

**VA**



U.S. Department  
of Veterans Affairs  
Veterans Benefits Administration

# Draft Programmatic Environmental Impact Statement for Veterans Affairs Housing Loan Program



**SUMMARY**

**Published for Public Comment  
July 2021**

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# United States Department of Veterans Affairs Draft Programmatic Environmental Impact Statement

for the

## Veterans Affairs Housing Loan Program



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# COVER SHEET

## United States Department of Veterans Affairs (VA)

**Title:** Draft Programmatic Environmental Impact Statement of the Department of Veterans Affairs Housing Loan Program

**Location:** Nationwide

**Contact:**

*For further information about this Draft Programmatic Environmental Impact Statement, contact:*

Elysium Drumm  
VAHLPNEPA.VBAVACO@va.gov  
VA Housing Loan Program  
U.S. Department of Veterans Affairs  
810 Vermont Ave. NW, Room 1063B  
Washington, DC 20420

**Abstract:** This Draft Programmatic Environmental Impact Statement (PEIS) evaluates the potential direct, indirect, and cumulative environmental consequences of continued administration and operation of the United States Department of Veterans Affairs (VA) Housing Loan Program (HLP). VA's HLP includes federal assistance administered by the Veterans Benefits Administration (VBA), in the form of loans made, insured, or guaranteed by VA. It also includes housing benefits that can be used in conjunction with the HLP (e.g., the Specially Adapted Housing [SAH] and the Native American Direct Loan [NADL] programs). Under the HLP, VBA is also responsible for the management, marketing, and disposition of real estate owned (REO) properties that VA acquires following the foreclosure of certain VA-guaranteed loans and loans held in VA's portfolio.

VA has prepared this Draft PEIS pursuant to the National Environmental Policy Act (NEPA) and in accordance with the Council on Environmental Quality (CEQ) implementing regulations for NEPA.<sup>1,2</sup> This PEIS evaluates the potential environmental impacts of the Proposed Action of continued administration and operation of VA's HLP. Under the Proposed Action, VA would continue to operate and actively manage the HLP. The number of VA-guaranteed loans would continue to fluctuate from year to year based upon housing market conditions; VA's REO program would continue to maintain, manage, market, and sell existing homes through a private-sector contractor; the NADL program would continue to make VA direct loans available to Native American Veterans living on trust, tribal, or communally owned lands; and VA would continue to provide SAH program grants to accommodate the needs of Veterans with certain severe, service-connected disabilities. VA would continue to adhere to

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<sup>1</sup> 40 Code of Federal Regulations (CFR) 1500–1508 (1978, as amended).

<sup>2</sup> CEQ issued a final rule to update its NEPA implementing regulations on July 16, 2020 with an effective date of September 14, 2020. This PEIS was begun prior to these dates and was completed pursuant to CEQ's 1978 NEPA-implementing regulations.

statutory requirements, Executive Branch mandates, and judicial rulings; evaluate the housing needs of Veterans; monitor market conditions (and other unforeseen factors); and perpetually tailor the HLP to ensure VA continues to effectively serve Veterans. To do so, VA may issue new regulations or policies or revise existing ones.

This PEIS also analyzes the No Action Alternative, which presumes VA would continue to operate the HLP in a manner consistent with current practices and procedures, with no future changes or improvements to the program. The No Action Alternative, also called the “reference scenario,” is being presented as a snapshot in time to provide a baseline for comparison.

**Comment Period:** VA encourages public participation in the NEPA process. Comments received or postmarked within 45 days after publication of the Notice of Availability in the *Federal Register* will be considered in preparing the Final PEIS.

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## Acronyms

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ACHP	Advisory Council on Historic Preservation
BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
BRAC	Base Realignment and Closures
CEQ	Council on Environmental Quality
CFR	<i>Code of Federal Regulations</i>
Department	Department of Veterans Affairs
DoD	Department of Defense
FEMA	Federal Emergency Management Agency
FHA	Federal Housing Administration
FR	<i>Federal Register</i>
FY	fiscal year
HLP	VA's Housing Loan Program
HUD	Department of Housing and Urban Development
MOU	Memorandum of Understanding
NADL	Native American Direct Loan
NEPA	National Environmental Policy Act
PEIS	Programmatic Environmental Impact Statement
REO	real estate owned
RLC	Regional Loan Center
ROI	region of influence
SAH	Specially Adapted Housing
U.S.	United States
USACE	U.S. Army Corps of Engineers
USC	United States Code
USDA	U.S. Department of Agriculture
USEPA	U.S. Environmental Protection Agency
USFWS	U.S. Fish and Wildlife Service
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration



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## SUMMARY

### S.1 INTRODUCTION AND BACKGROUND

The United States (U. S.) Department of Veterans Affairs (VA or Department) has prepared this Programmatic Environmental Impact Statement (PEIS) to evaluate potential direct, indirect, and cumulative environmental consequences of the Proposed Action of continued administration and operation of VA's Housing Loan Program (HLP). The comprehensive HLP, which is managed by VA Veterans Benefits Administration (VBA), administers VA-guaranteed housing loan benefits and other housing-related benefits that assist eligible Veterans, certain surviving spouses, active duty personnel, Selected Reservists, and National Guardsmen (collectively referred to as Veterans) in purchasing, constructing, repairing, adapting, or improving a home.

In 1944, Congress enacted the Servicemen's Readjustment Act, also known as the "G.I. Bill of Rights," which extended a wide variety of benefits to eligible Veterans, including VA-guaranteed loan benefits. Congress enacted the statute, in part, to allow Veterans the opportunity to establish credit and build a strong financial future to the same extent as their civilian counterparts. Throughout the HLP's 75-year history, Congress has expanded and modified VA's guaranteed loan benefit and created other housing-related benefits. Today, VA administers such benefits under the HLP. Presently, the HLP remains a critical lifeline for many Veterans, some of whom would otherwise struggle to secure housing loans, lose their homes to foreclosure, or be unable to adapt their homes to accommodate service-connected disabilities.

When considered from a nationwide perspective, the HLP could have small, incremental, and/or cumulatively significant environmental impacts depending on location, development, population, and demographics. This PEIS serves as a program-wide platform to identify, analyze, and document the potential physical, environmental, cultural, historic, and socioeconomic impacts associated with all programs within the HLP, thereby providing VA the necessary information for consideration in federal planning and decision making. The Proposed Action evaluated in this PEIS will support VA's commitment to providing high-quality loan guaranty benefits to Veterans; ensure VA compliance with federal and state environmental requirements; and support VA environmental policies in the administration of the HLP.

### S.2 PURPOSE OF AND NEED FOR ACTION

The Proposed Action is the continued administration and operation of the HLP that provides housing assistance to Veterans. The purpose of the Proposed Action is to allow VA to continue to carry out the HLP mission, i.e., helping Veterans obtain, retain, and adapt their homes. For 75 years, the HLP has served an important role in the lives of Veterans. Many Veterans could not afford to purchase a home if

not for the no-down-payment, no-mortgage<sup>1</sup>-insurance feature of the guaranteed loan benefit program. Some Veterans would not be able to live independently without the disability housing modifications funded by Specially Adapted Housing (SAH) program grants. In addition, some Veterans might not be able to retain their homes during times of financial hardship without the loan servicing and loss mitigation assistance VA and private-sector loan servicers provide.

The Proposed Action is needed for VA to meet congressional mandates and other regulatory requirements and to fulfill its obligations to our Veterans. VA needs to actively manage the program and at times initiate changes to the program's operations. In addition to internal policy changes, Congress and the Executive Branch periodically implement legislation and directives regarding components of the HLP to reflect the changing needs of the nation's Veterans and conditions in housing/finance markets. To ensure continued and full functionality of the HLP, so that it can provide benefits to many additional generations of Veterans, VA will use this NEPA process to document a decision that considered a full evaluation of the potential environmental impacts of the HLP.

### S.3 SCOPE OF THE PEIS

VA is using the process outlined in the National Environmental Policy Act of 1969 (NEPA)<sup>2</sup> to evaluate the potential environmental consequences of the HLP, invite public participation, and assist with and inform future agency planning and decision making related to the HLP. This PEIS will evaluate the HLP to ensure that it appropriately considers direct and indirect effects specified by the Council of Environmental Quality (CEQ)<sup>3, 4</sup> (including ecological, aesthetic, historic, cultural, economic, social, or health effects, whether direct, indirect, or cumulative) in carrying out the various elements and aspects of the program. To broaden the scope of concerns addressed in this PEIS, VA invited the general public, federal agencies, and Native American tribes to identify any issues relevant to this PEIS – a process known as public scoping. All public scoping materials and notifications are included in Appendix A, Public Scoping.

This PEIS is atypical in that it addresses an existing program, and VA has no specific or immediate need to change its operational structure or procedures to address environmental impacts. Furthermore, making loan guaranties, direct loans, and grants do not typically, in and of themselves, result in direct environmental impacts. The primary environmental impacts of concern for VA would be the potential indirect impacts resulting from newly constructed homes and the corresponding demand on resources through providing VA-guaranteed loan financing to those who would not otherwise be able to secure

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<sup>1</sup> Generally, the term "mortgage" as used throughout this PEIS refers to housing loans, i.e., mortgages and deeds of trust.

<sup>2</sup> 42 USC 4321 et seq.

<sup>3</sup> 40 Code of Federal Regulations (CFR) 1500–1508 (1978, as amended).

<sup>4</sup> CEQ issued a final rule to update its NEPA implementing regulations on July 16, 2020 with an effective date of September 14, 2020. This PEIS was begun prior to these dates and was completed pursuant to CEQ's 1978 NEPA-implementing regulations.

financing. This PEIS also evaluates the potential cumulative impacts of the HLP in conjunction with other national housing loan programs and other large-scale federal agency programs.

VA has prepared this PEIS in accordance with NEPA; the CEQ Regulations for Implementing the Procedural Provisions of NEPA (40 Code of Federal Regulations [CFR] 1500–1508); VA’s NEPA Implementing Regulations titled “Environmental Effects of the Department of Veterans Affairs Actions”,<sup>5</sup> VA’s “NEPA Interim Guidance for Projects” (VA 2010); and VA Directive 0067 “VA NEPA Implementation” (VA 2013a). Although the HLP enabling statutes predate NEPA and most other federal environmental authorities, new and ongoing VA actions are subject to NEPA.

### S.3.1 Public Involvement

The public scoping phase, as required under NEPA, invites interested parties to identify potential issues, concerns, and reasonable alternatives that should be considered in the PEIS. To formally initiate the NEPA process for the HLP PEIS, VA published a Notice of Intent to prepare a PEIS in the *Federal Register* (FR) on July 16, 2018 (under Docket ID No. VA-2018-VACO-0001)<sup>6</sup> and in the *Washington Post* on July 20 – 22, 2018. After issuing the Notice of Intent, VA conducted a public scoping meeting and consulted with various governmental agencies and stakeholders. In addition, VA developed a project website to disseminate information to the public; the project website is available at [https://www.benefits.va.gov/homeloans/environmental\\_impact.asp](https://www.benefits.va.gov/homeloans/environmental_impact.asp).

The public scoping meeting was held on August 2, 2018 at the Bethesda North Marriott Hotel and Conference Center in Rockville, Maryland. The scoping period closed on August 15, 2018 allowing one month during which the public and interested parties were encouraged to provide comments. VA received no comments during or after the scoping period. Further information pertaining to the scoping meeting and scoping period is included in Appendix A, Public Scoping.

### S.3.2 Interagency Coordination

VA consulted with federal agencies that could have expertise and insight relevant to the environmental review of the HLP. In particular, during development of this PEIS VA contacted:

- Advisory Council on Historic Preservation (ACHP);
- Bureau of Indian Affairs (BIA);
- Council on Environmental Quality (CEQ);
- Department of Homeland Security;
- Department of Housing and Urban Development (HUD);
- Farm Credit Administration;
- Federal Emergency Management Agency (FEMA);
- U.S. Army Corps of Engineers (USACE);
- U.S. Department of Agriculture (USDA) Rural Development;

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<sup>5</sup> 38 CFR 26

<sup>6</sup> 83 FR 32952

- U.S. Environmental Protection Agency (USEPA); and
- U.S. Fish and Wildlife Service (USFWS).

VA mailed a letter to these agencies on July 20, 2018 seeking feedback on potential issues, concerns, or reasonable alternatives agencies deem important to address in this PEIS and to invite attendance at a public scoping meeting.

### **S.3.3 Tribal Government Coordination**

VA also contacted tribal and Native American governments to ascertain any environmental concerns they have regarding the NADL program and the PEIS process. Appendix A includes a sample letter sent on July 20, 2018 to the tribal organizations that have Memoranda of Understanding (MOUs) with VA seeking feedback on potential issues, concerns, or reasonable alternatives regarding this PEIS and to invite attendance at a public scoping meeting. No comments or responses were received.

## **S.4 OVERVIEW OF CURRENT HOUSING LOAN PROGRAM**

VA administers several benefits to assist Veterans in purchasing, constructing, repairing, adapting, or improving a home under the HLP. As presented in Table S-1, these benefits include (1) guaranteeing a portion of home loans originated by private lenders, including refinancing loans, and assisting Veterans in avoiding foreclosure on their homes during times of financial hardship; (2) managing and selling, potentially with direct financing, REO properties that VA acquires following holders' conveyance of certain properties that formerly secured VA-guaranteed home loans; (3) providing direct loans to Native American Veterans to purchase homes on trust lands;<sup>7</sup> and (4) extending grants to Veterans with service-connected disabilities through the SAH program benefit.

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<sup>7</sup> Trust land is any land that (i) is held in trust by the United States for Native Americans, (ii) is subject to restrictions on alienation imposed by the United States on Native American lands (including native Hawaiian homelands), (iii) is owned by a Regional Corporation or a Village Corporation as defined under the Alaska Native Claims Settlement Act, or (iv) is on any island in the Pacific Ocean if such land is, by cultural tradition, communally owned land, as determined by the Secretary of Veterans Affairs. (38 USC 3765[1])

**Table S-1. Primary Responsibilities of the Housing Loan Program**

Program Segment	Purpose	Populations Served
VA-Guaranteed Loans	Assist Veterans in becoming homeowners or refinancing their home loans.	Eligible Veterans, active duty personnel, Selected Reservists, National Guardsmen, and certain surviving spouses.
Real Estate Owned (REO) Property Management and VA Vendee Financing	Manage and sell properties acquired by VA and administer direct loans (also called "vendee") for purchase of REO properties.	Veterans and non-Veterans may purchase VA REO properties and may receive vendee (direct loan) financing. <sup>a</sup>
Native American Direct Loan (NADL)	Provide direct home loans for Native American Veterans to purchase homes on trust lands.	Certain Native American Veterans and their spouses. <sup>b</sup>
Specially Adapted Housing (SAH) <sup>c</sup>	Grants to assist eligible Veterans with certain service-connected disabilities to construct or adapt their home to accommodate their needs.	Certain Veterans with severe service-connected disabilities.

<sup>a</sup>. Proceeds from REO sales help offset the costs VA incurs resulting from foreclosed VA-guaranteed loans and help reduce credit costs associated with new VA-guaranteed loans for Veterans.

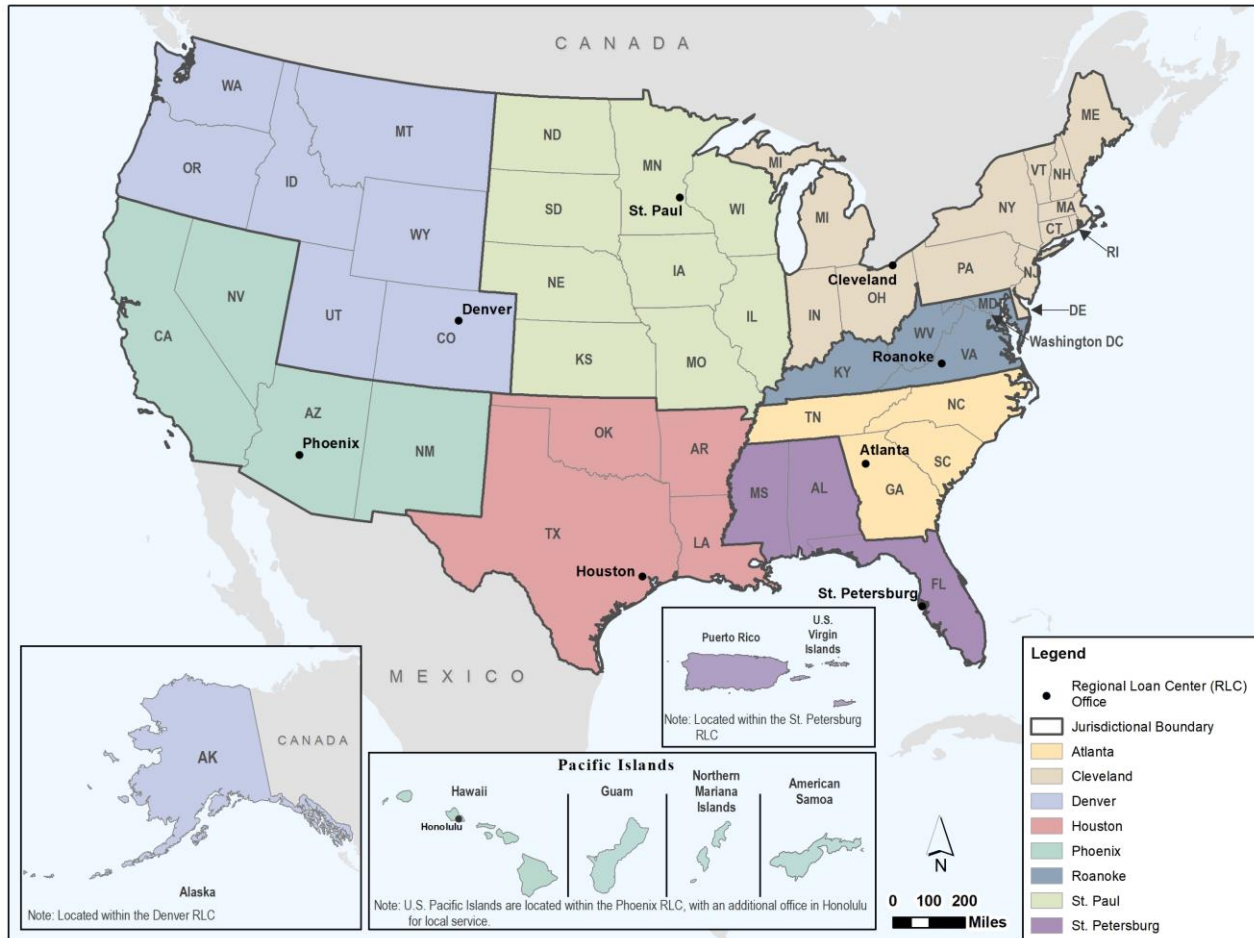
<sup>b</sup>. A Non-Native American Veteran married to a Native American can also obtain a NADL for a home on trust land.

<sup>c</sup>. These grants are authorized under chapter 21 of title 38 USC and include grants made under Section 2101(a); Section 2101(b) Special Home Adaptation grants, and grants made under section 2102(a) Temporary Residence Adaptation grants, depending upon a Veteran's eligibility.

NADL = Native American Direct Loan; REO = Real Estate Owned; SAH = Specially Adapted Housing; VA = Department of Veterans Affairs

The HLP is administered by VA's Loan Guaranty Service in Washington, DC, eight Regional Loan Center (RLC) offices, and an additional Loan Guaranty office located in Honolulu to provide local service. The RLCs are also responsible for conducting local outreach and training of program stakeholders. Figure S-1 shows the locations of the eight RLCs and the states and territories within their jurisdictions.

VA conducts oversight of participating lenders in the HLP to ensure compliance with federal statutory and regulatory standards; however, VA does not control how state and local authorities regulate property development or enact building codes. Generally, VA's role in the HLP is to assist eligible Veterans in obtaining VA-guaranteed loans, direct loans, and grants to purchase and improve homes. Local government and planning authorities are ultimately responsible for the number and size of homes, neighborhood density, and community infrastructure surrounding a neighborhood development.



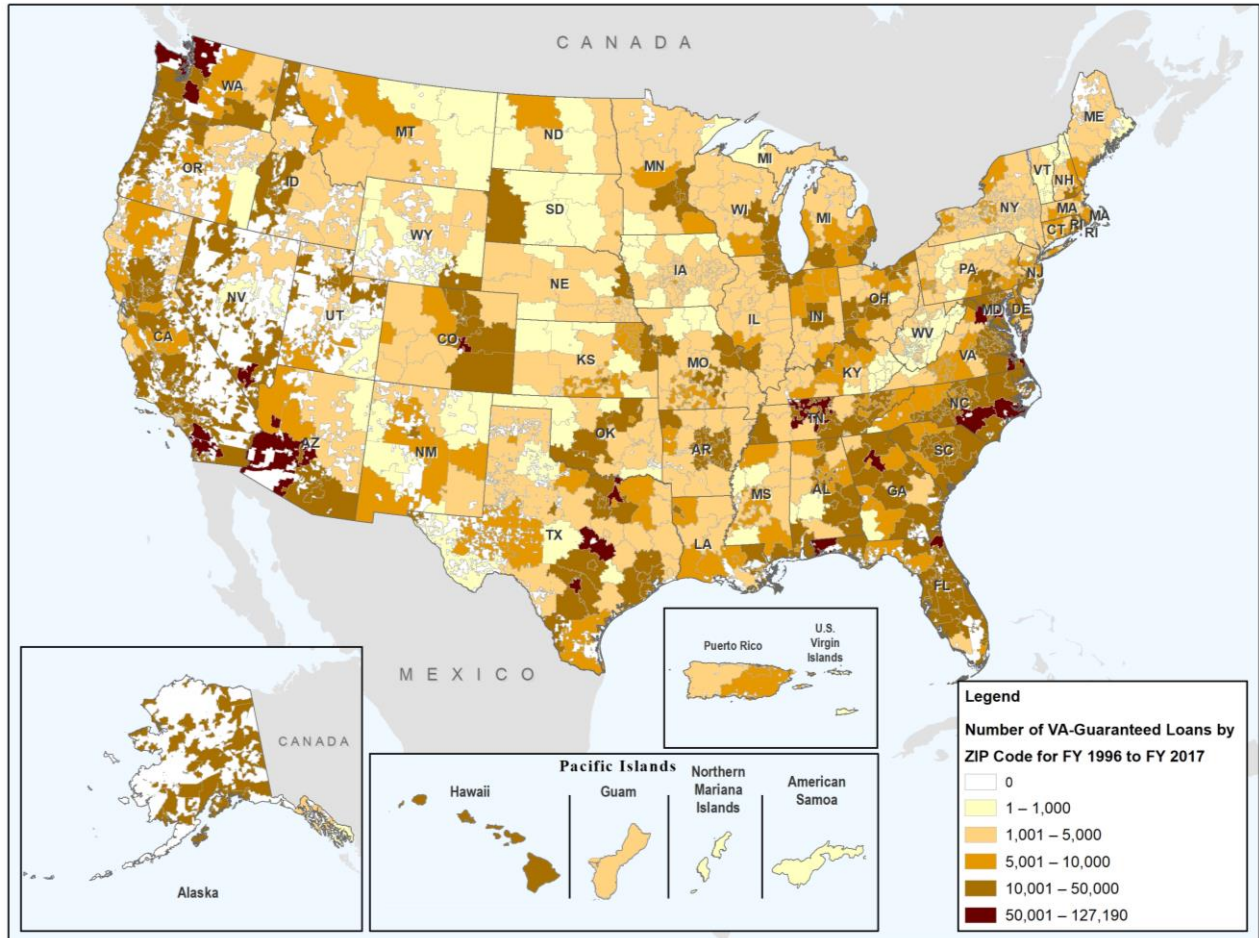
Source: VA 2018a  
RLC = Regional Loan Center; U.S. = United States

**Figure S-1. Nationwide Locations and Jurisdictions of VA Regional Loan Centers**

### S.4.1 VA-Guaranteed Loans

VA’s guaranteed loan benefit serves as the cornerstone of the HLP. VA-guaranteed loans essentially provide a form of insurance against loss for the lender, and the guaranty backing can allow eligible Veterans to finance their purchase of homes without a down payment. Currently, the benefit provides for a partial government guaranty of two general types of housing loans: purchase and refinance. A purchase loan can be used to purchase, construct, alter, improve, or repair a dwelling to be used as a Veteran’s residence. Veterans can obtain a refinance loan to reduce monthly loan payments (e.g., by reducing the loan’s interest rate), to reduce the term of the loan (e.g., to go from a 30-year loan to a 15-year loan), to switch from an adjustable-rate loan to a fixed-rate loan, to convert home equity into cash, or to switch to a VA-guaranteed loan from a non-VA loan (i.e., a conventional or Federal Housing Administration [FHA] loan). Such non-VA-to-VA refinances can save the borrower from having to pay mortgage insurance premiums, which are not required in VA’s program. Veterans may also obtain VA-guaranteed housing loans that include a small financed amount for certain energy efficiency improvements.

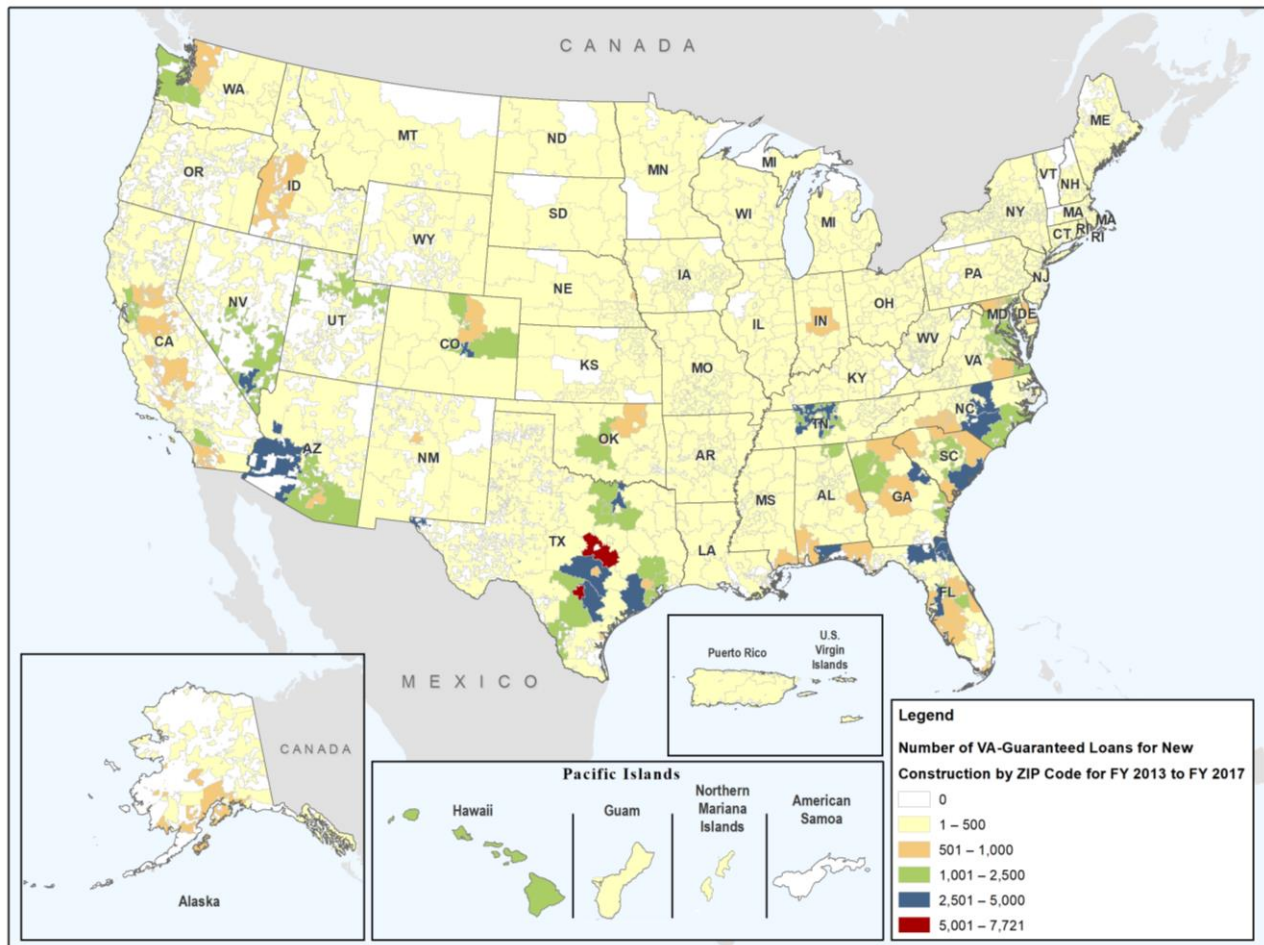
When a Veteran obtains a VA-guaranteed loan, VA does not lend funds directly to the Veteran. Instead, VA provides a partial guaranty to protect a private lender against loss, i.e., if a borrower fails to repay the loan. In 2017, VA guaranteed a total of 740,389 loans for a total guaranty amount of over \$46.9 billion. Figure S-2 presents the geographical distribution across the United States and its Territories of all VA-guaranteed loans (for both purchase and refinance) over the period fiscal year (FY) 1996 through FY 2017.



FY = fiscal year; U.S. = United States; VA = Department of Veterans Affairs

**Figure S-2. Geographical Distribution of Total VA-Guaranteed Loans (FY 1996 – FY 2017)**

From FY 1996 to FY 2017, an average of 18 percent of VA-guaranteed purchase loans were used for financing newly constructed homes. In FY 2017, approximately 15 percent of VA-guaranteed loans were used to purchase newly constructed homes. Figure S-3 presents the geographical distribution of VA-guaranteed loans for newly constructed homes over the period FY 2013 through FY 2017. As would be expected, the highest concentrations of new home construction are predominantly located in the same areas that have the highest HLP usage, and these areas tend to cluster around military installations.



FY = fiscal year; U.S. = United States; VA = Department of Veterans Affairs

**Figure S-3. Geographical Distribution of VA-Guaranteed Loans for Newly Constructed Homes (FY 2013 – FY 2017)**

### S.4.2 Real Estate Owned (REO) Property Management and Financing

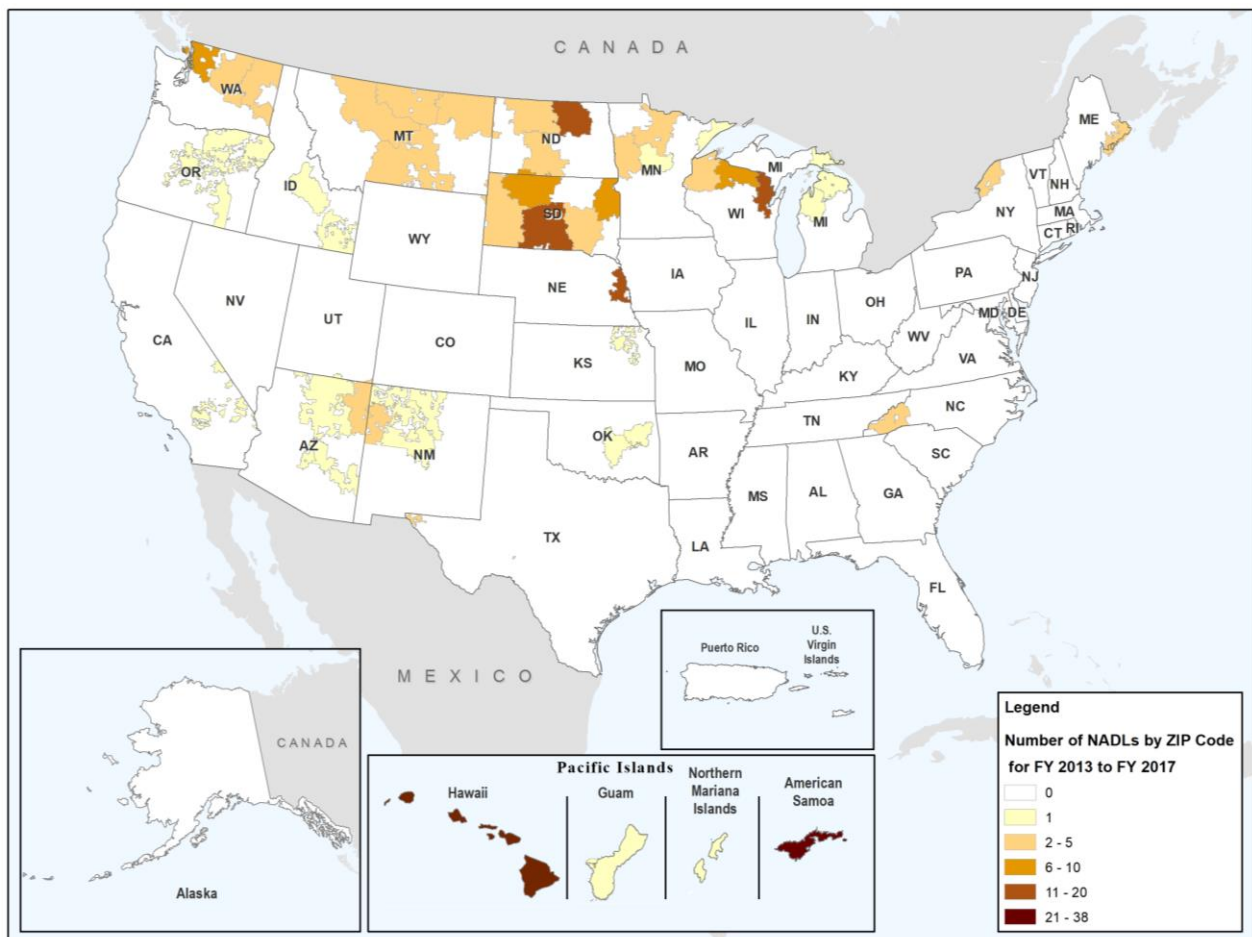
If a foreclosure occurs on a property that secured a VA-guaranteed loan, the loan holder has the option to convey the property to VA. These properties are often occupied at the time of conveyance to VA (e.g., by the former borrower or tenants of the borrower). The properties would be considered REO property assets, which VA would maintain, manage, market, and sell. Proceeds from REO sales help offset the government’s costs of new VA-guaranteed loans for other Veterans. During FY 2017, VA obtained 13,234 properties from lenders and sold 14,037 properties to the general public.



### S.4.3 Native American Direct Loans (NADL)

While certain Native American Veterans may be eligible for VA-guaranteed loans, those living on trust, tribal, or communally owned lands often have difficulty obtaining housing loans from private lenders because the land cannot be freely transferred to the loan holder in the event of foreclosure. To assist these Veterans in financing the purchase of a home, Congress established the NADL program to provide direct loans to eligible Native American Veterans living on certain trust, tribal, and communally owned lands. NADLs can be obtained, for example, by certain Native Americans, Native Hawaiians, Alaska Natives, and those who are native to American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. Additionally, a NADL can be used to refinance a prior NADL to reduce the applicable interest rate.

In FY 2017, VA originated 24 direct loans to Native American Veterans for a total value of approximately \$5 million. Figure S-4 presents the geographical distribution of NADLs over the period FY 2013 through FY 2017.



FY = fiscal year; NADL = Native American Direct Loan; U.S. = United States

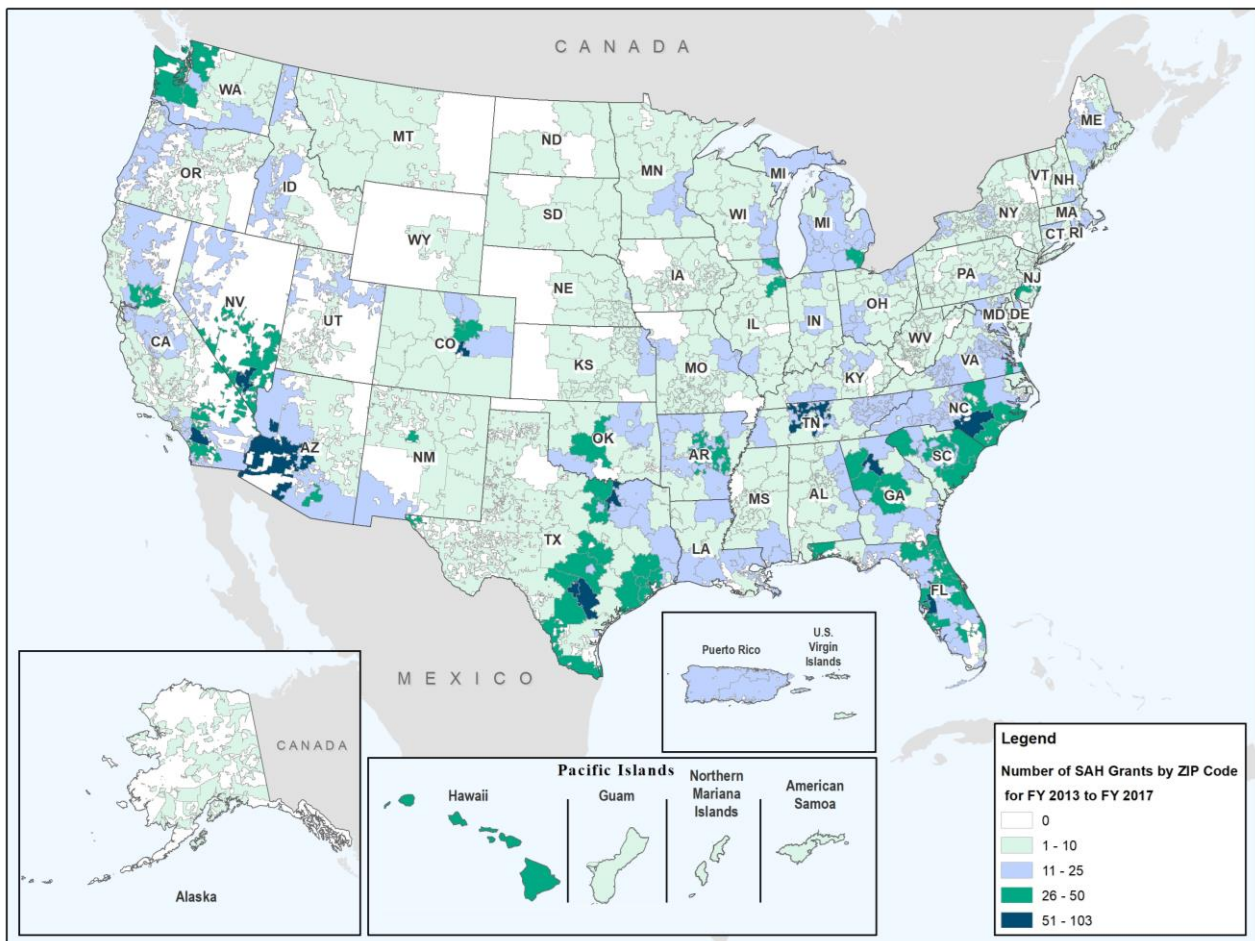
**Figure S-4. Geographical Distribution of Native American Direct Loans (FY 2013 – FY 2017)**

### S.4.4 Specially Adapted Housing (SAH) Program

The HLP administers grants to Veterans with certain severe, service-connected disabilities. These grants help such Veterans acquire home adaptations made necessary by the nature of their disabilities. VA’s authority provides grants that can be used in one of the following ways:

- Construct a specially adapted home on land to be acquired;
- Construct a specially adapted home on land already owned;
- Acquire a residence already adapted with special features;
- Remodel an existing home; or
- Offset the costs of an adapted home already acquired.

SAH Program grants can help provide a degree of independent living that Veterans might not otherwise enjoy. Available data show the majority of SAH Program grants have been used to adapt an existing home (e.g., widening doorways, constructing ramps for wheelchair accessibility, and installing handrails, grab bars) rather than constructing new homes. Figure S-5 presents the geographical distribution of SAH Program grants over the period FY 2013 through FY 2017.



FY = fiscal year; SAH = Specially Adapted Housing; U.S. = United States

**Figure S-5. Geographical Distribution of Specially Adapted Housing Program Grants (FY 2013 – FY 2017)**

## S.5 PROPOSED ACTION AND ALTERNATIVES

NEPA and its implementing regulations require federal agencies to evaluate reasonable alternatives to their Proposed Action(s) including a No Action Alternative. Throughout the HLP's history, VA periodically tailored the HLP to address new statutes and Executive Branch directives. VA has also drafted implementing regulations and established policies that serve the needs of the Veteran population. The HLP is continuously evolving to meet the home ownership and housing needs of the nation's Veterans and will continue to do so in the future. Although VA has some discretion in developing regulations and policy, Congress has explicitly mandated that the Department provide the various HLP benefits. Consequently, VA has a limited number of alternative courses of action that are analyzed under this PEIS.

### S.5.1 Proposed Action

Under the Proposed Action, VA would continue to operate and actively manage the HLP. The number of VA-guaranteed loans would continue to fluctuate from year to year based upon housing market conditions; VA's REO program would continue to maintain, manage, market, and sell existing homes through a private-sector contractor; the NADL program would continue to make VA direct loans available to Native American Veterans living on trust, tribal, or communally owned lands; and VA would continue to provide SAH program grants to accommodate the needs of Veterans with certain severe, service-connected disabilities. VA would continue to adhere to statutory requirements, Executive Branch mandates, and Judicial rulings and evaluate the housing needs of Veterans, monitor market conditions (and other unforeseen factors), and perpetually tailor the HLP to ensure VA continues to effectively serve Veterans. To do so, VA may issue new regulations or policies or revise existing ones. Changes to the program could influence the volume of VA-guaranteed loans, REO and NADL activity, and SAH program grants by, for example, making these guaranties, loans, and grants more accessible or attractive to Veterans.

Other non-program factors could also influence these volumes, such as market conditions (e.g., interest rates), Veteran population demographics, and various other circumstances. However, VA cannot predict what specific changes would be made to the program in the future, nor how those changes would increase or decrease the number of loans, grants, and other HLP activity. Similarly, VA cannot predict other economic or demographic factors that may occur in the future, or how they would influence loan volumes. A combination of certain future circumstances could lead to a high demand for VA-guaranteed loans and other HLP products, while another combination of circumstances could reduce such demand. Numerous variables could push demand up or down in any given year.

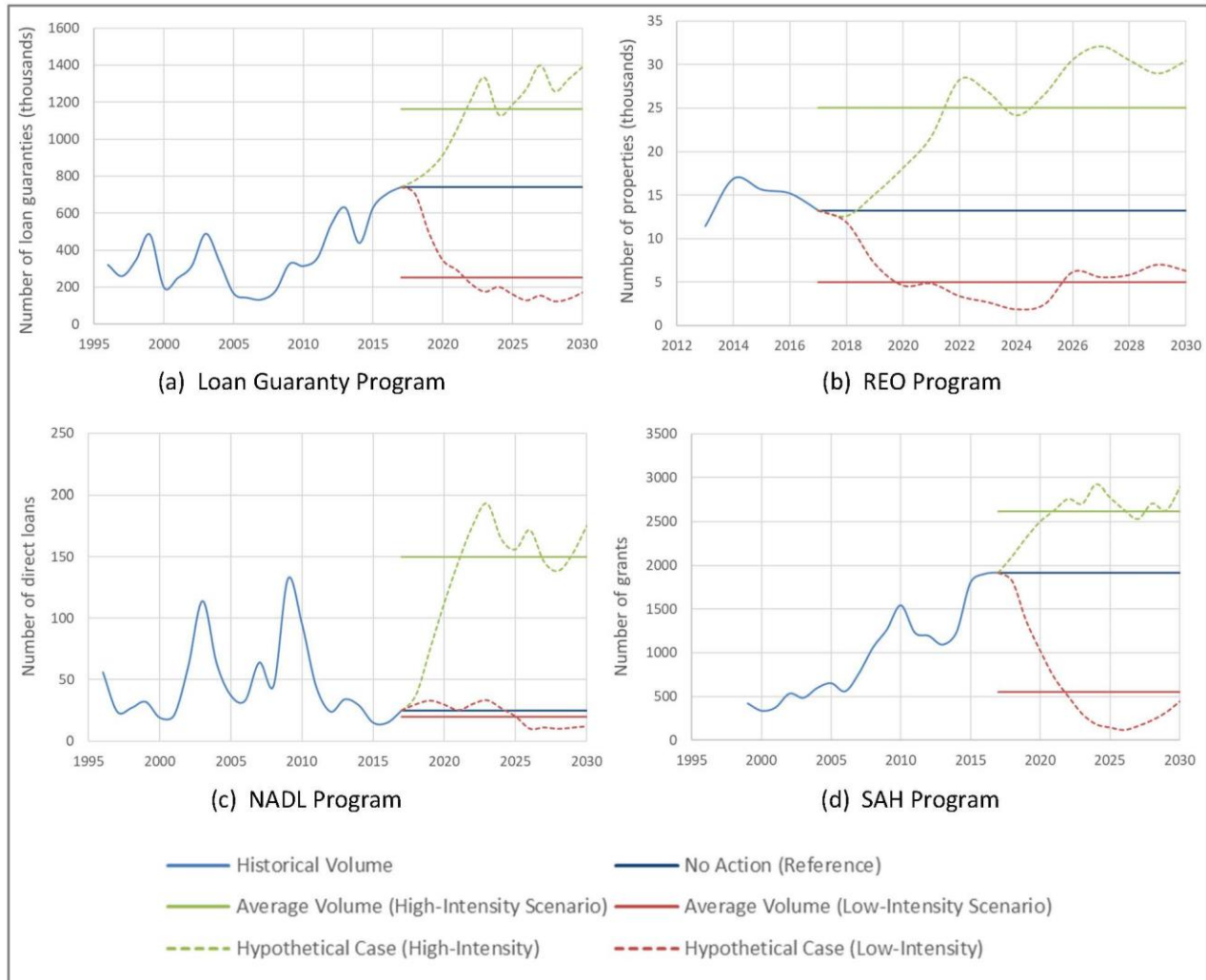
### **S.5.2 No Action Alternative**

The No Action Alternative presumes VA would continue to operate the HLP in a manner consistent with its current practices and procedures, with no future changes or improvements to the program. The No Action Alternative, also called the “reference scenario,” is being presented as a snapshot in time to provide a baseline for comparison. The No Action Alternative would essentially freeze the HLP components and policies in their current state, reflecting the program status in FY 2017 (October 1, 2016 through September 30, 2017) and assumes Veteran populations and market conditions would continue to follow general historical trends.

### **S.5.3 Scenarios Considered for Analysis in this PEIS**

For purposes of evaluating a full range of potential effects for the Proposed Action, VA developed low-intensity and high-intensity program activity scenarios for each of the four programs analyzed in this PEIS (the loan guaranty, REO, NADL, and SAH programs). To develop these scenarios, VA reviewed historical HLP data, using periods of historical upward and downward trends to establish rates for increasing and decreasing program activity. The respective rates of increasing and decreasing program activity were projected through FY 2030 to establish total and average annual loan and grant volumes over that period for the low-intensity and high-intensity scenarios. The Proposed Action scenarios are not intended to serve as a prediction of changes in the underlying factors discussed earlier and of actual future program activity but rather to provide reasonable lower and upper rates of program activity for the purpose of evaluating the range of potential impacts within this PEIS. The No Action Alternative is presented as the reference case for baseline comparison purposes and assumes static HLP activity (based on FY 2017) through FY 2030.

For each component of the HLP (loan guaranty, REO, NADL, and SAH programs), VA developed graphics to illustrate the Proposed Action low-intensity scenario, high-intensity scenario, and the No Action Alternative, as shown in Figure S-6. The figure presents average annual program activity through FY 2030 and graphically depicts each scenario and the reference case as horizontal lines (i.e., consistent levels of program activity each year). However, VA expects that HLP activity would fluctuate from year to year as observed in historical program data, although such annual fluctuations cannot be predicted. To illustrate that annual numbers are expected to fluctuate from year to year, hypothetical low-intensity and high-intensity growth cases are also included in each figure as dashed lines.



**Figure S-6. Program Activity Scenarios Analyzed in this PEIS**

### VA-Guaranteed Home Loans

The volume of VA-guaranteed home loans (purchase loans and refinance loans) can fluctuate depending on numerous variables, such as regulatory or policy changes to the program, mortgage interest rates, financial and labor macroeconomic conditions, and trends in private-sector conventional mortgage lending. The Proposed Action low-intensity scenario represents a combination of factors that results in a reduction in the demand for VA-guaranteed loans, leading to approximately 252,000 loan guaranties per year, or a cumulative total of approximately 3.3 million new loan guaranties from FY 2017 through FY 2030. The Proposed Action high-intensity scenario represents a combination of factors (similar to the low-intensity scenario) that results in higher demand. The high-intensity scenario accounts for an increase in loan volume of approximately 60,000 more loans each year, resulting in an average of approximately 1.2 million loan guaranties per year, or a cumulative total of approximately 15.1 million loans through FY 2030. The No Action reference case for the loan guaranty program assumes a consistent loan volume, based on FY 2017, of approximately 740,000 per year, or a cumulative total of approximately 9.6 million new loan guaranties through FY 2030.

Under the Proposed Action and No Action Alternative, the total volume of VA-guaranteed loans includes loans for the purchase of newly constructed homes, resale of existing homes, and refinancing of existing home loans. Generally, construction of new homes would be more likely to result in tangible environmental effects. Over the time period from FY 1996 to FY 2017, the percentage of newly constructed homes financed with VA-guaranteed loans has ranged from approximately 7 percent to 29 percent on an annual basis, with an average of 18 percent. VA is assuming that the historical average new home construction percentage of 18 percent would apply to all future scenarios.

### ***Real Estate Owned Property Management and Financing***

The number of properties conveyed into VA's REO inventory is directly tied to the number of foreclosed VA-guaranteed home loans. The sale of those properties out of inventory — by VA Vendee loans or by sale via other buyer-financed means — is impacted by the same set of factors noted for guaranteed loans (i.e., regulatory or policy changes, mortgage rates, financial and labor market economics, private-sector lending trends). The Proposed Action low-intensity scenario represents a combination of factors that results in lower volumes of homes entering the REO program. Based on the referenced analog trend, this scenario provides for an average of 5,000 properties entering the program each year, for a cumulative total of approximately 65,000 properties from FY 2017 through FY 2030. The high-intensity scenario represents a combination of factors that results in an increase in properties entering the program. Based on the referenced analog trend, this scenario provides for approximately 25,000 properties entering the program each year, or a cumulative total of approximately 325,000 properties through FY 2030. The No Action Alternative reference case for the REO program assumes a consistent volume, based on FY 2017, of approximately 13,200 properties for a cumulative total of 172,000 through FY 2030.

### ***Native American Direct Loans***

The volume of NADLs can fluctuate depending on numerous variables, such as regulatory or policy changes to the program, financial and labor market macroeconomic conditions, VA's efforts to raise awareness of benefits and eligibility for NADL assistance among Tribal governments and Native American Veteran populations. The Proposed Action low-intensity scenario represents a combination of factors that results in reduced demand for the NADL program leading to a decline in loan volume. Based on the referenced analog trend, this scenario provides for an average of 20 direct loans per year, or a cumulative total of approximately 260 direct loans from FY 2017 through FY 2030. The high-intensity scenario represents a combination of factors that results in higher demand and an increase in loan volume. Based on the referenced analog trend, this scenario provides for approximately 150 direct loans per year, or a cumulative total of 1,950 direct loans through FY 2030. The No Action Alternative reference case for the NADL program assumes a consistent volume, based on FY 2017, of approximately 25 direct loans per year, or a cumulative total of approximately 325 direct loans through FY 2030.

### ***Specially Adapted Housing Program***

The volume of SAH program grants can fluctuate depending on numerous variables, such as changes to the program's statutory eligibility criteria, and factors that can influence the existence of fewer or more severely wounded Veterans, such as decreased or increased number of armed forces conflicts, changes in the nature of warfare, and improvements to forward-area medical care. The Proposed Action low-intensity case scenario represents a combination of factors that results in reduced demand for SAH program grants leading to a decline in grant volume. Based on the referenced analog trend, this scenario provides for approximately 550 grants per year, or a cumulative total of approximately 7,100 grants from FY 2017 through FY 2030. The Proposed Action high-intensity scenario represents a combination of factors that results in higher demand and an increase in loan volume. Based on the referenced analog trend, this scenario provides for an increase in grant volumes of approximately 100 grants per year, resulting in an average of approximately 2,600 grants per year, or a cumulative total of approximately 34,000 grants through FY 2030. The No Action Alternative reference case for the SAH grant program assumes a consistent volume, based on FY 2017, of approximately 1,900 grants per year, or a cumulative total of approximately 25,000 grants through FY 2030.

## **S.6 EVALUATION OF ENVIRONMENTAL CONSEQUENCES**

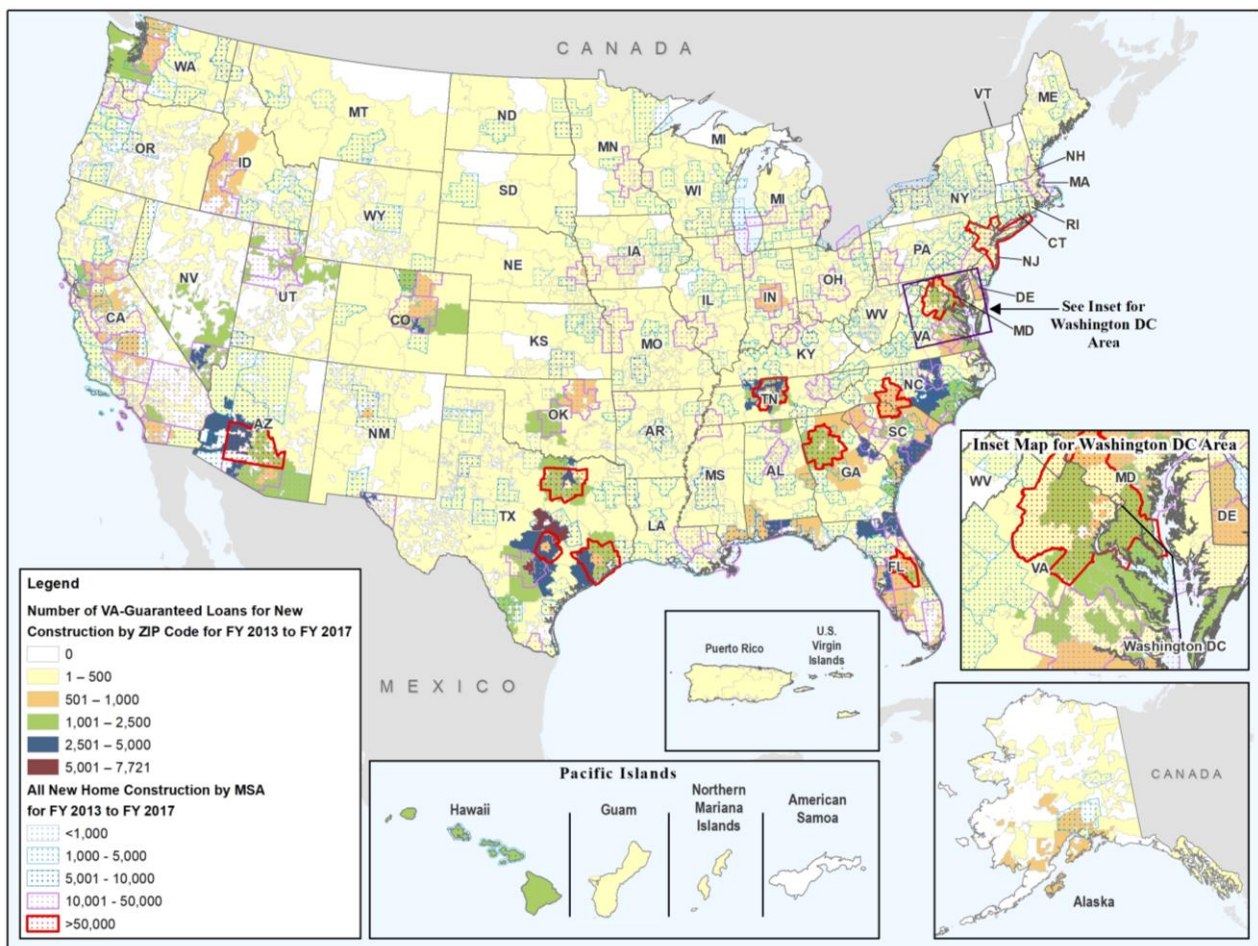
### **S.6.1 Methods of Analysis**

As described in Section S.5.3, Scenarios Considered for Analysis in this PEIS, VA developed low-intensity and high-intensity program activity scenarios for each of the four programs analyzed in this PEIS, (i.e., loan guaranty, REO, NADL, and SAH programs). The Proposed Action scenarios are not intended to serve as a prediction of changes in the underlying factors or of actual future loan volumes but rather to serve as reasonable lower and upper bounds of program activity for the purpose of evaluating the range of potential impacts within this PEIS. For analysis, VA assumes the Proposed Action high-intensity scenario for each program bounds the range of possible impacts to each resource area, including those associated with the low-intensity scenario. VA also analyzes the No Action Alternative reference case for each program as required by NEPA.

VA's guaranty of a home loan occasionally results in the construction of a new home. However, residential builders continue to make decisions regarding development without necessarily having any knowledge of buyers' loan financing choices. As previously stated, VA guarantees loans made by private lenders to qualified Veterans, but VA does not control how state and local authorities regulate property development or enact building codes. Ultimately, local government and planning authorities are responsible for the number and size of homes, neighborhood density, and community infrastructure surrounding a neighborhood development. The extent of any impact depends on local housing market conditions (e.g., supply and demand, demographics, economic conditions, geographic location), and local or regional planning and zoning laws, rules, or policies, in addition to the number of loan guaranties (or NADLs or SAH program grants) made by VA.

The Region of Influence (ROI) represents the geographic area where most of the direct and indirect effects of the Proposed Action are likely to occur. For this PEIS, the ROI is the United States of America, here defined as the 50 States, 5 permanently inhabited Territories (i.e., American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands), and the District of Columbia.

The largest concentrations of VA-guaranteed loans for newly constructed homes occurred in municipalities within Arizona, Colorado, Florida, Maryland, North Carolina, Texas, and Virginia. This geographic distribution of VA-guaranteed loans is generally consistent with the distribution of other new home sales during the same time period (Moody’s Analytics 2020). Figure S-7 shows the geographical distribution of VA loan guaranties for newly constructed homes, together with geographic trends in overall new home construction nationwide.



Source: Moody’s Analytics 2020

DC = District of Columbia; FY = fiscal year; MSA = Metropolitan Statistical Area; U.S. = United States; VA = Department of Veterans Affairs

**Figure S-7. VA-Guaranteed Loans for New Construction versus All New Home Construction**



When considering the future geographic distribution of VA-guaranteed loans, VA assumes they will generally align with predictions for regional housing market growth and declines, although the presence of high localized use of guaranties near areas such as active military installations may run counter to larger trends. This PEIS assumes that areas with high numbers of VA-guaranteed loans for newly constructed homes would remain high through FY 2030 with some temporary local fluctuations. This assumption is conservative in nature and would likely bound the magnitude of potential environmental effects. Environmental effects associated with new home construction would be more likely to occur in these specific areas, and the magnitude of those effects would tend to be higher than in other portions of the country.

In addition to focusing analysis on those areas likely to contain a higher volume of HLP loan guaranties for newly constructed homes, each environmental resource area in this PEIS also identifies distinct geographical (e.g., major hydrological regions) or functional (e.g., urban, suburban, or rural development settings) units that could be affected by a nationwide action in different ways. By defining distinct environmental characteristics of regions throughout the United States and its Territories (see Chapter 3, Affected Environment), and comparing them to projected areas with high volumes of VA-guaranteed loans for newly constructed homes, this PEIS identifies unique impacts that could occur in one or more dense distribution areas, as well as general impacts that could occur in any geographical area.

Because physical environmental impacts result primarily from construction activities and related land disturbance, the impact analyses presented within this PEIS focus primarily on the VA-guaranteed loans for newly constructed homes, except for the socioeconomic impacts that result from the financial transactions. VA also analyzes the potential environmental effects of the REO, NADL, and SAH programs. However, their impacts are likely to be much lower, primarily due to the nature of these programs and the very small volume of loans and grants approved under these programs.

### S.6.2 Characterization of Impacts

The analyses presented in this PEIS provide a qualitative assessment of the potential impacts using the following descriptors:

- **Beneficial** – Impacts would improve or enhance the resource.
- **Adverse** – Impacts would degrade or diminish the resource. Adverse impacts are further characterized by intensity as follows:
  - **Negligible** – No apparent or measurable impacts are expected and may also be described as “none”, if appropriate.
  - **Minor** – The action would have a barely noticeable or measurable impact on the resource.
  - **Moderate** – The action would have a noticeable or measurable impact on the resource. This category could include potentially significant impacts that could be reduced by the implementation of mitigation measures.
  - **Significant** – The action would have obvious and extensive impacts that could result in potentially significant impacts on a resource despite mitigation measures.

Negligible, minor, and moderate impacts are characterized as “less than significant.”

Additionally, impacts may consist of direct or indirect impacts defined as follows:

- **Direct impacts** – Those caused by the HLP and occurring at the same time and place.
- **Indirect impacts** – Those caused by the HLP but occurring later in time or that are part of a chain of impacts, several increments removed from a direct action.

### **S.6.3 Comparison of Environmental Effects of Alternatives**

Table S-2 compares the environmental effects of both the Proposed Action and No Action Alternative for each of the 11 environmental resource sections analyzed in this PEIS. As shown in the table, impacts from the Proposed Action (bounded by low- to high-intensity scenarios) are anticipated to range from negligible to minor for VA-guaranteed loans for newly constructed homes in each resource area (except socioeconomics and environmental justice). Likewise, the No Action Alternative, which is the reference case, is also anticipated to have negligible to minor impacts for VA-guaranteed loans for newly constructed homes in each resource area. Negligible impacts are anticipated from existing/refinance home loan guaranties, REO activities, NADLs, and SAH program grants for both the Proposed Action and No Action Alternative. Beneficial impacts are expected for socioeconomics and environmental justice under both Alternatives for all programs of the HLP.

**Table S-2. Comparison of Environmental Effects of Alternatives**

Resource Section	Proposed Action <sup>a</sup> (Includes Full Range of Intensity Scenarios)					No Action Alternative (Reference Case)				
	Loan Guaranties for Newly Constructed Homes	Existing/Refinance Home Loan Guaranties	REO	NADL	SAH	Loan Guaranties for Newly Constructed Homes	Existing/Refinance Home Loan Guaranties	REO	NADL	SAH
Aesthetics	Negligible to Minor	Negligible	Negligible	Negligible	Negligible	Negligible to Minor	Negligible	Negligible	Negligible	Negligible
Air Quality	Negligible to Minor	Negligible	Negligible	Negligible	Negligible	Negligible to Minor	Negligible	Negligible	Negligible	Negligible
Biological	Negligible to Minor	Negligible	Negligible	Negligible	Negligible	Negligible to Minor	Negligible	Negligible	Negligible	Negligible
Cultural	Negligible to Minor	Negligible	Negligible	Negligible	Negligible	Negligible to Minor	Negligible	Negligible	Negligible	Negligible
Floodplains, Wetlands, and Coastal Zones	Negligible to Minor	Negligible	Negligible	Negligible	Negligible	Negligible to Minor	Negligible	Negligible	Negligible	Negligible
Geology and Soils	Negligible to Minor	Negligible	Negligible	Negligible	Negligible	Negligible to Minor	Negligible	Negligible	Negligible	Negligible
Hydrology and Water Quality	Negligible to Minor	Negligible	Negligible	Negligible	Negligible	Negligible to Minor	Negligible	Negligible	Negligible	Negligible
Infrastructure and Community Services	Negligible to Minor	Negligible	Negligible	Negligible	Negligible	Negligible to Minor	Negligible	Negligible	Negligible	Negligible

**Table S-2. Comparison of Environmental Effects of Alternatives**

Resource Section	Proposed Action <sup>a</sup> (Includes Full Range of Intensity Scenarios)					No Action Alternative (Reference Case)				
	Loan Guaranties for Newly Constructed Homes	Existing/Refinance Home Loan Guaranties	REO	NADL	SAH	Loan Guaranties for Newly Constructed Homes	Existing/Refinance Home Loan Guaranties	REO	NADL	SAH
Land Use and Planning	Negligible to Minor	Negligible	Negligible	Negligible	Negligible	Negligible to Minor	Negligible	Negligible	Negligible	Negligible
Noise	Negligible to Minor	Negligible	Negligible	Negligible	Negligible	Negligible to Minor	Negligible	Negligible	Negligible	Negligible
Socio-economics and Environmental Justice	Beneficial	Beneficial	Beneficial	Beneficial	Beneficial	Beneficial	Beneficial	Beneficial	Beneficial	Beneficial

<sup>a</sup>. For purposes of analysis, the Proposed Action high-intensity scenario for each program is assumed to bound the range of possible impacts to each resource area, including those associated with the low-intensity scenario.

NADL = Native American Direct Loan; REO = Real Estate Owned; SAH = Specially Adapted Housing

## S.7 POTENTIAL CUMULATIVE IMPACTS

In accordance with the cumulative impact requirements of NEPA,<sup>8</sup> this PEIS analyzes the cumulative impacts that could occur from implementation of the Proposed Action in combination with other past, present, and reasonably foreseeable future actions that are related in terms of time and proximity. Cumulative actions can result from individually minor but collectively significant actions taking place over time.

### S.7.1 Past, Present, and Reasonably Foreseeable Future Actions

The scope of potential cumulative actions focuses on actions most similar to the HLP in terms of scope and geographic distribution. These include other national housing loan programs in the country and, in particular, new home construction projects funded through loan product types other than VA, including both conventional/private lenders and other non-VA government-backed programs. The cumulative impact analysis focuses primarily on residential loans from all mortgage loan product types (e.g., conventional and federally backed loans with FHA and USDA) alongside VA for the purchase of newly constructed homes. In other words, the focus is on programs most likely to result in tangible physical environmental impacts. These other national housing loan actions include similar residential construction activities and are also distributed across the United States and its Territories like VA's HLP. Actions considered under the cumulative effects analysis include the following housing loan programs:

- Conventional loans;
- Public and private sector loans; and
- Federal housing loans and other types of housing assistance programs managed by:
  - Federal Housing Administration (FHA);
  - Department of Housing and Urban Development (HUD);
  - U.S. Department of Agriculture (USDA); and
  - Bureau of Indian Affairs (BIA).

The analysis also considers housing assistance programs managed by national nonprofit organizations and states, as well as the effect of federal land sales conducted by the Bureau of Land Management (BLM) and the reorganization, consolidation, and closure of military installations under the Department of Defense (DoD) Base Realignment and Closure (BRAC) initiative.

### S.7.2 Summary of Cumulative Effects

Potential impacts of concern include those where resource recovery would take several years and where resource modification would be permanent. The Proposed Action could have a potential minor contribution to cumulative effects in the following resource areas: geology and soils, hydrology and water quality, infrastructure and community services, and land use and planning. In addition, potential minor beneficial impacts would be expected on socioeconomics (including workforce, taxes, and economy) and environmental justice populations, which include many Veterans. A summary of potential cumulative effects is provided in Table S-3, using the same qualitative descriptors used earlier to characterize the direct and indirect environmental effects of the Proposed Action and No Action Alternative.

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<sup>8</sup> 40 CFR 1508.7

**Table S-3. Cumulative Impact Summary**

<b>Resource</b>	<b>Anticipated Impact Level</b>	<b>Cumulative Impact Concern</b>	<b>Description</b>	<b>Potential Proposed Action Impact Contribution</b>
Aesthetic Resources	Minor to Moderate	Construction and occupation of new homes would alter existing character and landscape of area.	Potential impacts would depend on nearby land uses, landforms, topography, visual character, and scenic vistas and resources. Adherence to industry-standard construction practices and applicable federal, state, and local regulations and planning processes would help reduce adverse cumulative impacts on aesthetics. In addition, the necessary local ordinances and zoning regulations, building codes, and city or county permits may require inclusion of special features and landscaping to help minimize impacts.	Negligible to Minor
Air Quality	Minor to Moderate	Increased air emissions from construction equipment, vehicles, dust, and in-home energy use.	Adherence to industry-standard construction practices and applicable federal, state, and local regulations and planning processes would help reduce adverse cumulative impacts on air quality.	Negligible to Minor
Biological Resources	Minor to moderate	Removal of native vegetation, displacement of wildlife, and disturbance of migratory birds or special status species during construction. Some of these effects would be permanent.	Potential impacts to vegetation and wildlife during construction due to ground disturbance and noise. Adherence to industry-standard construction practices and applicable federal, state, and local regulations and planning processes would help reduce adverse cumulative effects on biological resources.	Negligible to Minor
Cultural Resources	Minor	Any land development could disturb subsurface human remains or historic and archaeological resources through excavation and ground disturbance.	Assumes standard mitigation measures as enforced by federal, state, local, and/or tribal governments. Development near historic sites and districts would be subject to appropriate development and building constraints. Potential for moderate impacts under the NADL program at some locations in the West (within Denver and Phoenix RLCs).	Negligible to Minor

**Table S-3. Cumulative Impact Summary**

Resource	Anticipated Impact Level	Cumulative Impact Concern	Description	Potential Proposed Action Impact Contribution
Floodplains, Wetlands, and Coastal Areas	Minor to Moderate	Permanent loss (filling in), conversion of wetlands and potential for increase in riverine and coastal flooding through altered land uses (modification of function and quality of floodplains and coastal areas). Potential for increased flooding of existing and new homes in flood-prone or coastal areas from heavy rain and future increases in extreme weather events and rising sea levels associated with climate change. Roads and buildings (and occupants) in flood-prone areas are exposed to increased flood hazards, including inundation and erosion as new development continues. Increase in flooding hazards can also cause adverse effects (damage/loss of property, injury/loss of life) on occupants of existing and new housing located in flood-prone areas.	<p>There is the potential to impact wetlands, particularly in the South given the extensive area they cover in this part of the country. The level of potential impacts would relate to the extent to which floodplains or coastal areas are made available for future development. Overall adverse impacts on floodplains, wetlands, and coastal areas from future home construction activities would be offset by numerous regulations and safeguards established and enforced at the local level that would limit or set conditions on future growth in these areas.</p> <p>In accordance with federal requirements, flood hazard insurance is required on VA-guaranteed loans for property located in flood hazard areas. VA requires that such insurance be obtained as part of the loan transaction, and that it remains in-place throughout the life of the loan and during disposition of properties VA obtains as part of the foreclosure and REO process.</p>	Negligible to Minor
Geology and Soils	Minor	Seismic hazards, erosion and loss of topsoil, and conversion of productive soil types (including prime farmland) to developed land.	Adherence to industry-standard construction practices and applicable federal, state, and local regulations and planning processes would help reduce adverse cumulative effects.	Minor

**Table S-3. Cumulative Impact Summary**

<b>Resource</b>	<b>Anticipated Impact Level</b>	<b>Cumulative Impact Concern</b>	<b>Description</b>	<b>Potential Proposed Action Impact Contribution</b>
Hydrology and Water Quality	Minor to Moderate	Increased strain on drinking water supplies from any population increase associated with new development. Impacts on water quality could arise from construction activities (increased sedimentation from land clearing), increased vehicle traffic/emissions, stormwater runoff, and accidental release of oil or lubricants.	Increased demand on groundwater and surface water supplies from new developments in the more arid western regions of the country may result in adverse impacts in areas where water availability has become more limited. Adherence to industry-standard construction practices and applicable federal, state and local regulations and planning processes would help reduce adverse cumulative effects on groundwater and surface water resources.	Minor
Infrastructure and Community Services	Minor to Moderate	Long-term occupancy of new homes could place higher demand on existing infrastructure (increased traffic, wear and tear on existing roadways) and community services (utilities, police and fire protection). Could require expansion of existing roads and increased capacity of existing services.	Areas where existing resources are pushed beyond their capacity to support demand may experience impacts. Water utility services may have difficulty supporting any increase in demand in more arid western regions of the country where water availability has become more limited. Adherence to applicable federal, state, and local regulations, plans, and permits, including zoning guidelines and rules relating to water rights.	Minor
Land Use and Planning	Minor to Moderate	Home construction, if part of new large-scale residential development project, would temporarily affect land use quality of immediate area during construction. Potential incompatible land uses in parts of western states with large swaths of agricultural, rural, or undeveloped areas may require a change or variance to accommodate residential development.	Most impacts would be short term; impacts assumed to be compatible in the long-term since adjacent land use compatibility would be regulated at the state or local level and enforced by local land policies. New developments in portions of western states could affect large swaths of agricultural, rural, or undeveloped areas and be incompatible with existing zoning. May require change or variance for existing or planned land use prior to development.	Minor



**Table S-3. Cumulative Impact Summary**

<b>Resource</b>	<b>Anticipated Impact Level</b>	<b>Cumulative Impact Concern</b>	<b>Description</b>	<b>Potential Proposed Action Impact Contribution</b>
Noise	Minor (short term)	Increase in noise levels from construction activities.	Although construction noise could be moderately loud, it would be short term and intermittent. No long-term cumulative impacts expected. In addition, construction activities would generally be limited to daylight hours in conformance with federal, state, and local codes and ordinances as well as manufacturer-prescribed safety procedures and industry practices.	Negligible
Socioeconomics	Beneficial	Beneficial impacts to employment (construction jobs), economy (increased spending and revenues), and housing supply.	Beneficial impacts include provision of more and better housing to accommodate additional households; additional spending and investment in local shops and services; and additional investment in local area from increased jobs, spending, and revenues.	Beneficial Minor
Environmental Justice	Beneficial	Beneficial impacts to minorities and low-income populations who would have access to housing they otherwise could not afford.	Home ownership under all national housing loan programs would be a direct benefit to environmental justice populations (i.e., minorities and low-income populations) who otherwise could not afford to purchase a home and, in some cases, could help improve current living conditions. Many programs target special populations in addition to Veterans, including active military, Native Americans and other minorities, and rural, low-income populations that meet certain eligibility requirements.	Beneficial Minor

NADL = Native American Direct Loan; NFIP = National Flood Insurance Program; RLC = Regional Loan Center; VA = U.S. Department of Veterans Affairs

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## Summary References

[Note: This list contains only the references cited in this Summary. See Chapter 9, References, for a complete list of references cited in the draft PEIS.]

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