

## ADDENDUM B

### Alabama Housing Finance Authority's Environmental Policy Requirements

**WITHOUT LIMITING ANY OTHER PROVISION OF THIS QAP, ALL DETERMINATIONS, CALCULATIONS, JUDGMENTS, ASSESSMENTS OR OTHER DECISIONS MADE BY AHFA UNDER THIS ADDENDUM, INCLUDING WITHOUT LIMITATION RELATED APPLICATION INSTRUCTIONS, AHFA FORMS AND THE QAP ITSELF, SHALL BE MADE IN AHFA'S SOLE AND ABSOLUTE DISCRETION.**

Alabama Housing Finance Authority ("AHFA") requires that a project-specific Phase I Environmental Site Assessment ("ESA") Report be submitted for each application. The Phase I ESA Report must be prepared by a qualified third-party Environmental Professional ("EP") as defined by 40 C.F.R. § 312.10(b) and adhere to the guidelines, requirements and format described herein.

#### **For All Applications made to AHFA:**

A Phase I ESA must be completed by an EP and include all of the components described in Addendum B1, including without limitation, many components that are not specified by ASTM. Failure to fully comply with and include in the Phase I ESA all of the AHFA-required elements will result in delays in processing or termination of the application package. AHFA requires that the applicant engage the EP in accordance with the terms set forth in the engagement letter in Addendum B-2, a copy of which must be included as Appendix I of the Phase I ESA. Because many of the required elements of the Phase I ESA take time to complete, AHFA strongly recommends that applicants engage an EP and begin preparing the Phase I ESA as early as possible in the process of preparing an application.

If a Phase I ESA for a project either (a) identifies a Recognized Environmental Condition (which includes, but is not limited to, controlled recognized environmental conditions, historical recognized environmental conditions, etc. (hereinafter collectively referred to as ("RECs")), and/or (b) recommends additional testing, investigation or a Phase II ESA Report be conducted, any and all Phase II ESA Reports and Addenda that are prepared to address the RECs identified or additional testing reports must be included at the time the Phase I ESA is submitted to AHFA. All Phase II ESA Reports must fully address all RECs identified in the Phase I ESA; must be completed in accordance with ASTM E1903-11; and must demonstrate that all environmental conditions associated with the project are appropriate for **unrestricted** residential use as defined by the Alabama Department of Environmental Management ("ADEM") under Alabama Administrative Code regulation 335-15-1.02(ccc). If a Phase I ESA identifies an environmental condition that is ruled out as a REC, the Phase I ESA must provide sufficient explanation and all supporting data to demonstrate that the environmental condition is not a REC. AHFA reserves the right to terminate any application if it determines that the EP failed to identify environmental conditions as RECs and addressed, where appropriate, in a Phase II ESA. AHFA will not consider any sites for funding that are listed on or proposed to the National Priority List ("NPL") or State equivalent State Hazardous Waste Site ("SHWS") (Superfund sites).

Two versions of all reports must be submitted: A complete bound (3 ring binder) color hard copy (with each appendix separately tabbed) and an **exact, complete, color copy** in digital form, the text of which shall be in a searchable format. At the time of application submittal, applicant must pay a non-refundable application fee as specified in the Housing Credit Qualified Allocation Plan and HOME Action Plan. Pursuant to those plans,

AHFA may select and engage third-parties (e.g., an EP, legal counsel, and/or designated consultant) to review and comment on the Phase I ESA and/or the Phase II ESA Report submitted by the applicant. In addition to the non-refundable application fee(s), AHFA may require the applicant to provide additional funds in amounts sufficient to cover all third-party costs that AHFA reasonably anticipates to pay or reimburse AHFA for any third-party costs incurred during the application review and analysis process. AHFA will submit an invoice to the applicant which shall be paid by the applicant within five (5) business days of the invoice date. Any unused portion of any additional payments made by applicant related to third-party review, shall be returned to applicant without interest once all third-party invoices have been submitted and a refund amount is determined. During the course of the AHFA environmental review process, AHFA will notify the applicant if the Phase I ESA Report must be updated in order to satisfy the All Appropriate Inquiry (“AAI”) 40 CFR 312 and ASTM Section 4.6 requirements (requiring certain components of the Phase I ESA to be conducted or updated within 180 days). To the extent that an updated Phase I ESA Report is required, the applicant will be solely responsible for these costs, fees, and related expenses. During the AHFA review process, any report(s) submitted for which AHFA (or AHFA’s designated consultant) determines materially fails to comply with AHFA Environmental Policy Requirements, current ASTM standards, or applicable environmental regulatory requirements will result in the termination of the related application.

#### **Application Completeness Requirements:**

Upon submittal of the Phase I ESA Report, AHFA will conduct a completeness review to determine whether or not the report is complete and complies with the Environmental Policy Requirements.

If during its completeness review AHFA determines that an application in a Competitive Application Cycle for HOME Funds and/or Housing Credits is missing any materials required by the Environmental Policy Requirements or that the materials included in the report fail to materially adhere to AHFA’s defined standards, the application will terminate and will not be considered for funding during that scoring cycle. If during the completeness review AHFA determines that all documentation required by the Environmental Policy Requirements has been provided and that the application materially adheres to AHFA’s defined standards but that additional information or clarification is required in order for AHFA to complete its full evaluation of the Environmental Policy Requirements, AHFA will contact the applicant via email. When contacted, the applicant must submit requested items within five (5) business days or the application will terminate and will not be considered for funding during that scoring cycle. If in response to a request from AHFA for additional information or clarification, the applicant provides materially different or new information or documentation that was required by this Environmental Policy to have been submitted at the time of application submission, AHFA reserves the right to terminate the application.

If during its completeness review AHFA determines that an application for tax-exempt volume cap (whether or not the applicant requests Housing Credits awarded without a Competitive Application Cycle) is missing any materials required by the Environmental Policy Requirements or that the materials included in the application fail to materially adhere to AHFA’s defined standards, the applicant will have up to 30 days after notification from AHFA to resolve any outstanding issues. A Commitment Agreement for Multifamily Housing Revenue Bonds will not be issued until all defined environmental requirements are met to AHFA’s complete satisfaction.

All environmental issues identified (or that AHFA determines should have been identified) in the Phase I ESA and Phase II ESA reports must have been fully abated or mitigated (or provide a written remediation plan approved in writing by the applicable regulatory authority) in a manner that is compatible with **unrestricted**

residential use (as defined by ADEM under Alabama Administrative Code regulation 335-15-1.02(ccc)) and is acceptable to AHFA in all respects before submittal of the application . All remediation plans approved by an applicable regulatory authority must be submitted to AHFA in writing upon submittal of the application and include (a) details regarding the specific remediation plan; (b) all applicable final regulatory authority approvals required for the implementation of the remediation plan; (c) a detailed line item summary of estimated costs with supporting quotes; (d) information regarding the expected source of funding for conducting the remediation activities; and (e) a projected schedule for approved remediation activities to the extent there are conflicting or inconsistent guidelines or methods between regulatory agencies concerning the environmental matter at issue, the EP shall follow the most stringent standard and certify that this standard has been satisfied. Note that AHFA will not accept any proposed future institutional or engineering controls on the proposed site other than a prohibition on the use of groundwater for potable or irrigation purposes in instances where the water is supplied by a utility.

All information provided by the applicant must be satisfactory to AHFA and may be subject to the fees as outlined in the applicable Housing Credit Qualified Allocation Plan or HOME Action Plan and/or at [www.AHFA.com](http://www.AHFA.com).

**After the Reservation, HOME Written Agreement, and/or Declaration of Official Intent:**

If any unforeseen environmental condition(s) is discovered with respect to a project that has already received an award of HOME Funds, Housing Credits, and/or Multifamily Housing Revenue Bonds, and such environmental condition(s) would have caused the project to fail to meet the Environmental Policy Requirements if discovered prior to award, then (a) if AHFA determines that the environmental condition(s) should have been discovered by the owner during the application process, AHFA will terminate the award and require all HOME Funds or Housing Credits to be returned to AHFA, or (b) if AHFA determines that the environmental condition(s) arose through no fault of the applicant and should not reasonably have been discovered during the application process, AHFA may allow the project owner to remediate the environmental condition(s) at owner's sole cost and expense, including without limitation the fees and expenses of any EP and/or attorney engaged by AHFA in connection with the project, as necessary in order for the applicant to comply with the Environmental Policy Requirements and all other conditions specified by AHFA based on the specific nature of circumstances of the project. If AHFA determines under the foregoing standards that an applicant is eligible to take remedial actions with respect to any unforeseen environmental condition(s), the applicant will be permitted to do so only if the applicant provides the following items to AHFA within 30 days, in compliance with the following requirements (the "Remedial Action Requirements"):

1. Estimate of total remediation costs (including itemized quotes from any third party contractors) and schedule for completion of remediation from a qualified environmental professional;
2. Evidence that the project will remain financially feasible and capable of being completed within the time required by the type of funding received; provided, however, that if AHFA permits the owner to remediate an unforeseen environmental condition(s) and the time required for such remediation results in the inability of the project to Place-in-Service by the deadline established under Section 42 and AHFA, AHFA may elect to exchange the Housing Credits awarded to the project for a current or future year allocation of Housing Credits, subject to the applicant's payment of the environmental extension penalty specified at [www.AHFA.com](http://www.AHFA.com); and

3. Evidence that the applicant has sufficient financial resources to complete the remediation and the project by the required deadline. AHFA will require an applicant to provide a deposit in order to ensure that AHFA's expenses in connection with any remediation will be paid on a timely basis.

For a project that receives an award of HOME Funds, AHFA will notify the applicant if the Phase I ESA Report must be updated in order to satisfy the AAI and ASTM Section 4.6 requirements (requiring certain components of the Phase I ESA to be conducted or updated within 180 days). If an updated Phase I ESA Report is required, the applicant will be solely responsible for all costs, fees and related expenses. If any environmental condition(s) is discovered with respect to the updated Phase I ESA Report that was not present, discovered or disclosed at the time of the initial Phase I ESA Report and such environmental condition(s) causes the project to fail to meet the Environmental Policy Requirements, the applicant must comply with AHFA's Remedial Action Requirements as specified above.

During the AHFA review process, if AHFA (or AHFA's designated consultant) determines that the ESA Report(s) fails to comply with AHFA's requirements, the ASTM standards or applicable environmental regulatory requirements, this determination will result in termination of the award and the return of HOME Funds and/or Housing Credits if not corrected promptly after written notice.

#### **NEPA Environmental Assessment (Projects Selected for HOME Funding):**

Each project that receives HOME Funds must undergo an environmental assessment in accordance with the requirements of the National Environmental Policy Act ("NEPA environmental assessment"). The owner of a project that receives an award of HOME Funds will be required to provide certain studies, reports and documentation necessary for AHFA to complete the NEPA environmental assessment. AHFA will notify the project owner of the NEPA environmental assessment requirements at the time of award of HOME Funds. For more information about project owner submission requirements for the NEPA environmental assessment process, please review the AHFA Environmental Assessment Checklist and Guidance (Projects Selected for HOME Funding) at [www.AHFA.com](http://www.AHFA.com).

#### **"Choice-Limiting Activities" and Other Activities Prohibited :**

##### ***Applicants for HOME Funding***

NEPA requires that no "choice-limiting activities" occur relating to the proposed project or at the project site **from the time the applicant submits a HOME program application to AHFA until the NEPA environmental assessment process is complete** (see 24 C.F.R. § 58.22). The applicant must take all actions necessary to ensure that no participant in the development process (including the applicant, project owner, contractors, subcontractors, current property owner(s) or any other person) commits non-HUD funds or undertakes an activity that would have an adverse environmental impact or limit the choice of reasonable alternatives relating to the proposed project or project site.

For projects applying for HOME Funds (regardless of whether any other form of funding is received), prohibited "choice-limiting activities" include, but are not limited to, acquiring, purchasing, rehabilitating, demolishing, converting, leasing or repairing all or any portion of the project as well as disturbing the ground or commencing any form of construction at the project site. All such choice-limiting activities are prohibited during the NEPA environmental assessment period that (a) begins with delivery of the application to AHFA

and (b) ends with AHFA's issuance of the Notice to Proceed, which typically occurs at the pre-construction meeting conducted at AHFA's offices in Montgomery.

If choice-limiting activities occur at a proposed site or project seeking HOME Funds during the prohibited period, regardless of whether the applicant consented to the activity or had knowledge of it, the application will terminate and will not be considered for funding. AHFA reserves the right to inspect a site at any time after submittal of an application to confirm that no choice-limiting activities are taking place.

### ***Applicants for Housing Credits***

AHFA also prohibits certain post-application activities on projects applying for low-income housing tax credits ("Housing Credits"). For projects applying for Housing Credits or a tax-exempt volume cap allocation (but do not receive HOME Funds), prohibited post-application activities include, but are not limited to, acquiring, changes in property ownership, rehabilitating or converting all or any portion of the proposed site or project as well as disturbing the ground or commencing any form of construction at the proposed site or project. All such post-application activities are prohibited during the review period that (a) begins with delivery of the application to AHFA and (b) ends with a written notification from AHFA that the environmental review process has been completed.

If the aforementioned prohibited activities occur at a proposed site or project seeking Housing Credits during the prohibited period, regardless of whether the applicant consented to the activity or had knowledge of it, the application will terminate and will not be considered for funding. AHFA reserves the right to inspect a site at any time after submittal of an application to confirm that no prohibited activities are taking place.

## **Addendum B-1**

### **AHFA Requirements**

**NOTE: ALL REQUIREMENTS BELOW MUST BE PRESENTED IN THE DESIGNATED SECTIONS AND APPENDICES OF THE PHASE I ESA REPORT.**

UNLESS OTHERWISE SPECIFIED BELOW, EVERY PHASE I ESA REPORT SUBMITTED TO AHFA MUST AT TIME OF APPLICATION:

1. Comply in all respects with ASTM E1527-13 (the ASTM Standards) as to content and adhere to AHFA's Environmental Policy Requirements.
2. Include a complete legal description (e.g., metes and bounds) of the entire site and the exact site acreage. A tax map identifying the parcel that is the subject of the application must also be included in Appendix A of the Phase I ESA. If applicable, the Phase I ESA should state that the proposed project area does not include the entire tax parcel, and in such instances, the outlines of the proposed project area must be accurately illustrated on the tax map.
3. Be completed and certified as to its accuracy, completeness and in conformance with the ASTM Standards and AHFA Policy Requirements by an "Environmental Professional" as defined in X2 of the ASTM Standard.
4. Include a statement that the report can be relied upon by AHFA.
5. Pursuant to Section 4.6 of the ASTM Standard and 40 CFR 312.20, the following components of every Phase I ESA must be updated if they are greater than 180 days old:
  - a. interviews with owners, operators, and occupants;
  - b. searches for recorded environmental cleanup liens;
  - c. reviews of federal, tribal, state, and local government records;
  - d. visual inspections of the property and of adjoining properties; and
  - e. declaration by the Environmental Professional (EP) responsible for the assessment or update.
6. Be in the AHFA Required Environmental Report Format (Addendum B-3).
7. Include a database search. **IMPORTANT:** The search distances for ASTs, USTs, and delisted NPLs (as specified in Addendum B-4) required by AHFA are more stringent than the default search distances based on ASTM E1527-13. The results and EP's analysis of the database search must be described in the text of the Phase I ESA report and include a sufficiently detailed rationale for why each facility listed in the database search should or should not be identified as a recognized environmental condition.
8. If the proposed project involves rehabilitation, removal, or demolition of a building the following items must be addressed (with associated cost estimates for each and documentation within project budget to account for these costs):
  - a. Asbestos Testing: If suspect asbestos-containing materials ("ACM") are present in any structures, asbestos testing must be performed to document the presence or absence of ACMs in every structure. Testing is to be conducted by accredited inspectors meeting the requirements presented in 40 CFR 763 Subpart E, Appendix C and TSCA Title II in

accordance with the Asbestos Hazardous Emissions Response Act (AHERA) requirements and also EPA's National Emission Standards for Hazardous Air Pollutants (NESHAP) regulations. All asbestos testing results must be included in the Phase I ESA at the time of application submittal. AHFA requires the Phase I ESA to include a statement that all friable and non-friable ACM in deteriorated condition will be completely abated. If funded, a plan for complete abatement by a qualified asbestos contractor of all friable and non-friable ACM in deteriorated condition in all structures will be required. An asbestos contractor's listing may be obtained from the Alabama Department of Environmental Management ("ADEM") at 334-271-7700 or at [www.adem.state.al.us](http://www.adem.state.al.us). Non-friable ACMs may be managed in place if in an intact condition, and if any proposed rehab activities will not disturb the non-friable ACMs. If funded, a site-specific Operations & Maintenance Plan will be required if non-friable intact ACMs are to be left in place. Asbestos standards are located at ASTM E-2356, EPA: Clean Air Act, CERCLA, & OSHA 29 CFR Part 1926.1101.

- b. **Lead-Based Paint ("LBP") Testing:** For all buildings built prior to 1978, a LBP testing report must be included in the Phase I ESA. AHFA requires the Phase I ESA include a statement that all LBP will be completely abated (eliminated) by a licensed LBP contractor. If funded, the plan for LBP abatement will be required. If any structures are planned to be demolished, it is acceptable to provide a plan for abatement via demolition, appropriate characterization of waste prior to disposal, and post-demolition clearance report in lieu of a LBP testing report. A list of licensed LBP contractors can be obtained from the Alabama Department of Public Health ("ADPH") at [www.adph.org](http://www.adph.org). Lead-Based Paint standards: US Department of HUD "Guidelines for the Evaluation and Control of Lead Paint Hazards in Housing": Chapter 7 of [https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/healthy\\_homes/lbp/hudguidelines](https://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/lbp/hudguidelines)
- c. **Mold:** Visually check for the presence of mold, notate your findings. If mold is present or suspected to be present, the Phase I ESA shall provide recommendations for abatement and confirmation air sampling following removal.

9. All reports must include information on the following:

- a. **Radon:** ADPH lists the following counties as being located in zone 1 (highest level): Calhoun, Clay, Cleburne, Colbert, Coosa, Franklin, Jackson, Jefferson, Lauderdale, Lawrence, Limestone, Madison, Morgan, Shelby, and Talladega.<sup>1</sup> If the site is located in Zone 1: New Construction projects will require Radon Resistant New Construction ("RRNC") practices.<sup>2</sup> Rehabilitation projects will be required to follow EPA's Radon Mitigation Standards.<sup>3</sup>
- b. **Wetlands:** **No portion of the site may contain wetlands, streams, lakes, or other water bodies (which also includes waters of the United States) including any integral offsite development areas (e.g., offsite areas required for ingress, egress, or parking).** For purposes of the Phase I ESA Report, wetlands are defined according to the U.S. Army Corps of Engineers Wetlands Delineation Manual (1987) and related guidance documents.

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<sup>1</sup> <http://www.adph.org/radon/Default.asp?id=6413>

<sup>2</sup> <http://www2.epa.gov/radon/radon-resistant-construction-basics-and-techniques>

<sup>3</sup> [http://www.ahfa.com/multifamily/environmental/environmental\\_testing.aspx\\_](http://www.ahfa.com/multifamily/environmental/environmental_testing.aspx_)



The Phase I report must include a United States Fish & Wildlife Service (“USFWS”) National Wetlands Inventory (NWI) Map. The EP must also field verify to confirm whether or not the site contains wetlands, streams, lakes or other water bodies, including both jurisdictional “waters of the United States” and non-jurisdictional waters and wetlands. Any wetland delineation studies or assessment reports prepared for the project site and/or adjoining properties must be submitted with the application and the field work completed no later than 180 days prior to application submittal. If on any portion of the site (including integral offsite development areas) any evidence of wetlands, streams, lakes or other water bodies (a) are suspected to be present or (b) are depicted on the topographic map, NWI map, or soils map for the site, a Jurisdictional Determination (JD) from the U.S. Army Corps of Engineers will be required to confirm the absence of wetlands, streams, lakes, or other water bodies. If the applicant intends to subdivide an existing parcel so as to remove all wetlands, streams, lakes, or other water bodies from the project site, a JD from the U.S. Army Corps of Engineers will also be required. To the extent a JD must be obtained for the project site, the JD must be included with the Phase I ESA Report at the time of submission.

- c. Floodplains (100 year (zones A or V), 500 year (zone B)): The Phase I ESA must include a FEMA Flood Insurance Rate Map (Firmette) with site boundaries clearly marked. For Housing Credit Only projects, no buildings (residential or any other use) on the site can be located within the 100 year floodplain. AHFA will allow an existing acquisition/rehabilitation rental property to be located in a floodplain as long as acceptable evidence of flood insurance is provided at time of application. For any projects receiving HOME Funds, no portion of the site (including integral offsite development areas) can be located within the 100 year flood plain.
- d. Noise Abatement & Control: The Phase I ESA must include a noise level assessment to determine if anticipated noise levels at the project site are acceptable (outside noise level < 65 dB; interior noise level < 45 dB). If the noise levels are not acceptable, mitigating measures must be incorporated into the project to reduce anticipated noise levels. **AHFA will not approve an application for HOME Funds if anticipated noise levels on any location of the project site are above acceptable levels.**

The Phase I ESA must include (1) a completed HUD “Noise (EA) - Partner Worksheet” found at: <https://www.hudexchange.info/programs/environmental-review/noise-abatement-and-control/>; and (2) a completed HUD “Day/Night Noise Level Calculator” assessment found at: <https://www.hudexchange.info/resource/2830/day-night-noise-level-assessment-tool/>. The noise level assessment must answer the following questions:

1. Is there a civil airport within five miles of the site?
2. Is there a military airport within 15 miles?
3. Is there a major road within 1,000 feet of the site?
4. Is there a railroad track within 3,000 feet?
5. Are anticipated noise levels at the project site acceptable (outside noise level < 65 dB; interior noise level < 45 dB)?



If mitigation measures are required to reduce noise levels at the project site below acceptable levels (outside noise level < 65 dB; interior noise level < 45 dB), a noise mitigation plan must be submitted with the Phase I ESA. The noise mitigation plan must include: (a) details regarding the specific plan and its compliance with all applicable HUD noise mitigation guidelines and (b) estimated mitigation costs.

- e. Airport Clear Zones & Accident Potential Zones: The Phase I ESA must (1) include both a completed HUD “Airport Hazards - Partner Worksheet” and a completed HUD “Airport Runway Clear Zones – Partner Worksheet” found at: <https://www.hudexchange.info/programs/environmental-review/airport-hazards/>, and (2) attach a map (e.g., Google Earth or Google Street map) indicating the location of the project site and any airport(s) in the vicinity of the project site. **AHFA will not approve an application for HOME Funds if any part of the project site is located within the runway protection zone/clear zone of a civilian airport (RPZ/CZ) or accident potential zone of a military airport (APZ).** *Note:* Civil clear zone is 2,500 feet (0.47 miles) from the end of the runway (RPZ/CZ); military clear zone is 15,000 feet (2.8 miles) from the end of the runway (APZ). The Phase I ESA must answer the following questions:
  1. Is the project site located within an RPZ/CZ or APZ?
  2. Is the site located within a flight path?
  3. What is name of and distance to the airport nearest to the project site?
10. Aboveground Storage Tanks: All aboveground storage tanks (ASTs) containing 100 or more gallons of explosive or flammable liquid or gas within one mile of the project site must be identified in the Phase I ESA Report via database search AND field verification.. The Phase I ESA Report must describe the contents, size, and distance of each AST **to the perimeter of the project site**. The EP must certify that the distance of ASTs to the perimeter of the project site has been field-verified. The Phase I ESA Report must also demonstrate that an acceptable separation distance (“ASD”) between any ASTs and the perimeter of the project site will be met for people as well as buildings using the HUD-approved ASD calculations. If any ASTs are determined to be less than the HUD-approved ASD, the Phase I ESA must describe HUD-approved mitigation measures proposed to be installed and a cost estimate for any such measures.<sup>4</sup>
11. The Phase I ESA Report must include a completed AHFA Environmental Summary (Addendum B-4). Addendum B-4 must be completed and certified to as a part of the Phase I ESA and placed in Appendix K-1.
12. The EP must obtain from the Applicant a completed X3 User Questionnaire to include with the Phase I ESA Report.

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<sup>4</sup> Attach the results of the HUD ASD Calculator tool found at:

<https://www.hudexchange.info/programs/environmental-review/asd-calculator/>. Acceptable mitigation measures can be found at <https://www.hudexchange.info/resource/2762/acceptable-separation-distance-guidebook/>.

Complete and submit the HUD “Explosives - Partner Worksheet” found at: <https://www.hudexchange.info/environmental-review/explosive-and-flammable-facilities/>.

13. The EP must complete Addendum B-5 (The Letter of Reliance) on the EP's letterhead and submit as Appendix H.

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## REQUIREMENTS FOR EVERY PHASE II ESA SUBMITTED TO AHFA:

1. All Phase II ESA Reports must fully address all RECs identified in the Phase I ESA Report (including any RECs that AHFA determines should have been identified in the Phase I ESA but were not); must be completed in accordance with ASTM E1903-11, ADEM AEIRG Guidance (2017), and Alabama Risk Based Corrective Action Guidance (2017); and must demonstrate that all environmental conditions associated with the project are appropriate for **unrestricted** residential use (as defined by ADEM under Alabama Administrative Code regulation 335-15-1.02(ccc)).
2. If after a Phase II is completed, mitigation measures and/or remediation has been or is recommended to be performed, the Phase II ESA Report must include (a) details regarding the specific remediation plan; (b) all applicable final regulatory authority approvals required for the implementation of the remediation plan; (c) a detailed line item summary of estimated costs with supporting quotes; (d) information regarding the expected source of funding for conducting the remediation activities; and (e) a projected schedule for approved remediation activities. To the extent there are conflicting or inconsistent guidelines or methods between regulatory agencies concerning the environmental matter at issue, the EP shall follow the most stringent standard and certify that this standard has been satisfied. Note that AHFA will not accept any proposed future institutional or engineering controls on the proposed site other than a prohibition on the use of groundwater for potable or irrigation purposes in instances where the water is supplied by a utility.
3. If the EP believes or contends that any Chemicals of Concern (“COC”) detected are consistent with or in line with “background conditions,” the EP shall provide a basis for such an opinion. Methods for doing so include, but are not limited to, the U.S.G.S. studies for COCs in the same geographic region and sufficient background samples to be analyzed and evaluated under the ADEM AEIRG Guidance (2017).

## **Addendum B-2 Engagement Letter**

Click here to enter a date.

[Applicant]

RE: Phase I ESA Report [or subsequent Environmental Reports] for:

Applicant

Development Name

Development Address

Dear [Applicant]:

Please accept this letter setting forth the terms of engagement (“Engagement Letter”) under which our Firm will provide environmental consulting services to you and your company for purposes of conducting a Phase I ESA Report [or subsequent Environmental Reports] for the Development Project at the designated address set forth above.

It is our Firm’s understanding that the nature and scope of the environmental professional services to be provided to you are as follows:

1. Our Firm has been engaged by [APPLICANT] to conduct a Phase I ESA at the Development location specified above in conformance with the scope and limitations of both the ASTM E1527-13 (“ASTM Standards”) and AHFA’s Environmental Policy Requirements.
2. Our Firm certifies that the Phase I ESA Report will be conducted and completed by an Environmental Professional (as defined by 40 C.F.R. § 312.10(b)) and the Phase I ESA, once completed, will also be certified in this same manner.
3. Our Firm understands that the information contained in the Phase I ESA Report will be used by Alabama Housing Finance Authority (“AHFA”) in considering proposed financing of residential development/rehabilitation of the property and, therefore, AHFA may rely upon the Phase I ESA Report in its entirety as if it were originally issued to AHFA. While AHFA will be entitled to rely upon the Phase I ESA Report in its entirety, the Applicant will be solely responsible for any and all fees and expenses associated with completing this scope of engagement.
4. Our Firm understands the AHFA Insurance Requirements that are required for this scope of work and these insurance requirements have been satisfied and addressed as set forth within the Terms & Conditions Section of this Engagement Letter. The AHFA Insurance Requirements are as follows:

- a. The Firm has Professional Liability and/or Errors and Omissions insurance coverage in the minimum amounts of One Million Dollars (\$1,000,000.00) per event or occurrence;
- b. The Firm has Worker's Compensation Insurance and Public Liability Insurance for bodily injury and property damage which may be suffered by third parties and members of the public in the minimum amounts of One Million Dollars (\$1,000,000.00) per event or occurrence; and<sup>1</sup>
- c. The Firm has Comprehensive General Liability and Property Damage Insurance for bodily injury and property damage in the minimum amounts of One Million Dollars (\$1,000,000.00).

Our Firm understands that it shall provide a copy of its Insurance Certificate or Accord demonstrating that it satisfies the AHFA Insurance Requirements and listing or scheduling AHFA as an additional insured for these insurance policies.

5. Our Firm understands that to the extent recommendations are being provided by the EP to the Applicant concerning Phase I ESA work to be performed, mitigation or abatement measures, or additional assessment ("Additional Work"), those recommendations for Additional Work shall be provided to AHFA at the time of Application. Further, our Firm understands that the Applicant shall not have the authority to authorize or instruct the EP or our Firm to implement such recommendations without AHFA's express written concurrence.
6. Our Firm also understands that once the Applicant submits its Application to AHFA, none of the Applicant, the EP (or our firm), the current property owner or any agent of said parties may undertake or conduct any "choice limiting" activities at the Development project site. Choice limiting activities include converting, leasing, repairing, ground disturbance, or construction. For avoidance of doubt, our Firm will seek written authorization for any Additional Work from AHFA before proceeding. In addition, our Firm understands that once the Applicant submits its Application to AHFA, our Firm shall not engage in communications with the Applicant and or any governmental or regulatory agencies concerning Additional Work and any related activities concerning the Development project site without first obtaining written authorization from AHFA (except when responding to any written request by AHFA to the Applicant for additional information regarding or clarification of the Phase I ESA). Our Firm appreciates the opportunity to work with the Applicant and AHFA in undertaking the Phase I ESA engagement and looks forward to working with you.

<sup>1</sup> Where applicable, it is acceptable for the following to be used instead: Per the attached documentation, the Firm only has [#] employees and is exempt from the Alabama Workers' Compensation laws.

## **Addendum B-3**

### **AHFA Required Environmental Report Format**

#### **TABLE OF CONTENTS**

<b>1.0 SUMMARY</b>	.....
1.1 PHASE I ESA	.....
1.2 TIER 1 VAPOR ENCROACHMENT SCREENING	.....
1.3 AHFA NON-SCOPE SUMMARY	.....
1.4 RECOMMENDATIONS (If there is a potential for contamination to be present on the site, regardless of on-site or off-site sources of the contamination, recommendations for additional testing or assessment must be included)	.....
1.5 OTHER	.....
<b>2.0 INTRODUCTION</b>	.....
2.1 PURPOSE OF SERVICES (MUST state EP understands that the purpose of the Phase I ESA is to ascertain whether the property is environmentally suitable for construction/rehabilitation of multi-family residential housing)	.....
2.2 DETAILED SCOPE OF SERVICES	.....
2.3 SIGNIFICANT ASSUMPTIONS	.....
2.4 PROJECT-SPECIFIC LIMITATIONS AND EXCEPTIONS	.....
2.5 SPECIAL TERMS AND CONDITIONS	.....
2.6 RELIANCE (Must include a statement that the report(s) can be relied upon by AHFA)	.....
2.7 PASSAGE OF TIME AND VALIDITY OF REPORT	.....
<b>3.0 SITE DESCRIPTION</b>	.....
3.1 SITE LOCATION (latitude and longitude) AND LEGAL DESCRIPTION (metes and bounds)	.....
3.2 SITE AND VICINITY GENERAL CHARACTERISTICS	.....
3.3 CURRENT USE OF THE PROPERTY	.....
3.4 DESCRIPTIONS OF ROADS, STRUCTURES, AND OTHER IMPROVEMENTS ON THE SITE	.....
3.5 CURRENT USE OF ADJOINING PROPERTIES	.....
<b>4.0 USER-PROVIDED INFORMATION</b>	.....
4.1 TITLE RECORDS	.....
4.2 ENVIRONMENTAL LIENS OR ACTIVITY AND USE LIMITATIONS (EP accepts responsibility for and obtains search results as explained in Section 6.2 of ASTM Standard)	.....
4.3 SPECIALIZED KNOWLEDGE	.....
4.4 COMMONLY KNOWN OR REASONABLY ASCERTAINABLE INFORMATION	.....
4.5 VALUATION REDUCTION FOR ENVIRONMENTAL ISSUES	.....
4.6 OWNER, PROPERTY MANAGER, AND OCCUPANT INFORMATION	.....
4.7 OTHER	.....
<b>5.0 RECORDS REVIEW</b>	.....
5.1 DATABASE REPORT (Discuss <u>all</u> listed regulated facilities, other notable facilities, and orphan	.....

facilities).....	
5.1.1 Search Distances - from latitude and longitude (ASTM distances plus Delisted NPL onemile, AST one mile, UST 0.5 mile, and LUST 0.5 mile)	
5.1.2 Mappable Sites (EP must field-verify the distance to any facilities identified) .....	
5.1.3 Unmappable Sites.....	
5.2 STANDARD ENVIRONMENTAL RECORD SOURCES (Check with local government, library, fire department, courthouse, etc.).....	
5.3 ADDITIONAL ENVIRONMENTAL RECORD SOURCES .....	
5.4 PHYSICAL SETTING SOURCE(S).....	
5.4.1 Topography, Surface Water, and Hydrogeology.....	
5.4.2 Geology .....	
5.4.3 Soils.....	
5.5 HISTORICAL USE INFORMATION ON THE PROPERTY (include all documents in Appendix D).....	
5.5.1 Property Ownership and Site History (provide detailed narrative) .....	
5.5.2 Aerial Photographs.....	
5.5.3 City Directories .....	
5.5.4 Sanborn® Fire Insurance Maps.....	
5.5.5 Historical Topographic Maps.....	
5.5.6 Other Historical Sources .....	
5.5.7 Historical Summary & Data Gaps.....	
5.6 HISTORICAL INFORMATION REGARDING ADJOINING PROPERTIES .....	
5.7 DOCUMENT ALL SOURCES CHECKED .....	
5.8 OTHER.....	
<b>6.0 SITE RECONNAISSANCE .....</b>	
6.1 METHODOLOGY AND LIMITING CONDITIONS .....	
6.2 GENERAL SITE SETTING.....	
6.3 EXTERIOR OBSERVATIONS .....	
6.4 INTERIOR OBSERVATIONS .....	
6.5 ADJOINING PROPERTY RECONNAISSANCE.....	
6.6 RECOGNIZED ENVIRONMENTAL CONDITIONS IDENTIFIED DURING SITE RECONNAISSANCE.....	
<b>7.0 INTERVIEWS.....</b>	
7.1 STATE AND LOCAL GOVERNMENT OFFICIALS (MAYOR, FIRE DEPARTMENT, LOCAL HISTORICAL SOCIETY, ETC.) (Interviews will be conducted first in person, if unavailable then by phone, then via written communication. Verify which method used and include name, contact information, and date of interview).....	
7.2 OWNER DEVELOPER .....	
7.3 USER QUESTIONNAIRE.....	
7.4 PROPERTY OWNERS .....	
7.5 SITE MANAGER, OCCUPANTS, & LOCAL RESIDENTS .....	
7.6 OTHERS.....	
<b>8.0 EVALUATION (FINDINGS, OPINIONS, AND CONCLUSIONS) .....</b>	
8.1 PHASE I ESA .....	
8.2 ADDITIONAL INVESTIGATIONS, LIMITATIONS, EXCEPTIONS, DEVIATIONS, AND DATA GAPS .....	



8.3	SIGNIFICANT ASSUMPTIONS.....
8.4	CONCLUSIONS AND ASTM STATEMENT (Must certify EP conducted the Phase I ESA in accordance with ASTM Standard and AHFA’s Environmental Policy Requirements) (Must state whether the property is suitable for or may satisfy the residential use standard based upon EP’s best professional judgment) .....
8.5	EP STATEMENT (40 CFR PART 312) AND SIGNATURE .....
8.6	OTHER .....
<b>9.0</b>	<b>ADDITIONAL AHFA REQUIRED ELEMENTS .....</b>
9.1	TIER 1 VAPOR ENCROACHMENT SCREENING (ASTM E2600-15).....
9.2	ASBESTOS, LEAD-BASED PAINT, MOLD, RADON, WETLANDS, FLOODPLAINS, NOISE ABATEMENT & CONTROL, AND AIRPORT CLEAR ZONES & ACCIDENT POTENTIAL ZONES (Must provide detailed summary for each item).....
9.3	NARRATIVE SUMMARY OF FINDINGS FROM ADDENDUM B-4, PART B (REQUIRED ONLY FOR APPLICATIONS FOR HOME FUNDS).....
9.4	OTHER.....
<b>10.0</b>	<b>REFERENCES .....</b>

## APPENDICES

### APPENDIX A FIGURES (SITE BOUNDARIES MUST BE CLEARLY MARKED AND CONSISTENT ON ALL FIGURES)

- i. GOOGLE EARTH MAP
- ii. TAX MAP
- iii. SITE LOCATION MAP Items i. ii., and iii. must include:
  - a). An area large enough to display the location of the site and adjoining properties including existing streets.
  - b). Identification of environmental concerns, where applicable, including off-site sources or locations that have the potential to adversely impact the property.
  - c). Boundaries of floodplains, wetlands, drainage features, jurisdictional waters, and/or potential waters of the State on or potentially impacted by proposed activities at the site.)
- iv. SCHEMATIC SITE PLAN
- v. TOPOGRAPHIC MAP

### APPENDIX B PROPERTY RECORDS AND USER QUESTIONNAIRE

### APPENDIX C ENVIRONMENTAL LIEN/ACTIVITY USE LIMITATIONS RESEARCH

### APPENDIX D ENVIRONMENTAL DATABASE REPORT

### APPENDIX E HISTORICAL RECORDS DOCUMENTATION

### APPENDIX F SITE AND VICINITY PHOTOGRAPHS

### APPENDIX G INTERVIEW DOCUMENTATION (Document the interviewee’s contact information – name, business name and address, phone number, and date of interview)

### APPENDIX H AHFA RELIANCE LETTER (Addendum B-5 on EP letterhead)

### APPENDIX I ENGAGEMENT LETTER/CONTRACT (Addendum B-2 on EP letterhead)

### APPENDIX J PROFESSIONAL RESUMES/PERSONNEL QUALIFICATIONS

### APPENDIX K AHFA-REQUIRED ELEMENTS:

#### K.1 AHFA ENVIRONMENTAL SUMMARY PART A (REQUIRED FOR ALL APPLICATIONS) (Addendum B-4, Part A)

#### K.2 AHFA ENVIRONMENTAL SUMMARY PART B (REQUIRED ONLY FOR APPLICATIONS FOR HOME FUNDS) (Addendum B-4, Part B)

K.3 VAPOR ENCROACHMENT SCREENING DOCUMENTATION  
(ASTM E2600-15)  
K.4 PROOF OF INSURANCE – AHFA MINIMUMS OR ABOVE  
(AHFA must be listed as Insured)  
K.5 SUPPLEMENTAL DOCUMENTATION

DRAFT

**Addendum B-4**  
**AHFA ENVIRONMENTAL SUMMARY – PART A**  
**(Required for All Applications)**

REPORT INFORMATION			PAGE #
Project Name:	Click here to enter Project Name		
Project City:	Click here to enter City Name		
ASTM E 1527-13: Yes <input type="checkbox"/> No <input type="checkbox"/>	Enter report date here	AHFA Reliance: Yes <input type="checkbox"/> No <input type="checkbox"/>	page #
Suitability for Residential Use statement included? Yes <input type="checkbox"/> No <input type="checkbox"/>			page #
Local Interviews included? Yes <input type="checkbox"/> No <input type="checkbox"/>			page #
Site Map Included? Yes <input type="checkbox"/> No <input type="checkbox"/>			page #
SITE INFORMATION	DESCRIPTION / DOCUMENTATION	PAGE #	
Developed <input type="checkbox"/> Undeveloped <input type="checkbox"/> (provide age if developed)	Click here to enter site description.	page #	
Site Acreage:	Click here to enter text.	page #	
Site Elevation:	Click here to enter text.	page #	
Site Slope:	Click here to enter text.	page #	
Water On Site: Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
Surface Water Flow Direction:	Click here to enter text.	page #	
Groundwater Flow Direction:	Click here to enter text.	page #	
Flood Insurance Rate Map #:	Click here to enter text.	page #	
Flood Zone:	Click here to enter text.	page #	
Env Lien/AUL on site: Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
Database Search: Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
Current or Pending VCP: Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
Listed on NPL or SHWS? Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
Delisted NPL (1 mile): Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	

ASTs (within 1 mile): Yes <input type="checkbox"/>	Click here to enter text.	page #	
Acceptable (ASD) Separation Distance: Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
USTs (within 0.5 mile): Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
Recognized Environmental Conditions (RECs) identified? Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
Contamination (known or suspect): Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
Recommendations included: Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
Mitigation or Remediation measures recommended? Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
ACM (every structure): Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
Friable ACM: Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
LBP (pre-1978): Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
Radon Zone:	Click here to enter text.	page #	
Wetlands, drainage features, jurisdictional waters or waters of the State on site: Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
<b>OFF-SITE INFORMATION</b>	<b>DESCRIPTION / DOCUMENTATION</b>	<b>PAGE #</b>	
Adjoining Land Use:	North	Click here to enter text.	page #
	South	Click here to enter text.	
	East	Click here to enter text.	
	West	Click here to enter text.	
Adjoining Water: No <input type="checkbox"/> Yes <input type="checkbox"/>	Click here to enter text.	page #	
Adjoining Wetland: No <input type="checkbox"/> Yes <input type="checkbox"/>	Click here to enter text.	page #	

Adjoining Contamination: (known or suspect)      Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
USTs (within 0.5 mile):    Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
Are USTs Trust Fund Eligible? Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
Leaking USTs (within 0.5 mile):            Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	
RCRA regulated:            Yes <input type="checkbox"/> No <input type="checkbox"/>	Click here to enter text.	page #	

**AHFA ENVIRONMENTAL SUMMARY - PART B**  
**(Required Only for Applications for HOME Funds)**

**Instructions:** Responses to the Environmental Summary- Part B questions must be fully supported by appropriate documentation. Responses to the Part B questions and rationale must be included in the Phase I ESA Report (Section 9.3); supporting documentation for each response must be included in Appendix K.2 of the Phase I ESA Report. The Part B questions are not intended to be all-inclusive, as each project site presents unique conditions and circumstances. AHFA reserves the right to pose follow-up questions to applicants and require additional explanatory details and documentation.

**1. Historic Preservation: IMPORTANT** - Project applicants should not contact the Alabama Historical Commission or the Alabama State Historic Preservation Officer (SHPO).

- Review and include the National Register database (for the project county only): [www.nationalregisterofhistoricplaces.com](http://www.nationalregisterofhistoricplaces.com)
- Review and include the Alabama Register of Landmarks and Heritage historic listings (for the project county only): [www.preserveala.org/alabamaregister](http://www.preserveala.org/alabamaregister)
- Provide a map (e.g., Google Earth or Google Street map) indicating the location of the project site and all historic properties that are located within 1 mile of the project site.
  - a. Are there any buildings over 50 years old on or within two blocks of the site?
  - b. Is the project located within a historical district (if so, include name of district)?

**2. Endangered Species: IMPORTANT** - Project applicants should not contact the U.S. Fish & Wildlife Service (USFWS) or National Marine Fisheries Service for formal determination.

- Review the USFWS website to obtain a list of protected species found in the vicinity of the project site. Print and attach the species list: <http://www.fws.gov/daphne/es/specieslst.html>
- Use the USFWS online mapping tool to determine if the project site contains critical habitat for threatened or endangered species (for the project county only). Print and attach map showing the project site: <http://fws.maps.arcgis.com/home/webmap/viewer.html?webmap=9d8de5e265ad4fe09893cf75b8dbfb77>.
  - a. Are federally listed species found in the vicinity of the project site?
  - b. Will critical habitat for listed species be affected by this project?

**3. Farmlands Protection:**

- Use the Web Soil Survey (WSS) tool to prepare and print a map of the soils on and around the project site. Attach the WSS map: <http://websoilsurvey.nrcs.usda.gov/app/HomePage.htm>
  - a. Is the project site currently being farmed?
  - b. Is the project site listed as prime or unique farmland?

#### **4. Wild & Scenic Rivers Act:**

- Document distance to the project site from the Sipsey Fork of the West Fork River, include map showing distance.
- Print and include Alabama segments from the Nationwide Rivers Inventory (NRI)  
<https://www.nps.gov/subjects.rivers/alabama.htm>
  - a. Is there a river/creek listed in the same county of the project on the NRI?
  - b. If so, document the distance of the project from the site boundaries to the river/creek, and discuss the effect of the project on the river/creek.



**Addendum B-5**  
**Letter of Reliance**

Click here to enter a date.

Alabama Housing Finance Authority  
7460 Halcyon Pointe Drive, Suite 200  
Montgomery, AL 36117

RE: Phase I ESA Report [or subsequent Environmental Reports] for:

Development Name

Development Address

Development City, State Zip

Please find enclosed the Phase I Environmental Site Assessment (ESA) Report [or subsequent Environmental Reports] for the subject property dated [Click here to enter a date] to the Alabama Housing Finance Authority (AHFA).

It is my understanding that the information contained in the ESA Report(s) will be used by AHFA in considering proposed financing of residential development/rehabilitation of the property and, therefore, AHFA may rely upon the ESA Report in its entirety as if it were originally issued to AHFA.

I certify that the attached is a true, correct and complete copy of the ESA Report and that the report represents my professional opinion of the site as of this date. I also confirm the evaluation, recommendations, and conclusions contained in the ESA Report have been performed in conformance with the scope and limitations of both the ASTM E1527-13 (the ASTM Standards) and AHFA's Environmental Policy Requirements.

Last, I also certify by my signature below that \_\_\_\_\_ (name) meets the definition of an Environmental Professional as defined by 40 C.F.R. § 312.10(b) and has performed the environmental investigations described above.

Sincerely,

Environmental Professional Name

Environmental Professional Company Name