



Hugh McDonald
SECRETARY OF COMMERCE

Mark Conine
PRESIDENT,
ARKANSAS DEVELOPMENT
FINANCE AUTHORITY

MEMORANDUM

TO: Applicants for Tax Credits, HOME Funds, and NHTF Funds

DATE: January 26, 2024

FROM: Drew Rogers - Attorney

RE: Environmental Review Requirement for Tax Credit/HOME/NHTF Applications

The Arkansas Development Finance Authority (ADFA) requires that each multifamily application includes the submission of an environmental review (ER).

For projects involving (1) new construction of more than 4 units or (2) substantial rehabilitation—defined as rehabilitation that does not meet the requirements in 24 CFR 58.35(a)—an Environmental Assessment form is required. For projects involving (1) new construction of 1-4 units or (2) rehabilitation that meets the requirements stated in 24 CFR 58.35(a), a CEST form is required.

ADFA requires that an applicant complete the ER prior to the submission of an application so that any environmental issues—or potential issues—can be identified and addressed proactively. This could involve the proposed development being redesigned or being moved to a more suitable location.

In order to ensure the environmental aspects of any proposed project are thoroughly investigated prior to the application's submission, ADFA is now requiring that each applicant utilize an expert environmental consultant to complete the project ER—similar to how Phase I Environmental Site Assessments are completed.

While ADFA will continue to complete its required ER on each project that receives an award, the utilization of an expert by each applicant early in the application process will allow for a better proactive understanding of any environmental findings that could affect the project.