

Choice Neighborhoods Environmental FAQs

As required by the Choice Neighborhoods (CN) NOFA and Grant Agreement, all CN grantees must comply with the environmental requirements at either 24 CFR part 50 (Part 50) or 24 CFR part 58 (Part 58), depending upon the specifics of the grant and the year of the funding. The following guidance is provided to assist grantees in satisfying the environmental review requirements.

1) What is an environmental review?

The National Environmental Policy Act (NEPA) and related laws and authorities require federal agencies to integrate environmental values into their decision making processes by considering the environmental impacts of their proposed actions and reasonable alternatives to those actions. Part 50 provides regulations which must be followed by HUD to implement the policies of NEPA and other environmental requirements. Part 58 contains the same substantive environmental review requirements but for entities which assume HUD environmental responsibilities for a particular project or activity, such as Choice Neighborhoods.

2) Who should CN Grantees contact prior to commencing the environment review process?

Immediately upon grant award, grantees must contact their HUD Team Coordinator, who will provide the name of the HUD Environmental Officer at the appropriate HUD Field Office. The Environmental Officer, who is part of the HUD Office of Environment and Energy, will provide technical assistance to the grantee to help move through the environmental review process. The Environmental Officer may attend the initial CN site visit and participate in monthly calls, if available.

3) May CN Funds be Expended Prior to Completion of the environmental review?

Prior to completion of the environmental review process, neither the grantee nor any of its partners may commit or expend any HUD funds or non-HUD funds on any CN activity that would have an adverse environmental impact or limit the choice of reasonable alternatives, except for activities that are excluded from environmental review under Part 50 or Part 58 and not subject to related laws and authorities. These activities are listed at 24 CFR 50.19, 58.34, and 58.35(b).

4) Who does the environmental review for Choice Neighborhoods Projects?

HUD Field Offices are responsible for managing the environmental review process. For CN projects, either the environmental review is done directly by HUD (pursuant to Part 50) or HUD's environmental review authority is assumed by a "Responsible Entity" which does the environmental review (pursuant to part 58). Whether the review is done under Part 50 or 58 depends upon who is the recipient of the assistance and/or which year funding is awarded. The following general guidance applies. However, Grantees should consult with their Environmental Officer prior to proceeding.

A) Public Housing Authority (PHA) Developing Public Housing: If a PHA is the grantee (either the lead applicant or co-applicant) and is developing public housing, the grantee must follow Part 58, which provides that the environmental review will be conducted by a Responsible Entity, which in most cases is the City. Only if the Responsible Entity refuses to perform the environmental review, or if paragraph

B below applies, would HUD conduct the environmental review itself, pursuant to Part 50. Under Part 50, HUD staff in the Office of Public and Indian Housing (PIH) at the applicable Field Office would perform the review.

B) Development involving HUD Multifamily Housing Programs: If a CN project includes development under a HUD Multifamily Housing Program that does not have Part 58 authority, the environmental review for the entire project will be done by HUD staff pursuant to Part 50. This includes projects that include both Multifamily Housing and Public Housing. HUD staff in the Office of Multifamily Housing Programs at the appropriate Field Office will conduct the environmental review for the entire project, including both housing and other activities, such as Critical Community Improvements.

C) PHA not an applicant or co-applicant for years prior to FY 2015: If the PHA is not a co-applicant, the environmental review must be performed under Part 50.

D) PHA not an applicant or co-applicant for FY 2015: Under the 2015 appropriations act, the environmental review will be done under Part 58 regardless of whether the PHA is an applicant (unless the Responsible Entity refuses to perform the environmental review or paragraph B above applies).

5) What is the appropriate scope of work for a CN environmental review?

Generally, at the time a Federal grant is applied for, the entire project becomes “federalized” and thus no HUD or non-HUD funds may be committed or spent on any physical action included in the grant until the environmental review is complete. However, CN projects often have multiple activities and phases which occur over the life of the grant, which may or may not be specifically identified when the grant is awarded. Therefore, it may not be possible to perform one environmental review that addresses all aspects of the CN project at the time of grant award. In the following cases, separate environmental reviews may be done:

A) Housing Activities: When a CN project includes development of housing both on and off-site, all housing, particularly the off-site housing, may not be clearly identified at grant award. However, it is imperative that the on-site housing development begin right away due to CN and other financial requirements. Therefore, a separate environmental review for the on and off-site housing components may be done. Note that in this case, no CN funds may be committed or expended for the off-site housing until the off-site housing environmental review process is complete.

B) Critical Community Improvements: Most CN projects include the expenditure of CN funds for “Critical Community Improvements” (CCI). While broadly addressed in the CN application, there is still a large degree of uncertainty about CCI activities at the time of grant award. These activities are usually not finalized until the grantee has prepared a CCI Plan; submitted it to HUD; and received approval of the Plan by the CCI Panel. This process can take many months. For this reason, CCI activities are unique among HUD activities and may be addressed in a separate environmental review which must commence immediately upon HUD’s written approval of the CCI Plan. Once HUD has approved the CCI Plan then the grantee, and other project partners, are prohibited from committing or expending HUD or non-HUD funds on any choice-limiting CCI activity (including acquisition, leasing, disposition, or any physical activity) until the environmental review is complete.

6) What if there are other HUD funds, in the CN project, such as CDBG or HOME funds from Community Planning and Development (CPD) or Capital Funds or Project Based Vouchers from Public and Indian Housing (PIH). Is a separate environmental review required for each source of funds or can one environmental review cover all HUD funds?

HUD encourages one environmental review that covers all known activities and sources of HUD funds. If the environmental review is being conducted under Part 58 by the city and all funding sources are eligible for Part 58 review, the city may complete one environmental review that covers multiple activities and sources of funding. The city may then complete one notice of Notice of Intent to Request Release of Funds (NOI/RROF) or NOI/RROF/Finding of No Significant Impact (FONSI). However, there must be two separate RROFs and certifications (HUD form 7015.15) completed. One RROF and certification form must cover all PIH funding sources and be signed and submitted to HUD by the PHA. The second RROF should be submitted by the city for all other funding sources that are subject to Part 58 and does not require the signature of the PHA.