

DOCUMENT RESUME

03425 - [A2493624]

Environmental Reviews Done by Communities: Are They Needed? Are They Adequate? CED-77-123; B-171630. September 1, 1977. 25 pp. + 6 appendices (9 pp.).

Report to the Congress; by Elmer B. Staats, Comptroller General.

Issue Area: Domestic Housing and Community Development (2100); Domestic Housing and Community Development: Assisting Urban Communities to Prevent and Eliminate Blight and Deterioration (2102); Environmental Protection Programs: National Environmental Policy Act of 1969 (2205).

Contact: Community and Economic Development Div.

Budget Function: Community and Regional Development: Community Development (451).

Organization Concerned: Council on Environmental Quality; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Environmental Protection Agency.

Congressional Relevance: House Committee on Banking, Finance and Urban Affairs; Senate Committee on Banking, Housing and Urban Affairs; Congress.

Authority: National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.). Housing and Community Development Act of 1974, title I (42 U.S.C. 5301 (Supp. V)).

Communities receiving community development block grants are performing environmental reviews for projects which affect the environment little, if at all. **Findings/Conclusions:** An examination of 26 communities which spent about \$214,000 on 450 environmental reviews during the first year of the community development program indicated that reviews of about 54% of the projects may have been unnecessary. Environmental reviews may not be needed for such community development activities as social service projects, minor maintenance or repair projects, beautification projects, and rehabilitation or renovation of occupied structures. On the other hand, some communities are not effectively carrying out the environmental responsibilities delegated by the Department of Housing and Urban Development. **Recommendations:** To make the environmental review process easier and to make sure that communities carry out their responsibilities, the Secretary of Housing and Urban Development should: work with the Council on Environmental Quality to identify and exempt from review those insignificant types of projects which do not need environmental reviews; clarify and expand the Department's environmental review procedures, particularly the scope of environmental reviews required by communities; establish a mandatory environmental review format for communities to use; emphasize training of community environmentalists; and revise the Department's monitoring procedures so communities' environmental reviews are evaluated in depth. (Author/SC)

3624

REPORT TO THE CONGRESS

03425

 UNITED STATES
GENERAL ACCOUNTING OFFICE

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

Environmental Reviews Done By Communities: Are They Needed? Are They Adequate?

Department of Housing and Urban Development

Communities receiving community development block grants are doing environmental reviews for projects which affect the environment little, if at all. GAO questioned the need for these unnecessary environmental reviews and is making recommendations aimed at eliminating them.

This report also discusses problems communities have in effectively carrying out the environmental responsibilities delegated by the Department of Housing and Urban Development.

GAO is making recommendations aimed at solving these problems.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-171630

To the President of the Senate and the
Speaker of the House of Representatives

This report discusses unnecessary environmental reviews being made by communities receiving community development block grants and the problems experienced by communities in effectively carrying out their environmental responsibilities.

We examined these environmental reviews to provide the Congress with information as to whether the policies of the National Environmental Policy Act of 1969 (42 U.S.C. 4321), were being effectively implemented and whether the public can be assured undiminished protection of the environment in connection with expenditures under this program.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), the Accounting and Auditing Act of 1950 (31 U.S.C. 67), and the Legislative Reorganization Act of 1970 (31 U.S.C. 1152).

We are sending copies of this report to the Director, Office of Management and Budget; the Chairman of the Council on Environmental Quality; the Administrator, Environmental Protection Agency; the Secretary of Housing and Urban Development; and the Secretary of Health, Education, and Welfare.

A handwritten signature in cursive script, reading "Peter B. Steinhilber".

Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

ENVIRONMENTAL REVIEWS DONE BY
COMMUNITIES: ARE THEY NEEDED?
ARE THEY ADEQUATE?
Department of Housing
and Urban Development

D I G E S T

Communities are doing environmental reviews for minor projects which have few, if any, effects on the environment. This is a waste of time and money.

GAO examined 26 communities which spent about \$214,000 on 450 environmental reviews during the first year of the community development block program. (See p. 6.) Reviews of about 54 percent of the projects may have been unnecessary. With 3,044 communities receiving grants during the first program year, environmental reviews nationwide could have cost \$14 million. (See p. 7.)

Based on a community's certification of compliance with Federal environmental requirements, the Department of Housing and Urban Development releases grant funds to the applicant. To meet environmental requirements, an applicant must go through a prescribed review process to determine how each project will affect the environment and must advise the public of its findings. (A limited number of activities, such as planning and administration, are specifically exempt from environmental reviews.)

If a project will greatly affect the environment, an Environmental Impact Statement must be prepared. Seventy-five Environmental Impact Statements were prepared by block grant recipients as of September 1976. (See p. 5.)

Environmental reviews may not be needed for such community development activities as

--social or service projects;

--minor maintenance, replacement, or repair projects which do not alter existing uses;

--beautification projects; and

--rehabilitation or renovation of occupied structures and loans and grants to property owners for such work. (See p. 7.)

Some communities are not effectively carrying out the environmental responsibilities delegated by the Department of Housing and Urban Development. Their environmental reviews do not

--adequately describe the project,

--define existing environmental conditions and current environmental trends,

--identify and evaluate how proposed projects will affect the environment,

--consider changes and/or alternatives for proposed projects, or

--address required historic values.
(See p. 12.)

RECOMMENDATIONS

To make the environmental review process easier and to make sure that communities carry out their responsibilities, the Secretary of Housing and Urban Development should:

--Work with the Council on Environmental Quality to identify, and exempt from review, those insignificant types of projects which do not need environmental reviews.

--Clarify and expand the Department's environmental review procedures, particularly the scope of environmental reviews required by communities.

--Establish a mandatory environmental review format for communities to use.

--Emphasize training of community environmentalists.

--Revise the Department's monitoring procedures, so communities' environmental reviews are evaluated in depth. (See p. 22.)

C o n t e n t s

		<u>Page</u>
DIGEST		
CHAPTER		
1	INTRODUCTION	1
	Housing and Community Development Act	1
	HUD and community environmental responsibilities under NEPA	2
2	IMPROVEMENTS NEEDED IN THE ENVIRONMENTAL REVIEW PROCESS	6
	Environmental reviews for some types of projects not needed	7
	Environmental reviews are inadequate	12
	Conclusions	21
	Recommendations	22
	Agency comments and our evaluation	22
3	SCOPE OF REVIEW	25
APPENDIX		
I	HUD regional and area offices and community locations visited during our review	26
II	Letter dated June 30, 1977, from the Department of Housing and Urban Development	27
III	Letter dated June 10, 1977, from the Department of Health, Education, and Welfare	30
IV	Letter dated June 7, 1977, from the Executive Office of the President, Council on Environmental Quality	32
V	Letter dated July 15, 1977, from the Environmental Protection Agency	33
VI	Principal officials of the Department of Housing and Urban Development responsible for activities discussed in this report	34

ABBREVIATIONS

CEQ	Council on Environmental Quality
EPA	Environmental Protection Agency
ERR	environmental review record
GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
HUD	Department of Housing and Urban Development
NEPA	National Environmental Policy Act of 1969

CHAPTER 1

INTRODUCTION

"To declare a national policy which will encourage productive and enjoyable harmony between man and his environment; to promote efforts which will prevent or eliminate damage to the environment and biosphere and stimulate the health and welfare of man; to enrich the understanding of the ecological systems and natural resources important to the Nation; and to establish a Council on Environmental Quality."

With these stated purposes, the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321 et seq.) was enacted on January 1, 1970.

To achieve these ends, the act generally directs that all Federal agencies

- utilize a systematic, interdisciplinary approach in making environmental decisions,
- develop procedures for assuring appropriate consideration of environmental amenities and values, and
- prepare detailed statements disclosing the environmental impacts of major Federal actions significantly affecting the quality of the human environment, including alternatives to the proposed actions.

The Council on Environmental Quality (CEQ) (1) provides national policy and guidance on Federal activities affecting the environment, (2) assists in coordinating these activities, and (3) oversees Federal agencies' implementation of NEPA.

HOUSING AND COMMUNITY DEVELOPMENT ACT

Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 (Supp. 5 1975)) consolidated seven existing Department of Housing and Urban Development (HUD) categorical programs 1/ into a new, single program of community development block grants.

1/Urban Renewal; Model Cities; Water and Sewer Facilities; Open Space; Neighborhood Facilities; Rehabilitation Loans; and Public Facilities Loans.

The primary objective of this program is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income. This objective is to be achieved through elimination of slums, blight, and detrimental living conditions, conservation and expansion of the Nation's housing stock, expansion and improvement of community services, more rational utilization of land and other natural resources, reduction of the isolation of income groups within communities, and restoration and preservation of properties with special historic, architectural, or esthetic values.

Under title I, HUD is authorized to make grants to States and units of general local government to help finance eligible community development activities. Although the act contemplates the community development block grant program extending over at least a 6-year period, the initial \$8.4 billion authorization covers only 3 years. For fiscal year 1975--the first year of the program--3,044 communities received grants totaling \$2.54 billion to help finance community development programs. As of December 31, 1976, approved grants amounted to \$4.8 billion cumulatively.

Cities over 50,000 in population and urban counties over 200,000 in population are entitled to grants determined by a formula based on population, extent of housing overcrowding, and extent of poverty. Discretionary grants are also awarded to applicant communities at the Secretary's discretion rather than on the basis of the legislative formula.

HUD AND COMMUNITY ENVIRONMENTAL RESPONSIBILITIES UNDER NEPA

In deference to NEPA, the Congress included, as part of the Housing and Community Development Act of 1974, section 104(h)(1) which states in part that,

** * * In order to assure that the policies of the National Environmental Policy Act of 1969 are most effectively implemented in connection with the expenditure of funds under this title, and to assure to the public undiminished protection of the environment, the Secretary, in lieu of the environmental protection procedures otherwise applicable, may under regulations provide for the release of funds for particular projects to applicants who assume all of

the responsibilities for environmental review, decisionmaking, and action pursuant to such Act that would apply to the Secretary were he to undertake such projects as Federal projects. * * *
(Underscoring supplied.)

Section 104(h) of title I makes an unprecedented delegation of authority to the applicant for environmental impact assessments required under NEPA. This is the first time that the authority for insuring NEPA's implementation has been delegated below the Federal level. Concern over transferring this authority to State and local governments was expressed during the Senate debate of title I by the author of NEPA and the American Federation of Labor and Congress of Industrial Organizations. Some of the concerns raised were:

- Some municipal governments may not have the necessary capability to perform environmental assessments and draft adequate environmental impact statements.
- Permitting the delegation of the impact statement responsibility ignores the basic purpose of NEPA which was to hold the Federal Government responsible for maintaining the quality of our environment.
- The provision might provide a precedent for future Federal programs.

We examined environmental reviews, prepared by communities receiving block grants, to provide the Congress with information as to whether the policies of NEPA were being effectively implemented and whether the public can be assured undiminished protection of the environment in connection with expenditures under this program.

After consulting with CEQ, as required by section 104(h)(1), on January 7, 1975 (corrected and amended on July 16, 1975), HUD issued regulations governing environmental reviews. These regulations turn all NEPA responsibilities over to the block grant communities (unless a lack of legal capacity is deemed to exist) and provide for release of block grant funds based on community certification of compliance with HUD and NEPA requirements.

To comply, a community must go through a prescribed review process to identify any environmental impacts (i.e., any alteration of existing environmental conditions or creation of a new set of conditions) of proposed actions.

Except for certain exempt activities, such as planning, administrative, and continuation projects, a community must determine for each project (1) existing environmental conditions, (2) adverse and beneficial impacts, (3) nature, magnitude, and extent of any impacts, (4) modifications or alternatives which could eliminate or minimize adverse impacts or enhance environmental quality, and (5) whether the proposed project may significantly affect the quality of the human environment. Also, communities must review each project to determine whether any historic properties will be affected.

As support for the performance of an environmental review, communities are required to maintain an environmental review record which must include a project description; documentation showing that each step in the review process has been performed; evidence that the required historic preservation review analysis has been conducted; and any other information necessary to support actions taken.

HUD regulations state that environmental impact determinations are "* * * largely a matter of judgment on the part of the applicant * * *." Accordingly, applicants generally have the sole responsibility for determining whether planned actions will have a significant impact on the environment. HUD requires a mandatory finding of significance for only two types of projects--housing programs which would remove, demolish, convert, or construct a total of 500 or more dwelling units and water and sewer facilities programs which will serve undeveloped areas of 100 acres or more.

When a community makes a decision as to the significance of a project's impact on the environment, notice of such decisions must be published in a local newspaper and copies must be sent to local groups known to be interested in the applicant's activities; local, State, and Federal agencies; and authorized State and areawide planning and development clearinghouses for comment.

For findings of no significant effect, a community must allow 15 days for public comment before publishing a newspaper notice to advise the public of its intent to request release of funds. After a wait of 5 additional days, the community is free to request the release of project funds from HUD upon certification that its environmental responsibilities have been carried out. HUD can release funds 15 days after receiving the community's request or a minimum elapsed time of 35 days.

For projects in which a finding of significant effect is made, however, an Environmental Impact Statement must be prepared and the earliest that funds can be released is 110 days. This has not proven to be a major handicap because only 75 Environmental Impact Statements have been prepared by block grant recipients as of September 1976.

HUD's approval of a community's certification is deemed to satisfy HUD's NEPA responsibilities.

CHAPTER 2

IMPROVEMENTS NEEDED IN THE ENVIRONMENTAL REVIEW PROCESS

Because of the provisions of HUD regulations, communities are making environmental reviews for projects having little or no impact on the environment. Specifically, our review of 195 environmental review records (ERRs) in 26 communities showed that 106 ERRs appeared to be unnecessary because of their environmental insignificance. These 26 communities had spent about \$214,000 during the first program year to perform 450 environmental reviews. Considering that 3,044 communities received grants in fiscal year 1975, the cost of performing environmental reviews on a nationwide basis could have approximated \$14 million.

We also evaluated the adequacy of 47 ERRs that were prepared by 9 of the 26 communities. While these 47 ERRs, in our opinion, were necessary, we found that 34 of them were incomplete because they did not

- totally describe the work to be done or define the environmental conditions existing in project areas,
- identify and evaluate all environmental impacts of proposed projects,
- consider modifications to or alternatives for proposed projects, or
- make the required historic analysis of properties in project areas.

We believe that the elimination of environmental reviews for certain environmentally insignificant types of projects would streamline the review process and allow communities to (1) have more immediate use of grant funds, (2) have more grant funds available for projects, and (3) perform more effective reviews for significant projects.

We also believe that HUD needs to assume a more dominant role in the environmental review process by (1) providing better guidance to communities, (2) putting increased emphasis on training community environmentalists, and (3) improving its monitoring program.

ENVIRONMENTAL REVIEWS FOR SOME
TYPES OF PROJECTS NOT NEEDED

To obtain grant funds, communities must go through a prescribed environmental review process for each activity not considered exempt by HUD regulations. Activities which do not have to be environmentally assessed include (1) environmental studies, (2) program planning and administrative expenditures, (3) continuation projects which were the subject of previous environmental reviews and for which no significant changes in technology or available data have occurred, and (4) first-year actions to continue previously approved urban renewal or model cities projects.

All other activities must be assessed. However, our evaluation of ERRs showed that communities are expending grant funds to perform environmental reviews for many projects which are so minor in nature that few, if any, discernible impacts can be expected to occur. We reviewed 195 of 450 ERRs prepared by 26 communities and, based upon the type of projects being planned, about 54 percent appeared to be unnecessary because they were minor in nature and had little potential impact on the environment.

The 26 communities we visited spent about \$214,000 to prepare 450 ERRs for the first program year--an average of about \$475 for each ERR. Of these, 22 were entitlement communities, each of which spent an average of \$9,568 to prepare its ERRs. The remaining four were discretionary communities, each of which spent an average of \$836.50 to prepare its ERRs. During the first program year HUD approved 1,321 entitlement grants, which were allocated on the basis of the legislative formula, and 1,913 discretionary grants, which were awarded at the Secretary's discretion. If each community spent the average amount spent by the 26 communities, we estimate that the nationwide cost of performing environmental reviews was about \$14 million.

To classify community projects which we believed to be environmentally insignificant, we developed our own criteria, as follows:

Type of Projects for Which an Environmental
Review Appears Unnecessary

Social or service projects where aid is given to the recipient (e.g., medical care, counseling, security patrols, recreation, education, and social programs, child care, training, and transportation).

Maintenance projects that maintain the status quo or make minor improvements (e.g., community cleanup, tree trimming, maintaining vacant lots and vacant structures, and street lighting).

Beautification projects (e.g., landscaping; street furniture; fixing or equipping already established parks, playgrounds, tot lots, and passive recreation areas).

Rehabilitation or renovation of occupied structures and rehabilitation or other types of loans and grants to owners for work that does not materially alter the environment.

Repair or replacement projects that do not change the use of the item repaired (e.g., water and sewer system, curbs and sidewalks, modification to buildings for the elderly and handicapped, repaving streets, and code enforcement to bring properties into compliance with health or zoning codes).

Comprehensive programs that include combinations of the above categories but do not materially alter the environment.

These criteria were developed after evaluating a number of ERRs and ascertaining typical categories or projects in which (1) few environmental impacts were identified and (2) identify impacts were expected to be minor. We also considered a community development consultant's study which classified such community actions as rehabilitation, street improvements, curb and sidewalk improvements, code enforcement, and renovations as not essentially altering the environment. We recognize, however, that for some projects a determination of their effect on historic properties may be necessary.

The following chart shows the results of our review.

	<u>Number</u>	<u>Percent</u>
ERRs reviewed	a/195	-
Communities visited	<u>26</u>	-
ERRs which appeared to be unnecessary:		
Social or service projects	37	-
Maintenance projects	8	-
Beautification projects	13	-
Rehabilitation activities	16	-
Repair activities	24	-
Comprehensive activities	8	-
	106	-

ERRs reviewed which appeared to be unnecessary 54.5

a/At each community if more than 10 ERRs were prepared during the first year, 10 were randomly selected for review. If 10 or less ERRs were prepared, 11 were selected.

Examples of each type of project for which an ERR appeared unnecessary follow.

Social or service projects

Kansas City, Kansas, prepared a 9-page ERR to assess a \$54,000 project which will fund the salaries of juvenile officers for a police special juvenile unit. The primary project activity will be to apprehend truant school children and attempt to remedy their problems before they commit more serious legal transgressions. Various beneficial impacts of the project were discussed in the ERR as were some adverse impacts, such as (1) temporary ineffectiveness of initial program efforts and (2) insufficient funding. The project was judged to have no significant impact on the environment.

Maintenance projects

Baltimore, Maryland, assessed a \$100,000 supplemental city services program providing (1) rat eradication services, (2) trash pickup, and (3) cleanup of alleys, vacant lots, and other trouble spots. No negative impacts were cited and a finding of no significant impact was made.

Beautification projects

Harrisburg, Pennsylvania, prepared a lengthy assessment for a \$15,000 project to provide street furniture, such as kiosks, benches, trash receptacles, and new street name signs in residential areas. No negative impacts were cited.

Rehabilitation activities

Lincoln, Nebraska, assessed a \$97,000 project to provide grants to homeowners to make needed repairs. Lincoln concluded that the project would not be large enough to permit extensive additions and the only negative impacts would be minor.

Repair activities

A \$100,000 Vineland, New Jersey, project to provide pavement and curb improvements to existing paving was assessed by a consultant. It was concluded that the project would have no appreciable effect on the environment.

Comprehensive activities

A Los Angeles County ERR assessed a \$150,000 project to provide (1) low interest loans for home rehabilitation and (2) handyman and general fix-up services to elderly and handicapped persons for property maintenance. No adverse impacts on the environment were identified.

Comments on need for ERRs

Of the 26 communities we visited, 24 believed that HUD's current environmental review requirements could be reduced or eliminated for some types of projects. The following table shows the types of projects which communities believe may not need to be environmentally assessed.

<u>Types of projects for which ERRs may not be necessary</u>	<u>Number of communities commenting that ERRs may be unnecessary</u>
Social or service	17
Maintenance or replacement that maintains the status quo or makes minor improvements	8
Beautification	12

<u>Types of projects for which ERRs may not be necessary</u>	<u>Number of communities commenting that ERRs may be unnecessary</u>
Rehabilitation or renovation of occupied structures and loans and grants for similar work	15
Repairs or replacements that do not change use of item repaired	16

Some communities believed that the preparation of unnecessary ERRs delayed their projects. Others believed unnecessary work was created and the reduction or elimination of ERR requirements for some types of activities would save money.

HUD representatives were generally in agreement that ERR requirements may not be necessary for all classes of activities. Social service activities, maintenance or replacement activities, and beautification projects were the type of activities prominently mentioned by HUD representatives in regional and area offices as not needing the type of environmental assessment required by current regulations.

A HUD Inspector General audit (see p. 16.) also concluded that communities are performing environmental studies for certain categories of projects which have little or no impact on the quality of the human environment. The December 1976 audit report stated that about 15 percent of the projects examined by the HUD auditors were social or "software" projects which, when assessed, were regarded as little more than a "paper pushing" exercise by grantees. The HUD report suggested that an extensive study of the type and nature of the various projects undertaken by grantees may reveal the need to revise the environmental regulations to provide additional exemptions. As of March 1977, no action had been taken on the HUD report. (See p. 16.)

A report, prepared in February 1977 by the staff of the Subcommittee on Housing and Community Development, House Committee on Banking, Finance, and Urban Affairs, stated that local officials have universally complained about the minor nature of many activities which require a formal environmental assessment. The staff report went on to state that local officials have

"strongly urged that valuable staff resources not be wasted on assessments of relatively

insignificant activities and that HUD establish some sort of 'common sense' threshold as to when a particular activity becomes significant enough to require a formal environmental assessment."

A CEQ representative advised us that CEQ would favorably consider HUD proposals to expand the list of exempt activities. He stated that such proposals would have to be initiated and recommended by HUD.

ENVIRONMENTAL REVIEWS ARE INADEQUATE

Although HUD regulations state that: "The manner in which the applicant carries out the environmental review process * * * is largely within the discretion of the applicant," certain mandatory review steps must be accomplished (see p. 3). These steps are necessary for proper environmental assessments to insure the adequate protection of our environment. However, the communities, in many cases, have not satisfactorily done this.

We reviewed 47 ERRs prepared for first-year projects by 9 communities in HUD's Philadelphia region. These 9 communities received community development grants totaling \$125.2 million during the first program year. Of the 47 ERRs reviewed, 34 had one or more of the problems discussed below.

<u>Deficiencies found in ERRs reviewed</u>	<u>Number of ERRs</u>	<u>Description of types of deficiencies</u>
Project descriptions incomplete	13	The ERR must contain a project description. Five communities had not thoroughly described the details of planned projects--a necessary start for an adequate analysis.
Existing conditions not totally defined	12	Existing environmental conditions and current environmental trends must be identified in order to provide a data base for assessing a project. Five communities had not done this.

<u>Deficiencies found in ERRs reviewed</u>	<u>Number of ERRs</u>	<u>Description of types of deficiencies</u>
Environmental impacts not identified or completely discussed	30	All environmental impacts of a project must be identified in terms of their nature, magnitude, and extent. Seven communities had not done this for key areas of the environment.
Project alternatives and/or modifications not discussed	20	An environmental review must determine whether changes could be made or alternatives adopted to eliminate or minimize adverse impacts. Four communities failed to consider alternatives and/or modifications.
Historic preservation analysis incomplete	17	Each project must be examined to identify any properties included on or eligible for the National Register of Historic Places and to determine whether the property will be affected. Four communities had not done this.

The following examples illustrate some of the deficiencies noted above.

--A Wilmington, Delaware, project for the development of parks, waterways, and community facilities does not describe exactly what will be done for each planned activity, making an analysis of environmental impacts difficult. The ERR also did not address all potential environmental impacts including water quality standards and wildlife and vegetation or discuss possible project modifications.

--A Scranton, Pennsylvania, project to acquire an unused warehouse for an indoor skating rink described the existing condition of the structure but not the existing environmental conditions in the project area. Additionally, the ERR did not (1) adequately describe the planned project, (2) identify and discuss all

environmental impacts, (3) discuss alternatives or modifications, or (4) show evidence that a historic analysis was performed.

--A Philadelphia project for construction or a compost recycling center in a major park area did not discuss the nature, magnitude, and extent of a number of potential impacts. Among these potential impacts were the effects of (1) air pollution by increased truck traffic, (2) increased noise levels on area residents, (3) the project on wildlife and vegetation in the area, (4) the project on the esthetic environment in the park, and (5) a holding pond to be constructed as a breeding area for insects or as a source of odors from bacteria growth.

EPA and HEW analysis of ERRs

To supplement our analysis of community environmental reviews, we referred 19 ERRs prepared by 7 communities to the Environmental Protection Agency (EPA) and 14 ERRs prepared by 3 communities to the Department of Health, Education, and Welfare (HEW) to obtain their comments regarding the adequacy of community environmental reviews. These agencies were selected by us for referral because of their jurisdiction by law or special expertise for key aspects of the physical and/or social environment. The ERRs we referred were selected because they were typical examples of community ERRs and they appeared to have problems with documentation and analysis.

The results of EPA's analysis of the 19 ERRs for the 7 communities are shown below.

Project description incomplete	1
Existing conditions not totally discussed	7
All environmental impacts not discussed	19
Alternatives and/or modifications not discussed	11

Of the 19 ERRs reviewed, EPA classified 11 as being incomplete or inadequate. In general, ERRs were considered incomplete or inadequate if the community failed to address many expected impacts and did not discuss other details, such as existing environmental conditions, modifications, and alternatives. The following two examples provide an indication of how EPA made its classifications.

--EPA found a Scranton ERR for a bridge replacement and repair project to be incomplete because it had not (1) totally addressed at least 13 potential impacts, including the project's effects on air, water, wildlife, and vegetation, and transportation and traffic, (2) discussed modifications or alternatives, or (3) described the existing environmental conditions in the project area. EPA commented that the ERR was not sufficiently detailed to determine whether an Environmental Impact Statement should be prepared.

--An Allegheny County assessment for an industrial park access road was considered by EPA to be incomplete because it had not (1) addressed at least 12 potential impacts, including air quality and water quality standards and effects of increased traffic flow, (2) completely discussed modifications to the project, or (3) described all existing conditions. EPA stated that they have seen smaller projects requiring an Environmental Impact Statement.

HEW chose to provide general observations on its review of ERRs rather than commenting on a case-by-case basis. In citing the HUD environmental regulations as being "much too generic" and providing little or no guidance on questions to be addressed and methods of obtaining necessary information, HEW stated that the quality of the environmental assessments was directly proportionate to the quality of HUD's guidance. For example, in a Philadelphia ERR for a neighborhood conservation program, HEW cited weaknesses in the project description and in the ERR's failure to address at least 12 potential impacts of the project on the environment, such as traffic, schools, and health service delivery--stating that "The ERR gives little evidence of an appreciation of environmental impacts beyond gross physical alterations." HEW believed the community was not at fault for this situation and concluded that

"The HUD procedures which shift responsibility for determining (NEPA) compliance to the applicant are neither adequate nor effective."

Internal audit and HUD
monitoring visits

An audit report issued by HUD's Office of Inspector General on December 29, 1976, ^{1/} to the Acting Assistant Secretary for Community Planning and Development discussed the inadequacy of community environmental reviews. The Inspector General audit was performed during the period June 1975 to February 1976 and included visits to 49 communities in 24 States and the review of ERRs prepared for 259 first-year projects. The auditors found that

- projects were not fully described in a number of instances;
- 37 communities prepared assessments which were generally inadequate because they did not adequately perform all of the review steps prescribed by HUD, including the (1) description of existing physical and social environmental conditions; (2) identification of environmental impacts in terms of their nature, magnitude, and extent; and (3) consideration of modifications and alternatives; and
- some communities had not prepared Environmental Impact Statements, although projects exceeded thresholds established by HUD for determining significance, or had such significant environmental impacts as to warrant the preparation of an Environmental Impact Statement.

The report made several recommendations for improving the environmental review process. HUD's response on March 8, 1977, stated that resolution of the matters discussed in the report would be delayed pending confirmation of a new Assistant Secretary.

In addition to the HUD audit, monitoring visits made by HUD field offices during January 1, 1976, to September 30, 1976, noted environmental review deficiencies at the

^{1/}"Environmental Review Activities of Grantees Participating in the Community Development Block Grant Program."

community level. Among these were inadequate ERR analysis and documentation, failure to consider alternatives and modifications, and difficulties in the historic preservation review process.

Actions needed to improve the quality of necessary environmental reviews

HUD's participation in the environmental review process has generally been limited to (1) providing training and other guidance to communities, (2) monitoring community performance, and (3) approving the release of grant funds based on community certification of compliance with HUD and NEPA requirements.

However, to improve the quality of their ERRs, communities need increased training and better guidance and HUD needs to do more effective monitoring. HUD should assume an expanded role in responding to these needs.

Training and guidance needed

The need for increased training and better guidance is supported not only by the questionable quality of community environmental reviews but also by the number of communities citing problems.

For example:

- Of the 26 communities we visited, 22 had problems with their environmental reviews, including 10 communities which had difficulty determining the scope of the review or designing an acceptable ERR format.
- A study performed by the HUD Central Office in September 1976 showed that communities were having problems (1) identifying environmental conditions and impacts and determining their significance, (2) identifying and obtaining required data, and (3) deciding whether to consider project modifications and alternatives. A number of communities also believed a problem had been caused by HUD's contradictory or inadequate advice. The study indicated that community problems have diminished since fiscal year 1975.
- A study conducted by the Pennsylvania Department of Community Affairs early in 1976 showed that 29 of

the 74 communities responding to a questionnaire had problems with the environmental review process. Many of the problems directly related to the quality of guidance received.

An EPA representative, after reviewing ERRs referred by us, expressed his opinion that communities are badly in need of environmental training. EPA representatives from Region II in New York expressed similar opinions after reviewing environmental evaluations prepared by communities in that region. Also, as discussed on page 15, HEW was critical of the guidance given to the communities.

The HUD Inspector General audit discussed on page 16 cited several reasons for the deficiencies observed in community environmental reviews. These include (1) lack of employee training and experience in environmental matters, (2) inadequate guidance and assistance, (3) omissions and lack of clarity in the environmental regulations, and (4) the possibility that some communities may not have fully understood or accepted their environmental responsibilities. The Inspector General report concluded that communities "urgently need substantive training and assistance" to perform their environmental responsibilities.

Communities also believe they need training in the environmental review process. For instance, over 85 percent of the communities responding to the Pennsylvania Department of Community Affairs questionnaire indicated that such a need exists.

HUD's philosophy on training community environmentalists has been to decentralize responsibility to its field offices. No training programs have been developed and implemented by HUD's Central Office for community environmentalists.

regional offices have generally allowed area offices under their jurisdiction to provide technical assistance through monitoring visits or other contacts with community representatives or by formal training sessions. Eight of the nine HUD area offices we visited, for example, have sponsored community development seminars which included environmental concerns as part of the agenda. In addition, all of these area offices made monitoring visits and had other contacts with communities in their jurisdiction. Although we were unable to obtain specifics regarding the quality of HUD training or the scope of community coverage, only 11 of 26 community representatives we interviewed could

recall having attended HUD-sponsored seminars. However, 24 of the 26 did acknowledge telephone or personal contacts with HUD representatives.

HUD recognizes that communities are in need of environmental training and guidance and, since the inception of the block grant program, various steps have been taken to meet these needs in addition to those described above, as follows:

- In-house training has been provided to HUD field office personnel.
- HUD staffs have participated in environmental seminars given by State and local agencies.
- Some HUD regional offices have provided unique technical assistance to communities, such as the Kansas City's issuance of a directory to provide grantees with a list of sources for technical assistance, and the New York Region's use of closed circuit television seminars.
- HUD awarded a contract on September 30, 1976, for the development of a program for training community environmentalists.

To further aid communities in the execution of their environmental responsibilities, HUD distributed two technical publications for use in performing environmental reviews. Both "Environmental Reviews at the Community Level--A Program Guide" which was published in October 1975, and "Interim Guide for Environmental Assessments" which was sent to communities in May 1976, were intended as guidance. Use of the publications is not mandatory. The use of either publication could help assure consideration of all environmental factors prescribed in the HUD regulations and provide communities with an acceptable ERR format.

The HUD Inspector General audit cited the lack of a HUD prescribed ERR format as one reason for the reported deficiencies. In this connection, of the nine communities whose first-year ERRs we evaluated, only five were planning to utilize all or some variation of the format in the above-mentioned publications in preparing ERRs for their second program year.

Improved monitoring needed

To assure that communities are effectively complying with HUD's environmental regulations, HUD needs to improve its monitoring program by performing more indepth evaluations of ERRs.

HUD regional offices were delegated responsibility for developing and implementing systems for monitoring grantee performance. Regional monitoring systems were designed to meet general requirements established by HUD Central Office and were to include various types of monitoring activities conducted by the HUD area offices, including (1) scheduled site visits by program representatives for coverage of the entire community development program at varying levels of intensity and (2) special site visits to provide intensive coverage of special problem areas such as the environment. Special site visits for environmental monitoring are usually made by environmental clearance officers assigned to the area office.

For environmental monitoring, HUD Central Office has specified that "monitoring should be directed toward ascertaining procedural compliance." For example, HUD field personnel are to determine whether the community has prepared an ERR for each project and whether the community has generally complied with HUD environmental regulations for such required elements as (1) describing projects, (2) determining existing environmental conditions, (3) identifying environmental impacts, and (4) considering modifications and alternatives. However, HUD field offices are not required to question the adequacy of community decisions concerning the significance of environmental impacts or determine whether all environmental impacts have been identified and assessed.

In developing monitoring guidelines, HUD field offices generally followed Central Office direction to monitor only the procedural aspects of community environmental reviews. Although some HUD field personnel do more detailed monitoring during individual visits, we were informed that in-depth evaluations of the adequacy of community environmental decisions and the substantive quality of environmental assessments is not normally being accomplished during HUD monitoring visits.

Regional offices are required to submit quarterly reports of their monitoring activities to the Central Office. For the 9-month period January 1, 1976, to September 30,

1976, these reports showed that 357 special site visits for environmental monitoring had been made by the 10 HUD regional offices.

The Central Office analysis of the environmental findings showed that various problem areas had been identified by the HUD field offices. The majority of these problems were of a procedural nature (i.e., improper drawdowns of grant funds; improper advertising to the public; and inadequate ERR documentation). However, several HUD regions did identify substantive problem areas (e.g., identification and assessment of environmental impacts; and historic analysis).

CONCLUSIONS

We believe that environmental reviews are not needed in many cases because of the environmental insignificance of some types of community projects. For such projects, realistic determinations can be made before any detailed review that expected impacts will not be significant.

Elimination of environmental reviews for certain types of projects would streamline the review process and allow communities to (1) have more immediate use of grant funds, (2) have more grant funds available for projects, and (3) perform more effective reviews for significant projects.

Also, some communities are not effectively carrying out their responsibilities because, in performing environmental reviews, they are not

- totally describing the work to be performed or defining the environmental conditions existing in project areas,
- identifying and evaluating all environmental impacts of proposed projects,
- considering modifications to or alternatives for proposed projects, or
- performing the required historic analysis of properties in project areas.

We believe these problems have resulted from inadequate training of and guidance to community environmentalists. We also believe that these problems will continue if indepth evaluations of community environmental reviews are not made by HUD.

RECOMMENDATIONS

To make the environmental review process easier and to make sure that communities carry out their responsibilities, the Secretary of Housing and Urban Development should:

- Work with the Council on Environmental Quality to identify, and exempt from review, those insignificant types of projects which do not need environmental reviews.
- Clarify and expand the Department's environmental review procedures, particularly the scope of environmental reviews required by communities.
- Establish a mandatory environmental review format for communities to use.
- Emphasize training of community environmentalists.
- Revise the Department's monitoring procedures, so communities' environmental reviews are evaluated indepth.

AGENCY COMMENTS AND OUR EVALUATION

We provided CEQ, EPA, HUD, and HEW with the opportunity to comment on the matters discussed in the report. Their comments follow. (See apps. II through V for the agencies' responses.)

CEQ

The Council said that the report's recommendations would greatly improve the environmental review process for the block grant program and were basically similar to its own evaluation and recommendations.

EPA

EPA essentially agreed with the conclusions reached in the report. EPA said the report findings coincided with its own experience with the program. In addition, EPA said that the recommendations seem eminently reasonable.

HEW

HEW agreed that HUD need not attempt to review the environmental impact of all Federal actions, and that HUD

should identify those programs and activities which do not have the potential for producing an environmental impact-- and exclude them from unnecessary and time consuming paperwork. However, HEW said care must be taken because historic properties are not always thought of in terms of environmental protection and there should be some provision for review of actions with potential for producing impacts on historic properties.

HEW's concern regarding historic properties is well taken. In developing our criteria to classify projects which we believed to be environmentally insignificant, we recognized that for some projects a determination of the projects' effect on historic properties may be necessary. (See p. 8.)

HEW also said that there was a need for technical assistance to those intimately involved in program affairs in order to improve the quality of environmental documents.

HUD

HUD agreed with our recommendations and plans to implement them as discussed below. HUD said that our findings were substantially in agreement with its December 1976 Inspector General audit report and other information which has come to its attention. HUD said it was soliciting criticism of the existing regulations (24 CFR Part 58) and suggestions for their improvement before making a major revision of the environmental procedures in the fall of 1977 which will include identifying the types of activities unlikely to involve significant adverse environmental impacts and exempting them from the current procedural requirements. In addition, HUD said that it will

- expand and clarify the revised regulations to better define the scope of reviews which are required of communities,
- require a standard ERR format, and
- revise its monitoring procedures to reflect its concern about substantive compliance with the objectives of the 1974 act.

Finally, HUD said that the need for training grantees in the environmental review process is unquestioned and the development of a training program should be completed by late summer 1977. The first courses under this program are scheduled for September 1977.

We believe the above actions, if properly implemented, should resolve the problems discussed by our review.

CHAPTER 3

SCOPE OF REVIEW

We made our review at HUD Central Office in Washington, D.C.; 4 HUD regional offices; 9 HUD area offices; and 26 communities in 8 States. (See app. I for listing of HUD and community locations.)

We reviewed environmental and grant files and other documents and reports. We also interviewed officials and other representatives of HUD, communities receiving block grants, EPA, HEW, CEQ, and consulting firms hired by communities to make environmental reviews.

For 9 of the 26 communities visited, we evaluated the adequacy of their environmental reviews--supplementing our evaluations with technical input from EPA and HEW regional offices in Philadelphia, Pennsylvania.

For all 26 communities visited, we examined a selected number of environmental reviews to determine the types of projects being assessed and evaluated the need for such assessments.

HUD REGIONAL AND AREA OFFICES AND COMMUNITYLOCATIONS VISITED DURING OUR REIVEW

<u>Region</u>	<u>HUD</u>		<u>Communities</u>	
	<u>Location</u>	<u>Area office</u>	<u>Location</u>	<u>Fiscal year 1975 grants</u>
				(thousands)
2	New York, N.Y.	Camden, N.J.	Camden, N.J. Vineland, N.J. Burlington County, New Jersey Trenton, N.J.	\$ 5,554.0 1,519.0 509.0 5,097.0
		Newark, N.J.	New Brunswick, N.J. Lambertville, N.J.	1,399.0 84.0
3	Philadelphia, Pa.	Philadelphia, Pa.	Philadelphia, Pa. Harrisburg, Pa. Lancaster, Pa. Scranton, Pa. Reading, Pa. Carlisle, Pa. Wilmington, Del.	60,829.0 2,482.0 4,208.0 7,747.0 4,186.0 210.0 4,490.0
		Pittsburgh, Pa.	Allegheny County, Pa. Monessen, Pa.	6,456.0 2,069.0
		Baltimore, Md.	Baltimore, Md.	32,749.0
7	Kansas City, Mo.	Kansas City, Kans.	Kansas City, Mo. Kansas City, Kans. Arkansas City, Kans. Omaha, Neb. Lincoln, Neb.	17,859.0 6,206.0 274.0 1,390.0 486.0
		Omaha, Neb.		
9	San Francisco, Calif.	San Francisco, Calif.	Berkeley, Calif. Fresno, Calif.	2,812.0 10,038.0
		Los Angeles, Calif.	Los Angeles County, Calif. Anaheim, Calif. Baldwin Park, Calif.	10,099.4 511.0 118.4



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

June 30, 1977

OFFICE OF THE ASSISTANT SECRETARY
FOR COMMUNITY PLANNING AND DEVELOPMENT

IN REPLY REFER TO:
CSM

Mr. Henry Eschwege
Director, Community and Economic
Development Division
General Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

This is in response to your May 12, 1977 draft report: Community Development Block Grant Environmental Reviews At The Community Level: Are They Needed? Are They Adequate?

The findings of your report are substantially in agreement with the findings made in the audit report issued December 29, 1976 by HUD's Office of Inspector General and with other information which has come to my attention. They support your recommendations, which I find most helpful and which I intend to implement, as follows:

On May 16, 1977, we published in the Federal Register a Notice of Proposed Rulemaking (42 FR 24755), soliciting comments from agencies and the general public concerning the Community Development Block Grant (CDBG) Environmental Procedures which are contained in 24 CFR Part 58. The Notice, a copy of which is enclosed, also solicits criticisms of the existing regulations and suggestions for their improvement. We plan a major revision of these procedures in the early Fall, utilizing comments received in response to the Notice, from your audit and the one conducted by our own Inspector General and any changed national policy guidelines emanating from the proceedings currently underway at the Council on Environmental Quality.

More specifically, we do intend to identify types of activities which are unlikely to involve significant adverse environmental impacts and exempt them from the procedural requirements of 24 CFR Part 58. Long before joining HUD, I recognized the need for this and action to bring it about was one of my first priorities upon assuming office.

When these regulations are revised, they will be expanded and clarified, not with a view toward increasing their complexity, but, as your report suggests, to better define the scope of reviews which are required to be carried out by communities.

The environmental review record format contained in the guidebook Environmental Reviews At The Community Level will, as you recommend, become a required format. This should aid the communities in the formulation of their administrative records and will aid HUD in its monitoring efforts. It will also bring an element of uniformity to the procedures, the lack of which has, in the past, made it difficult for HUD staff to assess performance.

I am aware that the Department's monitoring policy has, in the past, focused primarily upon the review of procedural compliance. However, that limited policy is not the policy of this administration, as the Secretary has informed the Subcommittee on Housing and Urban Affairs of the Senate.

Our concern about substantive compliance with the objectives of the Housing and Community Development Act of 1974 was communicated to both HUD personnel and to the CDBG grantees on April 15, 1977. Also, on April 6, 1977, I advised our Field Offices that the CDBG Monitoring Handbook (6500.1), mentioned in your report, will be revised to reflect this new policy and we are now in the process of seeking Field Office recommendations on such revision. We intend to preserve local initiative and flexibility in the CDBG Program, but I can assure you, we shall better inform ourselves in the future as to the substantive performance of its grantees.

The need for training CDBG grantees in the environmental review process is unquestioned; the feasible method of providing it is difficult to identify. As you point out, there are several thousand communities and they are not easily categorized in terms of need for this kind of training.

We have, as you mentioned, contracted for the development of a training program. This should be completed by late Summer, but I cannot, at this time, indicate exactly how, or to what extent, we will be putting it into effect. I can report that we have scheduled, as a test, the first two one-week courses of training under this program. These will be held the weeks of September 12-16 and September 26-30, 1977.

I can assure you that to the extent our resources permit, we shall make every effort to provide the kinds of training and guidance which your report demonstrates is needed at the local level. We shall, for instance, through our changes in monitoring policies, become more directly available to the localities than we have been in the past and more willing to express objective judgments about local performance. This, in itself, will serve as a means of delivering training and technical guidance considerably more extensive than has been delivered previously.

Your report is most constructive and helpful and I want you to know it is received with appreciation.

[See GAO note below.]

While the matters contained in your report will be taken into account by us when we undertake to revise 24 CFR Part 58, it occurs to me that you, or members of your staff might have additional comments, suggestions or criticisms not mentioned in the report. If this is the case, your additional response to the attached Notice would be most helpful.

Sincerely,



Robert C. Embry, Jr.
Assistant Secretary

GAO note: The deleted comments relate to matters which were discussed in the draft report but omitted in this final report.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

JUN 10 1977

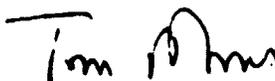
Mr. Gregory J. Ahart
Director, Human Resources
Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

The Secretary asked that I respond to your May 13 request for the Department's comments on your draft report, "Community Development Block Grant Environmental Reviews at the Community Level: Are They Needed? Are They Adequate?" Our comments, prepared by the Office of Environmental Affairs, are enclosed.

We appreciate the opportunity to comment on this report in draft form.

Sincerely yours,


Thomas D. Morris
Inspector General

Enclosure

Comments of the Department of Health, Education, and Welfare (Office of Environmental Affairs) on the General Accounting Office Draft Audit Report, "Community Development Block Grant Environmental Reviews at the Community Level: Are They Needed? Are They Adequate?"

The Office of Environmental Affairs has reviewed the subject report and has the following comments:

A key message contained in the GAO report is that HUD (and other agencies) need not attempt to review the environmental impact of all Federal actions, and that HUD (and the other Federal agencies) should identify those programs and activities which do not have the potential for producing an environmental impact--and exclude those actions from unnecessary and time-consuming paperwork.

The Office of Environmental Affairs concurs with this approach, and in fact, implements the approach in its Generic Review process. However, care must be taken in using this approach on historic properties and other protected assets which are not always thought of in terms of environmental protection. Some of those activities identified by GAO would, based upon the experience of this office, appear to have the potential for producing impacts on historic properties. GAO's approach therefore should contain some provision for review of the actions with this in mind.

The GAO report also speaks to the need for technical assistance to those intimately involved in program affairs in order to improve the quality of environmental documents. The Office of Environmental Affairs concurs in this approach. While the opportunities are limited for this office to engage in technical assistance, the need exists and with required resources, we would be more heavily engaged in this activity.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JUL 15 1977

OFFICE OF
PLANNING AND MANAGEMENT

Mr. Henry Eschwege
Director, Community and
Economic Development Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Eschwege:

We have reviewed your draft report on "Community Development Block Grant Environmental Reviews at the Community Level: Are They Needed? Are They Adequate?", and essentially agree with the conclusions reached. The findings it contains coincide with our experience with this program, and the recommendations which the General Accounting Office has based on these findings seem eminently reasonable to this Agency.

Sincerely yours,


Acting Assistant Administrator
for Planning and Management

PRINCIPAL OFFICIALS OF THE DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT RESPONSIBLE
FOR ACTIVITIES DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
SECRETARY OF HOUSING AND URBAN DEVELOPMENT:		
Patricia Roberts Harris	Jan. 1977	Present
Carla A. Hills	Mar. 1975	Jan. 1977
James T. Lynn	Feb. 1973	Feb. 1975
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT:		
Robert C. Embry, Jr.	Mar. 1977	Present
John Tuite (acting Deputy)	Jan. 1977	Mar. 1977
Warren H. Butler (acting)	Nov. 1976	Jan. 1977
David O. Meeker, Jr.	Mar. 1973	Sept. 1976