

HUD Office of Residential Care Facilities

Guidance for Using HEROS as an FHA Partner

The purpose of this document is to provide instructions to consultants and lenders assisting with environmental reviews for the Office of Residential Care Facilities (ORCF), Section 232 FHA-insured projects. Consultants have full access to the HUD Environmental Review Online System (HEROS). Lenders will have read-only access.

[Chapter 7](#), when referred to in this document, refers to HUD [Handbook 4232.1, Rev 1](#), Section II, Production, Chapter 7, “Environmental Review”.

Partners are advised to contact LeanThinking@hud.gov when early coordination with HUD is recommended in this guidance.

Getting Started

Partners may request access to HEROS on the [HEROS Access Form](#).

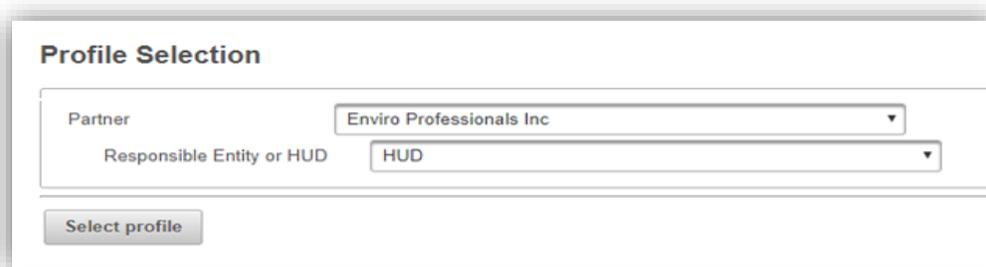
For basic information on using HEROS, including instructional videos and frequently asked questions, visit the [HEROS page](#) on the HUD Exchange.

Technical questions about HEROS should go to [Ask A Question](#) on the HUD Exchange.

Note that the Partner’s portion of the environmental review should have been entered in HEROS and assigned to HUD by the time the mortgage insurance application is submitted to ORCF.

Logging in to HEROS

[Log into HEROS](#). Select the name of your organization as the “Partner” and HUD next to “Responsible Entity or HUD.”



Profile Selection

Partner: Enviro Professionals Inc

Responsible Entity or HUD: HUD

Select profile

You will be directed to the **My Environmental Reviews** dashboard. This screen will default to showing only those reviews that are currently *assigned* to you, meaning that you can currently edit them. From this screen, you can select an existing review to edit or assign to another user. To start a new review, press the <Start a new environmental review> button in the upper left corner of the dashboard.



Screen 1101 – Review Type (Non-Tiered)

Make sure you are working with a *non-tiered* review, and that you select **Part 50** so that HUD will be able to complete the review. Then press < Save and Continue > to move on to the next screen.

1101 – Review Type (50/58 - Non-Tiered)

Do you want to start a review under Part 50 or Part 58?

Part 58 (when states, cities, tribes, or units of local government assume HUD's environmental review responsibilities)

Part 50 (when HUD staff is responsible for completion of the environmental review)

Cancel Save and Continue

Screen 1105 – Initial Screen

When completing an FHA review, make the following selections and inputs:

Field	Correct Response
Project Name	The project name should include the name of the facility and the FHA Project Number if known (contact the lender if uncertain).
Grant/Product ID Number	Enter the FHA Number again.
HUD Program	<ol style="list-style-type: none">1. Select Housing: Healthcare - Office of Residential Care Facilities (ORCF).2. Select the appropriate Section 232 program. If unsure, contact the lender.
Estimated Total HUD Funded, Assisted, or Insured Amount	Enter 0. HUD staff will complete this.
Estimated Total HUD Project Cost	Enter 0. HUD staff will complete this.
Does this project anticipate the use of funds or assistance from another Federal agency in addition to HUD?	The response will typically be “No” for ORCF projects. Select “Yes” only if another federal agency (e.g. FEMA, EPA) is contributing funds to this project. Do <i>not</i> select “Yes” if the project is applying for Low Income Housing Tax Credits (LIHTC).
Does this project involve over 200 lots, dwelling units, or beds?	Select Yes or No
Applicant/Grant Recipient Information	Enter the lender's name and the lender contact's name.
HUD Preparer	If known, enter the HUD reviewer's name. If not known, enter “TBD”.
Consultant Information	Enter the name of your firm and your name

Screen 1125 – Project Summary

When completing an ORCF review, make the following selections and inputs:

Field	Correct Response
Description of the proposed project	Describe all physical aspects of the project, such as the proposed work, plans for multiple phases of development, size and number of buildings, number of units and number of beds, land area, and activities to be undertaken. State whether the project involves an increase in the residential capacity of the facility. Include details of the physical impacts of the project, including whether there will be ground disturbance, construction, demolition, tree removal, site clearing, or expansion of paved areas. If more space is required, upload a separate document below.
Address	Provide a street address for the project.
Location Information	If the project involves new construction, affects more than one street address, or otherwise requires further explanation, describe the full geographic scope of the project in this space
Upload	Upload the site survey, site map, photos of the project, and other information describing the project and its location. For existing facilities, upload the list of proposed repairs and improvements (critical, non-critical and borrower proposed repairs). Important: Prior to submitting the HEROS review, confirm with the lender that the list of repairs and proposed work that you considered during the review is current and accurate.
Field Inspection	Leave this section for HUD to complete.
What activities are involved in the project?	Select all planned or anticipated activities. For guidance on categorizing an activity as “Maintenance”, see Notice CPD-16-02).
Will the project require a change in land use	Select “Yes” if the project involves converting a non-residential structure to a residential use. Otherwise, select “No”.
What is the planned use of the affected property	Select Residential building(s) > Multifamily.

Uploading Documents: File names uploaded to HEROS must be free of all special characters. Special characters are any characters that are not alphanumeric (such as: & , ‘ “ / * ^ \$ % # @ !). Files with these characters will prevent the environmental review record from generating or posting to the HUD Exchange.

Screen 1315 – Level of Review

On this screen, you will make a preliminary selection regarding the required level of environmental review based on the project description and activities involved. The final decision will be made by HUD. There are 4 possible selections on this screen:

1. Categorically excluded **not** subject to the federal laws and authorities cited in 24 CFR 50.4 (CENST)
 - This selection is appropriate if all anticipated activities are listed in an exclusion in 24 CFR 50.19(b). The following FHA transactions are CENST:
 - 223(a)(7) projects when the proposed work involves only routine maintenance (i.e., no repairs, rehab, new impacts as defined in [Notice CPD-16-02](#)).
 - 223(f) if:
 - Project is already in HUD’s portfolio; **and**
 - Involves only routine maintenance (no repairs, rehab, new impacts as defined in [Notice CPD-16-02](#)).
2. Categorically excluded **subject to** the federal laws and authorities cited in 24 CFR 50.4 (CEST)
 - This selection is appropriate if all anticipated activities are listed in an exclusion in 24 CFR 50.20(a). ORCF transactions are CEST in the following cases:
 - Purchased or refinanced healthcare facilities under Section 223(f) of the National Housing Act (24 CFR 50.20(a)(5))
 - Rehabilitation and improvement of residential care facilities when the following conditions are met (24 CFR 50.20(a)(2)(ii)):
 - Unit density is not changed more than 20 percent;
 - The project does not involve changes in land use from residential to non-residential; and
 - The estimated cost of rehabilitation is less than 75 percent of the total estimated cost of replacement after rehabilitation.
3. Environmental Assessment (EA)
 - This selection is appropriate for Section 232 new construction projects and projects that do *not* conform to the above requirements for CENST or CEST.
4. Environmental Impact Statement (EIS)
 - An EIS is required if the project impacts more than 2,500 units or if it has been determined to have a potentially significant impact on the human environment. An EIS level review is normally not applicable to Section 232 projects.

Screen 2005 – Related Federal Laws and Authorities Summary

This screen lists all of the related laws and authorities that must be complied with for this transaction based on the level of review. Click on the name of each law and authority in **blue text** in the left column to navigate to the individual screen for each law and authority.

Within each individual screen, respond to the series of questions to determine whether the project complies (or can, with mitigation, comply) with that law or authority. After selecting each response, press the <Next> button to move on to the next screen. When you have completed all required questions, you will be directed to the “Screen Summary” to summarize compliance. A compliance

determination will be automatically generated; you should use this space to add any further analysis or discussion to clarify your conclusions. You may also want to include in this space notes to the HUD staff who will be responsible for completing the review.

Note: HUD will review and evaluate all your responses and documentation and complete all compliance steps as needed. As a Partner, not a HUD employee, you will not be able to complete the full analysis for all laws and authorities. For example, Partners should not contact tribes under the National Historic Preservation Act, Section 7 consultation under the Endangered Species Act, or publish notices for the 8-Step Process under Part 55 without HUD’s approval. You should however describe and upload detailed documentation to assist HUD with the reviews. You may suggest mitigation measures or project improvements, but the final decision will be HUD’s.

It is necessary to fully respond to all questions on each screen before you will be able to upload the documentation. Therefore, where you have documentation to upload, but you are not legally able to comply with all requirements, please respond to all questions using your best guesses and suggestions to HUD. Use the compliance determination to explain what actions you took and your suggested course of action to HUD. Your compliance determination should make it clear to HUD which responses are final and which are only advisory. HUD will complete the screen after reviewing your comments and supporting data.

Notes on completing the individual laws and authorities

Compliance Factor	How to complete as an FHA Partner
Flood Insurance	<p>The answer to the first question on this screen is always “Yes” for ORCF projects. A “Yes” answer means that a review is needed to determine if flood insurance is required.</p> <p>At www.msc.FEMA.gov, create a FIRMette from the Flood Insurance Rate Map (FIRM) with the site marked on the map. Upload the map in the Flood Insurance screen.</p> <p>If any portion of a building is located in a 100-year flood zone on the effective FIRM, flood insurance is required. See instructions at Screen 5000 below for additional flood insurance requirements specific to ORCF projects.</p>
Contamination and Toxic Substances	<p>Chapter 7.3 lays out specific requirements for documenting and mitigating site contamination. Ensure that your submissions follow this guidance, including obtaining No Further Action Letters or equivalent from LSTF authorities when contamination is above de minimis levels.</p> <p>Confirm that HUD is identified as an authorized user of the Phase I Environmental Assessment (ESA). Also indicate the date that the Phase I ESA was conducted and specify the 180-day expiration date.</p> <p>Underground storage tanks (USTs) containing hazardous waste or petroleum products require supporting documentation to be acceptable. Integrity testing and an operations and maintenance plan may be required, and the documentation should be uploaded when applicable.</p>

Endangered Species	<p>Endangered or threatened species may be impacted by activities such as tree removal, site clearing, and site alterations. If consultation is required, Partners should upload documentation, such as an IPaC report and supporting documentation, and provide an analysis to assist HUD with its review.</p>
Explosive and Flammable Hazards	<p>Upload documentation pertaining to existing and proposed hazardous operations and Aboveground Storage Tanks (ASTs) in this screen. Confirm with the lender and/or borrower whether any new ASTs will be installed at the project.</p> <p>In addition to the regulatory requirements outlined in HEROS, ORCF requires an evaluation of the risks associated with proximity to hazardous facilities for existing projects to be purchased or refinanced. This requirement is not included on the HEROS screen but must be part of the ORCF review (see Chapter 7.5.G.4).</p>
Floodplain Management	<p>Partners should upload the current FIRMette if not auto filled from the Flood Insurance screen. Partners must also determine whether there are any preliminary, pending, or advisory flood maps or elevations; if there are, these must be uploaded, and will be used as the best available information unless the base flood elevation is lower than on the current FIRM (see 24 CFR 55.2(b)(1)).</p> <p>All Section 232 projects are considered critical actions. Therefore, the area of concern for Floodplain Management purposes is extended to the 500-year floodplain.</p> <p>Partners should make a preliminary suggestion as to whether an exception in 24 CFR 55.12 applies. If a portion of the project site is located in the 100-year or 500-year floodplain and the 8-Step or 5-Step Process is required, Partners should provide documentation to assist HUD with completing that process. Public notices for the 8-step process must not be published until HUD has specifically approved the notice for publication.</p> <p>Chapter 7.5.C contains requirements for projects located in 100-year and 500-year floodplains. Offsite floodways and other flood hazards will be considered as well.</p> <p>When a Section 232 project site is located in a 100-year or 500-year floodplain, Partners should obtain documentation of the following items from the lender and upload the documents.</p> <ol style="list-style-type: none"> a) Preparation of and participation in an early flood warning system. Indicate the specific method(s) used to monitor weather conditions and flooding alerts. b) An emergency evacuation and relocation plan, including names and addresses of like facilities (i.e., similar residential healthcare facilities) that have agreements or contracts with the subject to serve as temporary relocation sites for the subject’s residents.

c) Identification of evacuation route(s) out of the 500-year floodplain. Provide road maps and the flood zone designations of relocation sites outside of the 500-year floodplain.

d) Identification marks of past or estimated flood levels on all structures. (Note: If all structures are located outside the 100-year and 500-year floodplain and have not flooded in the past, then this part is not applicable).

e) All new and renewal leases or contracts must contain an acknowledgement signed by the residents or their representatives indicating they have been advised of the portions of the site that are in a floodplain and that flood insurance is available for their personal property. Upload an example of the notice that will be used.

Historic Preservation

HUD must review the project and make a finding of effect. If the work exceeds the level of “routine maintenance” (for guidance see [Notice CPD-16-02](#)), Partners should assist HUD by assembling information for HUD’s Section 106 review. Include studies, historic property surveys, and other documents as necessary. In HEROS, Partners should make preliminary recommendations regarding the Area of Potential Effects (APE), consulting parties, and determinations of eligibility and effect, and should document their conclusions. Partners may request technical assistance from the State Historic Preservation Officer (SHPO) to identify historic properties. Partners should provide HUD with drafted documentation that HUD may edit and utilize when contacting the SHPO.

When tribal consultation is required, HUD will contact the interested tribes directly. Partners should not contact the tribes.

For projects that involve ground disturbance, see instructions for Screen 5000 below regarding a special condition that ORCF uses. Also notify the lender that any alterations or ground disturbance must not occur prior to HUD’s completion of Section 106 consultation.

Also, if the project includes ground disturbance or is in or near a listed or eligible historic building or historic district, coordinate with HUD as early as possible via LeanThinking@hud.gov.

Wetlands Protection

Partners should identify the project on the [National Wetlands Inventory](#) map and upload the map. For projects involving ground disturbance: If the site contains a wetland or is adjacent to a wetland, Partners should determine whether to consult with US Fish and Wildlife or complete a wetlands delineation survey. If the 8-Step Process is required, coordinate with HUD via Leanthinking@hud.gov.

In all cases, when wetlands exist at or on a project site, (regardless of whether the 8-step process is required), ORCF requires a special condition. See instructions for Screen 5000 below, regarding the special condition for Wetlands. The purpose of the condition is to ensure that future work during the term of the HUD-insured mortgage that might

	impact a wetland will be reviewed for compliance with wetlands protection regulations prior to the start of the work.
Housing Requirements	The Housing Requirements screen contains sections related to Lead Based Paint (Chapter 7.6), Radon (Chapter 7.8), Asbestos (Chapter 7.7), and Nuisances and Hazards including pipelines, fall distance from towers, overhead high voltage transmission lines, railroad tracks, and distance from oil or gas wells (Chapter 7.5K). Supporting documentation should be uploaded for these items. Water quality should also be addressed on the Housing Requirements screen and water quality reports should be uploaded.
	If mitigation measures or special conditions are recommended, include them in the Mitigation box.

Documenting CENST reviews

HUD must document environmental reviews for all projects, including CENST 223(a)(7)s and CENST 223(f) projects. (223(f)s are CENST if they are already in HUD’s portfolio and all work meets the definition of maintenance as defined in [Notice CPD-16-02](#)). Partners may complete CENST reviews directly in HEROS.

If on Screen 1315 – Level of Review you indicate that a 223(a)(7) or 223(f) project is CENST, you will only see two requirements on Screen 2005 – Related Federal Laws and Authorities Summary:

- Flood Insurance; and
- Housing Requirements

To complete the Housing Requirements screen for CENST reviews, post the documentation for any reviews that were done.

Note that ORCF requires certain additional documentation for CENST projects whose sites are located in a 100-year or 500-year floodplain. Supporting documentation for the items listed at Chapter [7.5.C.14.a.b.c.](#) (copied below) should be uploaded in the Housing Requirements screen.

- a. Preparation of and participation in an early warning system;
- b. An emergency evacuation and relocation plan;
- c. Identification of evacuation route(s) out of the 500-year floodplain.

Screen 4010 –Environmental Assessment Factors and Screen 4100—Environmental Assessment Analysis

If your project requires an Environmental Assessment level of review, you must complete the Environmental Assessment Factors and Environmental Assessment Analysis. Further guidance can be found on the [Environmental Assessments page](#) on the HUD Exchange.

Screen 5000 – Mitigation Measures and Conditions

If the project will require mitigation measures or conditions, add them on this screen if not previously recorded on a prior screen. To add a mitigation measure or condition, click on <Add Mitigation Measure or Condition Factor>.

Add Mitigation Measure or Condition Factor

Below are examples of mitigation measures/conditions which Partners should use when applicable.

- **When Flood Insurance is required**, add a mitigation measure which states:
 - o **Flood Insurance:** ORCF requires flood insurance coverage in addition to the NFIP amount. See [Handbook 4232.1, Rev 1](#), Section II, Production, Chapter 14.7.H for coverage requirements.

- **Floodplain Management:** When an 8-Step or 5-Step process for floodplains is required, include the following special conditions:
 - o **Flood preparedness:** The borrower shall certify it has implemented and will observe the flood emergency preparedness plan that was submitted for the project including:
 - 1. Preparation of and participation in an early warning system;
 - 2. An emergency evacuation and relocation plan;
 - 3. Identification of evacuation route(s) out of the 500-year floodplain.
 - 4. The past or estimated flood level has been identified and permanently marked on all structures.
(Note: If all structures are located outside the 100-year and 500-year floodplains and if there have been no past floods, then #4 does not apply and may be omitted from the conditions.)
 - o **Floodplain Notification:** The borrower must certify that all new and renewal leases or resident contracts will contain an acknowledgement signed by the resident or their agent indicating they have been advised of the portions of the site that are in a floodplain and that flood insurance is available for their personal property.

- **When a wetland exists on or adjacent to the project site** add the following condition:
 - o **Wetlands Restriction:** The following statement is to appear in a rider to the Borrower Regulatory Agreement: WETLANDS RESTRICTION. While any mortgage insured by HUD is in effect, Borrower shall not perform construction activities on the Mortgaged Property that impact any area that qualifies as a wetland by the U.S. Army Corps of Engineers 1989 delineation procedures or the U.S. Fish and Wildlife Service "Classification of Wetlands and Deepwater Habitats of the United States" without first obtaining the consent of HUD and any applicable federal, state, or local permits. Please note that this definition includes wetlands that are not defined as jurisdictional under Section 404 of the Clean Water Act and is to be interpreted consistent with 24 CFR Part 55.

- **When ground disturbance will occur**, add:
 - o Archaeological Site, Human Remains, or Cultural Resources of Tribal or Historic Interest: If an archaeological site, human remains, or cultural resources of historic or tribal interest are revealed during the project's construction, the project manager must

immediately stop work in the area of the discovery and notify HUD within 48 hours. HUD will contact the State Historic Preservation Officer (SHPO), participating tribes and other consulting parties and continue Section 106 consultation. If ground disturbance is to occur after the loan closing, the closing package must contain a certification of this condition from the borrower.

Partners will be prompted to enter a mitigation plan, detailing responsibilities for completing any required mitigation measures. As Partners may not be equipped to provide this information, you may enter “Placeholder” in this textbox in order to proceed to the next screen.

Screen 6205 – Preparer Notification Screen

Following Screen 5000, Partners will be directed to the Preparer Notification screen. On this screen, you may generate a preview of the Environmental Review Record (ERR) to review your work and/or to submit it to a lender for review and approval. The summary report will include links to the back-up documentation. These links will only work for people with HEROS access. Otherwise, you will need to send copies of back-up documentation outside of the system.

Assigning the Review to HUD

When you are ready to submit to HUD, select the red <Assign Review> button above the left side menu and assign the review to Wayne Harris. *Please **do not contact Wayne Harris regarding HEROS**; his name is only used to store the HEROS submissions until a HUD environmental reviewer is assigned to the project.* Questions regarding HEROS may be submitted to LeanThinking@hud.gov. LeanThinking@hud.gov may also be contacted when the steps above recommend early coordination with HUD.

Once the review has been assigned, you will not be able to reassign it to a different user without assistance from a system administrator.

Assign Review Screen

Search for Wayne Harris by first and/or last name. The name should appear in the upper table along with the role (HUD), email address, and location. Enter any comments in the textbox provided, and press <Assign>. You will receive a confirmation email. *As noted above, do not contact Wayne Harris regarding HEROS.* Questions regarding HEROS may be submitted to LeanThinking@hud.gov.

HEROS Glitch

On August 12, 2019, HUD fixed the glitch that kept lenders from using HEROS. Lenders can apply for HEROS access through the [HEROS Access Form](#). It is the lender’s choice whether to review work within the HEROS system or receive summary reports outside of the system.