

## **HUD Environmental Review Online System (HEROS)**

As all of you are aware, for many years the HUD Form 4128 has been used by HUD staff to assess Environmental Compliance for MAP/LEAN transactions, based on information provided by the lender or applicant in the Phase I Environmental Site Assessment and lender's environmental report. Under this system, third-party providers often structured the lender's environmental report and non-scope sections of the Phase I around the 4128 format to facilitate HUD's use of these reports.

HUD's Office of Environment and Energy has developed an online system, called HEROS, which has now replaced the HUD – 4128, for developing, documenting, and managing environmental reviews. It covers all levels of environmental reviews for Part 50 projects and includes on-screen guidance for all factors. HEROS became the required format for HUD staff to document environmental assessments and compliance under 24 CFR 50.31 for appropriate transactions since May 31, 2016. The reports produced under HEROS are accessible to the public.

To better align the lender's environmental report prepared by third-party providers with the HEROS system in use by HUD staff, HUD provides editable environmental review formats through the HUD Exchange website (linked below) which correspond to the structure of HEROS.

### **Part 50 Environmental Assessment Format**

The Part 50 Environmental Assessment format addresses the environmental setting, project description, and environmental impact analysis required under the National Environmental Policy Act (NEPA). This form is used for activities requiring an Environmental Assessment (EA), including 221(d)(3), 222(d)(4), and 232 applications. It is not required for 223(f) applications where HUD will complete only a Categorically Excluded review.

<https://www.hudexchange.info/resource/5173/part-50-environmental-assessment-format/>

### **Partner Worksheets for Related Environmental Laws and Authorities**

Partner worksheet formats replicate in an editable Word document the HEROS screens that HUD staff complete for each related law or authority, which previously appeared in "Part A" of Form 4128. The partner worksheets and corresponding HEROS screens incorporate updated guidance on each factor to standardize HUD's environmental review process. The Partner Worksheets are used for both 221(d)(3) and 221(d)(4) transactions, as well as those under section 223(f).

<https://www.hudexchange.info/resource/5119/environmental-review-record-related-federal-laws-and-authorities-partner-worksheets/>

## Using the Formats

It is important to note that use of the HEROS Part 50 Environmental Assessment format and Partner Worksheets **is optional** and does not modify the Phase I ESA format, which is prescribed by ASTM Standard Practice E1527 (current version). In-scope sections of the Phase I address releases of hazardous substances including petroleum products on commercial real estate. The Phase I ESA is also the supporting document HUD staff use to complete the Partner Worksheet for Site Contamination, one element of the HUD environmental review. The remaining Partner Worksheets and the Part 50 EA format provide a structure for the remaining items on the lender's environmental report, application exhibit 2-3.B.

Using these formats allows third-party preparers to ensure technical compliance and proper organization of their reports, which will in turn assist HUD staff in the review process to improve the timing of the environmental clearance. As noted, the formats and worksheets are based on current, standardized, and accurate HUD environmental review guidance including Chapter 9 of the MAP Guide and additional supporting resources on the HUD Exchange website, where the related laws and authorities pages and EA factor guidance in particular may be useful. These sources are used by HUD staff when documenting environmental compliance in HEROS.

*2016 MAP Guide:*

[https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/guidebooks/hsg-GB4430](https://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/guidebooks/hsg-GB4430)

*HUD Exchange Related Laws Pages:*

<https://www.hudexchange.info/programs/environmental-review/federal-related-laws-and-authorities/>

*HUD Exchange Environmental Assessment Factors Guidance:*

<https://www.hudexchange.info/resource/3306/environmental-assessment-factors-guidance/>

Finally, it is important to note that when completing an environmental review in HEROS, HUD staff must upload and cite to supporting documentation for all determinations entered into the system. Including clearly referenced supporting documentation with the lender's environmental report increases the efficiency of the HEROS review. For some factors, particularly those on the Part 50 EA format, the third-party preparer's site observation or expertise may be adequate supporting documentation if clear explanation is provided. However, it is still necessary to cite to the specific section of the report narrative where this observation and explanation is located. In general, it is helpful to remember that the HEROS review HUD staff complete is a public record whose readers may not benefit from previous familiarity with the project or site.

## **Summary**

General notes on the new review process:

1. Third-party consultant prepares lender's environmental report. The contractor MAY format a section of the report using the Part 50 EA format and Partner Worksheets with appropriate documentation, but the worksheets are not required at the present time;
2. HUD Appraiser completes review in HEROS using the submitted environmental report and uploads and cites supporting documentation for each HEROS section.
3. HUD Appraiser completes Environmental Clearance review.