

HUD requires an Environmental Inspection prior to awarding CDBG-DR grants



U.S. Department of Housing and Urban
Development
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Environmental Assessment Determinations and Compliance Findings for HUD-assisted Projects 24 CFR Part 50

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What state leaders do not understanding is more than a few of these homes required to have Environmental inspections are owned by homeowners that will NOT qualify for CDBG-DR grants no matter the outcome of their environmental inspection.

"We really need this help," said Julie Baxter Payer, Edwards deputy chief of staff. "It could cause homeowners to stop construction while the environmental review is done and that is something we don't want to contemplate," Baxter Payer said.

Each environmental review costs roughly \$1,250.00 and is taken from the disaster relief funds congress authorized for the recovery process.

Oct. 10, 2016: Gov. Edwards requested that HUD waive federally required environmental reviews for the recovery program.

The Governors office claimed the costs per household environmental inspection would average \$1,250.00. Governor Edwards claimed the review could cost just about \$80 million of the total disaster relief authorized by the federal government for DR-4277

The Federal rules regarding Environmental Reviews is one of the rules that can not be waived according to HUD (Allocations under Public Law 114-223 Docket No. FR-5989-N-01)

According to the data provided by Restore Louisiana Homeowner Assistance it appears the process developed by the Louisiana States OCD-DRU has caused serious waste in government spending. This is based on the numbers published by Restore at restore.la.gov.

By simply changing the Environmental Inspections to after the calculation of duplication of benefits the Louisiana State OCD-DRU (Restore) could have saved as much as \$11,960,000.00 in taxpayers money.

According to the Grantees program Restore Louisiana Homeowner Assistance Program situation and pipeline report #37 dated **April 14, 2018 - April 20, 2018**.

5,302 households were **denied** any grant award, **2,146** were found ineligible and **2,120** had been withdrawn from the program.

A total of **9,568** homeowners were **not qualify** for CDBG-DR grants which would have excluded them from any environmental inspections.

A simple process change would have eradicated this type of waste and if proper process and procedural planning was used the Restore Louisiana Homeowner Assistance Program would have saved taxpayers an estimated **\$11,960,000.00** to date.

It would have also not depleted the CDBG-DR grant funding by nearly \$12 million.

By Simply conducting environmental inspections on homes that qualify for CDBG-DR grants Restore LA would have saved millions.

To date a total of **40,196** environmental reviews have been completed, representing 99% of the 40,476 homeowners in Phases I &ndash VI. (**\$50,245,000.00**)

If we take the lower amount of denied applications based on DOB, SBA or any number of financial reasons we still have **5,302** Environmental Inspections not required by HUD at a cost to taxpayers of **\$6,627,500.00** for our 2016 flood disaster event DR-4277.

To avoid this issue with new disasters we recommend that you do not ask for a waiver of the Environmental Inspection but rather change the order of when the environmental inspection is to take place.

According to HUD CDBG-DR funds will not be released to a homeowner until the Environmental inspection has been completed. CDBG-DR programs will not take any special action if you are found to have Lead Based Paint or Asbestos in your home so we feel its moot to even conduct the inspection other than it's a federal requirement to be awarded grant money.

When a household applies for CDBG-DR grants complete the Duplication of Benefits and income to expense evaluations before you do any physical on site inspections for damage or environmental concerns.

If the household is Low income to Moderate income you can continue with the grant process as long as their is no foreseeable duplication of benefits.

For households that received SBA Loans and are applying for CDBG-DR for unmet needs they will not have to stop their rebuilding process and wait for the Environmental inspections. The homeowners will be vetted as all homeowners and if found not to qualify for the CDBG-DR grants their is no time lost and no grant money spent on Environmental inspections.

Simply by changing the order of things you have a potential of saving millions of dollars worth of grant money that would have otherwise been spent on notifying a homeowner of a matter that most likely would not be addressed if solely the homeowners is responsible for corrective action.

This is a Grant Cost savings method that requires no funds and only a change to the event order to accomplish the desired goals of removing the grantees financial burden of environmental inspections of homes that would not qualify for CBGD-DR grants.

<<< **The Following is from Louisiana Task Force Meeting Minutes Dated 2-24-2017** >>>

((((I will be only snipping Environmental Review discussions from the meeting notes.)))

Notes: **RLTF-2-24-17-Meeting-Minutes-201703032.pdf**

Governors Office:

"We are really, really working on the environmental review site by site, house by house requirement of HUD. "

" It could cause home owners to, by order of the federal government, to have to stop construction while we do environmental review."

VI. LOUISIANA OFFICE OF COMMUNITY DEVELOPMENT UPDATE

Patrick Forbes, Executive Director

Mr. Forbes: We are asking them things about where they are in their recovery process, how much they were damaged, what other sorts of resources they have, confirming income, and any other information we might have already from individual systems but in ways that we need. What we will not be seeking through the survey is any of the documentation to support any of the information that they provide us initially. **That would begin to constitute an application, which could have the potential of triggering the requirement for that environmental review.** So we will gather that at the application process which would be the next step.

Dr. Richardson: Okay, and on that **environmental review**, that's by regulation from HUD or is that by law?

Mr. Forbes: There are several different pieces of this obviously, the NEPA is law, the National Environmental Protection Act. Every federal agency is required to comply with NEPA in the way that they see fit. HUD has developed over the years the way that they comply with NEPA. Whenever Congress writes the appropriating language to provide federal disaster funds to local and state governments, they will generally write that HUD has the option to waive whatever regulations he or she thinks would be appropriate to make the programs work better. Without exception, since Katrina, what Congress has always included after that is an exclusion of fair labor standards, fair housing and environmental compliance. So in other words they give the secretary the opportunity to wave things but not the environmental review. Consequently HUD follows back to their regulatory approach to NEPA compliance. And in HUD's regulatory approach to NEPA compliance, site by site review when you're rehabilitating homes is part of the process.

Dr. Richardson: For HUD to change that, what do they have to change? Their regulatory environment and the regulator process?

Mr. Forbes: So the thing the Governor has done is provided some language to Congress but of course we rely on members of our delegation to take what's the smartest path, but the Governor has provided some draft language that says, it just tacks on to the language I talked to about earlier, which still prohibits the HUD secretary from waving NEPA compliance with the exception of work performed on single family dwellings that does not change the footprint of the home. So in essence, the vast, vast majority of the homeowners that we would be helping could then be by waiver of the secretary excluded from this environmental requirements if Congress included that language in the next round of funding for us. That's the objective and to have that be retroactive back to the first two appropriations.

Dr. Richardson: If they went a single, house by house inspection, does that mean somebody has to go out there, examines it?

Mr. Forbes: Yes sir, that's why we have \$105 million budgeting for this.

Dr. Richardson: What do they see there? What do they ask?

Mr. Forbes: That's a great question that I wish I knew.

Dr. Richardson: How long is this report that we have to see to?

Mr. Forbes: The reports are not that long. The cost is about, right now, we already have to do that for previous disasters and our cost for doing that is around \$400 a unit. But that doesn't include the travel time to go out as you believe somebody has to drive out obviously there are ways to make that a little bit more efficient.

Dr. Richardson: Can you use drones for that, no?

Mr. Forbes: I'll ask that question, it's really a great question, I really, I'm glad to ask that.

Dr. Richardson: The joint, apparently they're doing appraisals, is that right now?

Mr. Forbes: For houses that were built before 1978, in fact, you have to go on site and have entry from the

homeowners, so that you can look for lead based paint, and asbestos. For homes built after 1978, it can be accomplished by being on site, drive by, if you will. But it's to make sure that there's not your, you don't back up to a creek that there's not a- A super fund site next to your home, things like that. **But again, I will reiterate that in the years of our doing this we have not stopped a single homeowner rehabilitation by virtue of the fact that the planning function associated with this environmental review told us stop the work.** It just doesn't happen.

Dr. Richardson: Yeah, okay, I can understand the broader sense of the rule for a lot of different things. For this one, it seems to be overly

Mr. Forbes: It doesn't seem to make sense.

Dr. Richardson: Yes, it doesn't, not for this particular situation

Mr. Forbes: No, sir. It's not.

Dr. Richardson: Okay, thank you. So, online survey, if I were involved, I couldn't get her on the line, you'd call me, I'd call you up and you'd take all the information from there. But you're not verifying the information.

Mr. Forbes: Not at the survey level that's correct.

Dr. Richardson: You couldn't verify it?

Mr. Forbes: That's correct, we're going to start identifying people that we might go do environmental reviews on their homes. People who fit the first phase of our criteria, low to moderate income, elderly, persons with disabilities living in the household. Those sorts of things, so we can start identifying that first tranche of people.

Dr. Richardson: But if we get rid of the environmental rule, do we have to go through the survey to get to it, can't we just turn the application in?

Mr. Forbes: If we get the relief we're seeking on the environmental rule, that certainly simplifies a lot of things, yes sir.

Dr. Richardson: Okay, that allows us to go a little bit faster, right?

Mr. Forbes: Yes sir, we may still, and again, with your advice and consideration decide that it makes more sense to bring people into the application process

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