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CHAPTER 4. PROJECT PROCESSING

4-1[S] ENVIRONMENTAL REVIEW. HUD will insure a mortgage only if an environmental review is completed and the project meets required environmental standards. The HUD appraiser is responsible for conducting the environmental review. The environmental review procedures for new construction and substantial rehabilitation are similar. However, a Form HUD-4128, Environmental Assessment, is not required for a rehabilitation project when HUD completes the Form HUD-4128.1 and determines that the project does not:

A. Increase the number of dwelling units per acre by more than 20 percent;

B. Result in a change in land use from non-residential to residential;

C. Involve rehabilitation costs above 75 percent of the post-rehabilitation replacement cost of the project; and

D. Involve demolition of one or more buildings containing the primary use served by the project.

Details on environmental requirements are in Handbooks 1390.2, 1390.4 and 24 CFR Parts 50 and 51.

4-2[R] PROCEDURES FOR PREVIOUS PARTICIPATION REVIEW. Principals participating in a planned or existing multifamily project must first disclose all past participation in HUD-FHA programs (except home mortgage) and the nature of their proposed interest. (See Handbook 4065.1, Previous Participation Handbook, for further details.)

4-3 MARKET ANALYSIS REVIEW.

A. The Field Office is responsible for making an independent determination of whether there is a market for the units in each proposal. The Economic and Market Analysis Staff (EMAS) conducts this review to determine:

1. if there is sufficient market demand for the number of

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units at the proposed rents, and

2. that the units will not adversely impact existing housing in

the market area.

B.The review must include a recommendation of approval or disapproval on the basis of market considerations. Where the recommendation is to disapprove the proposal because of insufficient demand, the market review may include a suggested counter proposal, if one is considered feasible, that modifies the number of units, the bedroom size mix, or the rent levels.

The market review may also include an advisory opinion on characteristics of the proposal that will have a significant bearing on its market prospects.

C.All SAMA commitments and Feasibility letters and commitments must contain a condition specifying that the market analysis will be reviewed annually if the project has not reached initial endorsement. The updated market review may result in reduction or termination of the commitment at its expiration date.

4-4AFFIRMATIVE FAIR HOUSING MARKETING (AFHM) PLAN. The mortgagor must submit the mortgagor's proposed AFHM Plan to the HUD Field Office when the mortgagor's first application for commitment is received. (See Appendix 4 of Handbook 8025.1 REV-1, Implementation of Affirmative Fair Housing Marketing Requirements Handbook, for AFHM Plan, Form HUD-935.2.)

A.The Field Office will not issue a commitment without approval of the AFHM Plan.

B.HUD must advise the mortgagor of its responsibilities under the plan, including reporting requirements. Details of plan implementation are in Handbook 8025.1 REV-1.

4-5INTERGOVERNMENTAL REVIEW REQUIREMENTS. See Handbook 4445.1 REV.

4-6 FAIR HOUSING AND EQUAL OPPORTUNITY REVIEW.

A.GENERAL. Fair Housing and Equal Opportunity (FHEO) staff should follow the guidance contained in the following:

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- 1.HUD Handbook 4065.1, Previous Participation.
  - 2.HUD Handbook 4381.5 REV-1, Management Documents, Agents and Fees.
  - 3.HUD Handbook 4050.4, Reporting Requirements for Automated Systems for Public Housing, Indian Housing Agencies and Private Owners.

4. HUD Handbook 8025.1 REV-1, Implementation of Affirmative Fair Housing Marketing Requirements for Multifamily Housing.

B. FHEO RESPONSIBILITIES.

1. SAMA - Check for HUD Forms-92010 and 2530.

2. Conditional Commitment - Same as above, plus review/approval of Affirmative Fair Housing Marketing Plan (AFHMP). (See note in paragraph 3-1C regarding the Conditional Commitment stage.)

NOTE: FHEO staff should follow the guidance contained in HUD's Affirmative Fair Housing Marketing Handbook, 8025.1 REV-1 CHG-1 regarding deletion of data formerly requested by HUD in block no. 7 (estimated applicant or occupancy goals or other methods of assessing AFHMP implementation through anticipated application or occupancy results).

3. Firm Commitment - Same as above.

4. Preconstruction Conference - As directed by the MHD, FHEO staff may participate in preconstruction conferences to provide guidance on equal opportunity requirements. If so, FHEO staff must ensure that appropriate reference to Executive Order 11246 is included in the contract and advise contractors of the appropriate Office of Federal Contract Compliance Program offices where Executive Order 11246 advice and assistance can be obtained. FHEO staff also advises on the Department's Minority Business Goals and Minority Bank Deposit Program.

5. Permission to Occupy - FHEO may be asked to provide comments on the applicant's compliance with equal

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opportunity requirements prior to issuance of the permit to occupy.

6. Initial and Final Closing - At closing, the Field Counsel reviews grant and loan documents to assure legal sufficiency. As part of that review, Counsel may ask FHEO to indicate whether the project's Affirmative Fair Housing Marketing Plan has been approved.

7. Project Management - During the operation of the project, the Equal Opportunity Specialist handles equal opportunity

considerations such as commenting upon any prepayment requests, monitoring of affirmative marketing, tenant selection, unit assignments, the provision of maintenance and other tenant services.

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