comments should refer to the above docket number and title. A copy of each communication submitted will be available for public inspection and copying during regular business hours (weekdays 8 a.m. to 5 p.m. Eastern time) at the above address. Facsimile (FAX) comments are not acceptable.

FOR FURTHER INFORMATION CONTACT:

Rodger Boyd, Deputy Assistant Secretary for Native American Programs, Room 4126, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-0001; telephone (202) 401-7914 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Information Relay Service at 800-877-8339.

SUPPLEMENTARY INFORMATION:

I. Background

The Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 *et seq.*) (NAHASDA) streamlined the way that housing assistance is provided to Native Americans. NAHASDA eliminated several separate assistance programs

and replaced them with a single block grant program, known as the Indian Housing Block Grant (IHBG) Program. In addition to simplifying the process of providing housing assistance, the purpose of NAHASDA is to provide federal assistance for Indian tribes in a manner that recognizes the right of Indian self-determination and tribal self-governance.

The regulations governing the IHBG Program are found in part 1000 of HUD's regulations in title 24 of the Code of Federal Regulations. The part 1000 regulations were established as part of a March 12, 1998, final rule implementing NAHASDA. In accordance with section 106 of NAHASDA, HUD developed the March 12, 1998, final rule with active tribal participation and using the procedures of the Negotiated Rulemaking Act of 1990 (5 U.S.C. 561-570).

Under the IHBG Program, HUD makes assistance available to tribes for Indian housing activities. The amount of assistance made available to each Indian tribe is determined using a formula (IHBG Formula) that was developed as part of the NAHASDA negotiated rulemaking process. A regulatory description of the IHBG Formula is located in subpart D of 24 CFR part 1000 (§§ 1000.301-1000.340). The IHBG Formula consists of two components: (1) Need and (2) formula current assisted stock (FCAS). Generally, the amount of funding for a tribe is the sum of the need component and the FCAS component, subject to a minimum funding amount authorized by § 1000.328.

The minimum funding provision at § 1000.328 provides that in the first year of NAHASDA participation, an Indian tribe whose allocation is less than \$50,000 under the need component of the formula shall have its need component of the grant adjusted to \$50,000. In subsequent fiscal years, an Indian tribe whose allocation is less than \$25,000 under the need component of the formula shall have its need component of the grant adjusted to \$25,000. As originally adopted by the negotiated rulemaking committee and reflected in the March 12, 1998, final rule, § 1000.328 provided that minimum funding under the need component would not extend beyond Federal Fiscal Year 2002.

Section 1000.328 also specifies that the need for the minimum funding provisions will be reviewed in accordance with § 1000.306. Section 1000.306 provides that the IHBG Formula be reviewed within five years after promulgation to determine whether any changes are needed. The negotiated rulemaking committee

intended that the IHBG Formula would be reviewed before expiration of the minimum funding provision.

In accordance with § 1000.306, HUD established a negotiated rulemaking committee for the purposes of reviewing and developing changes to the regulations governing the IHBG Formula. However, the work of the committee continued beyond FY2002 and the expiration of the minimum funding provisions. Accordingly, on June 24, 2003 (68 FR 37660), HUD published an interim rule extending the minimum funding under the need component through FY2003 in order to avoid hardship to the affected Indian tribes. The interim rule provided for a 60-day public comment period. HUD received no comments in response to the interim rule.

The negotiated rulemaking committee is close to completion of its work, and a proposed rule to implement the consensus decisions reached by the committee is under development. However, because a rule implementing these regulatory changes was not published prior to the end of Fiscal Year 2003, HUD has determined that an additional extension is required for the minimum funding provision of § 1000.328. If action is not taken now to extend the minimum funding provision, Indian tribes, especially small Indian tribes, would be affected by the lapse of the minimum funding provision.

II. This Interim Rule

This interim rule authorizes for Fiscal Year 2004 the provision in § 1000.328 with respect to the minimum funding amount under the need component of the IHBG for tribes returning for their second or subsequent year's grant. The provision with respect to the \$50,000 an Indian tribe receives in its first year of funding under the IHBG Program is not revised by this interim rule. That provision, unlike the minimum funding amount for returning Indian tribes, has no expiration date. Accordingly, this rule applies only to the minimum grant amount that returning Indian tribes may receive.

HUD believes that continuing into Fiscal Year 2004 the authorization for returning Indian tribes to receive the minimum grant amount would avoid unnecessary hardship to many Indian tribes. In the interim, the affected tribes will not suffer a financial loss because of the expiration of the provision in the current regulation.

III. Justification for Interim Rulemaking

Generally, HUD publishes a rule for public comment before issuing a rule for

effect, in accordance with its own regulations on rulemaking at 24 CFR part 10. Part 10, however, does provide in § 10.1 for exceptions from that general rule where HUD finds good cause to omit advance notice and public participation. The good cause requirement is satisfied when the prior public procedure is “impracticable, unnecessary, or contrary to the public interest.”

HUD finds that good cause exists to publish this interim rule for effect without first soliciting public comment. The rule will allow a minimum amount of funding to continue to Indian tribes without a significant lapse in time during which the tribes would be foreclosed from receiving funds entirely or would receive a significant reduction in funds. The funding meets a critical need of many tribes, which would go unmet during the time that it otherwise would take to publish a rule for effect. HUD, however, solicits public comment on this rule.

IV. Findings and Certifications

Regulatory Planning and Review

The Office of Management and Budget (OMB) reviewed this rule under Executive Order 12866 (entitled “Regulatory Planning and Review”). OMB determined that this rule is a “significant regulatory action” as defined in section 3(f) of the order (although not economically significant, as provided in section 3(f)(1) of the order). Any change made to the rule subsequent to its submission to OMB is identified in the docket file, which is available for public inspection in the Regulations Division, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410–0500.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538) (UMRA) establishes requirements for federal agencies to assess the effects of their regulatory actions on state,

local, and tribal governments and the private sector. This interim rule does not impose any federal mandate on any state, local, or tribal government or the private sector within the meaning of UMRA.

Environmental Impact

A Finding of No Significant Impact with respect to the environment was made for the June 24, 2003, interim rule, in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). That finding remains applicable to this interim rule and is available for public inspection between the hours of 8 a.m. and 5 p.m. weekdays in the Regulations Division, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410–0500.

Impact on Small Entities

The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed and approved this interim rule and in so doing has certified that this rule will not have a significant economic impact on a substantial number of small entities. This interim rule does not impose any new or modify existing regulatory requirements. Rather, the rule is exclusively concerned with extending the minimum funding provisions under the need component of the IHBG Formula. To the extent the interim rule has any impact on small entities, it will be to the benefit of small Indian tribes, that are the primary beneficiaries of the minimum funding provisions. Although HUD has determined that this interim rule does not have a significant economic impact on a substantial number of small entities, HUD invites comments regarding any less burdensome alternative to this rule that will meet HUD’s objectives as described in this preamble.

Catalog of Federal Domestic Assistance Numbers

The Catalog of Federal Domestic Assistance Number for the IHBG Program is 14.867.

List of Subjects in 24 CFR Part 1000

Aged, Community development block grants, Grant programs—housing and community development, Grant programs—Indians, Indians, Individuals with disabilities, Public housing, Reporting and recordkeeping requirements.

■ Accordingly, HUD amends 24 CFR part 1000 to read as follows:

PART 1000—NATIVE AMERICAN HOUSING ACTIVITIES

■ 1. The authority citation for 24 CFR part 1000 continues to read as follows:

Authority: 25 U.S.C. 4101 *et seq.*; 42 U.S.C. 3535(d).

■ 2. Revise § 1000.328 to read as follows:

§ 1000.328 What is the minimum amount an Indian tribe can receive under the need component of the formula?

In the first year of NAHASDA participation, an Indian tribe whose allocation is less than \$50,000 under the need component of the formula shall have its need component of the grant adjusted to \$50,000. The Indian tribe’s IHP shall contain a certification of the need for the \$50,000 funding. In subsequent years, but not to extend beyond Federal Fiscal Year 2004, an Indian tribe whose allocation is less than \$25,000 under the need component of the formula shall have its need component of the grant adjusted to \$25,000. The need for this section will be reviewed in accordance with § 1000.306.

Dated: June 2, 2004.

Michael M. Liu,

Assistant Secretary for Public and Indian Housing.

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