

Choice Neighborhoods Environmental Frequently Asked Questions

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 proposed project activities. The following FAQs are provided to assist grantees in satisfying the environmental review requirements. Additional environmental review guidance specific to Public Housing Authorities (PHAs) can be found in [Notice PIH 2016-22](#).

1) What is an environmental review?

The National Environmental Policy Act (NEPA) and related laws and authorities require federal agencies to integrate environmental analysis 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 similar substantive environmental review requirements but for Responsible Entities (RE), including Tribal, City, State, or local governments, which assume HUD environmental responsibilities for a particular Choice Neighborhoods project or activity. HUD environmental reviews completed pursuant to both Part 50 and Part 58 should be completed online via the [HUD Environmental Review Online System \(HEROS\)](#).

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

Upon notification of 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. Grantees may also contact their Environmental Officer for assistance with obtaining access to HEROS. Contact information for HUD environmental staff can be found [here](#).

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 prepares the environmental review for Choice Neighborhoods Projects?

For CN projects, either the environmental review is done directly by HUD program staff at the HUD field office (pursuant to Part 50) or HUD's environmental review authority is assumed by an RE which prepares the environmental review (pursuant to part 58). Whether the review is done under Part 50 or 58 depends upon the recipient of the CN assistance and any additional funding sources. The

following general guidance applies. However, Grantees should consult with their Environmental Officer prior to proceeding.

- A) PHA Public Housing Development: If a PHA is the grantee and is developing public housing, the grantee must follow Part 58, which provides that the environmental review will be conducted by an RE, which in most cases is the City. Only if the RE refuses to perform the environmental review 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) PHA development and Project Based Vouchers (PBVs): If a PHA is developing housing that includes CN funds and PBVs (a component of the Section 8 Voucher Program, overseen by the PIH Office), both funding sources should be covered by one Part 58 review prepared by the RE.
- C) PHA development and HUD Community Planning and Development (CPD) funding: If a PHA is developing housing that includes CN funds and CPD funds, such as CDBG and/or HOME funds, both funding sources should be covered by one Part 58 review prepared by the RE.

The RE may then complete one 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 RROF certifications completed in HEROS. One RROF and certification must cover all PIH funding sources and be signed and submitted to the RE by the PHA. The second RROF and certification should be submitted by the RE for all other funding sources that are subject to Part 58 and do not require the signature of the PHA. The RE should upload these certifications to the RROF screen in HEROS. Environmental reviews that require multiple RROF certifications require early communication and planning to ensure all certifications are obtained in a timely way.

- D) Development involving HUD Multifamily Housing Programs: If a CN project includes development under a HUD Multifamily Housing Program, such as Section 8 Project Based Rental Assistance (PBRA, also referred to as “Multifamily Section 8,” overseen by the Office of Housing) or FHA mortgage insurance that does not have Part 58 authority, Choice recommends that the environmental review for the full scope of the target housing project be prepared by HUD Multifamily staff pursuant to Part 50. This includes projects that include both Multifamily Housing and Public Housing on the target housing site only. The CN grantee should contact the HUD Multifamily office at the appropriate Field Office to coordinate the Part 50 review.

A Multifamily Part 50 environmental review that covers CN funds must be signed by the appropriate Approving Official for both the Multifamily and PIH programs. After the Multifamily Approving Official certifies the review in HEROS they must assign the environmental review to the appropriate Approving Official for PIH¹. The PIH Approving Official will then also certify the review in HEROS by uploading a completed “Environmental Review Signature Page” to HEROS. A copy of this signature page is included as Appendix A. If the PIH Approving Official is not willing to sign the Part 50 environmental review, a

¹ The Approving Official for PIH is generally the Public Housing Director in the applicable field office.

separate Part 58 review for the same project must be prepared by the RE. Environmental reviews that require multiple certifications require early communication and planning to ensure all certifications are obtained in a timely way.

- E) Rental Assistance Demonstration (RAD) Conversion: If a CN housing project is also converting under RAD, the environmental review procedures will depend on whether the project is converting to PBRA or PBVs, and whether the project involves an application for FHA insurance.
1. RAD Transactions converting to PBRA without FHA insurance will be reviewed under Part 50 by HUD Transaction Managers in the Office of Recapitalization.
 2. RAD Transactions converting to PBV without FHA insurance will be reviewed under Part 58 by the RE.
 3. RAD Transactions with FHA Insurance will generally be reviewed under Part 50² by HUD staff in the office of FHA Multifamily Production, whether converting to PBRA or PBV. If the transaction is converting to PBV, the review must be signed by the PIH Approving Official at the HUD local field office in addition to the FHA Approving Official.

In all cases, the grantee will provide HUD or the RE with information necessary to complete the environmental review. Environmental reviews for projects that include multiple forms of HUD assistance require early communication and planning to ensure the environmental review covers all appropriate activities and all signatures are obtained in a timely way. RAD environmental reviews completed under part 50 will cover the housing activities at the target housing site only, and off-site activities will require a separate environmental review (see question 5).

If a CN housing project includes an FHA-assisted or PBRA RAD conversion and other sources of HUD CPD funds such as CDBG or HOME, the environmental review can be completed by HUD staff in the Office of Recapitalization pursuant to Part 50.³ The environmental review will cover the full scope of the project within the target housing development only. A RAD Part 50 environmental review that covers CDBG and/or HOME funds must be signed by both the appropriate RAD Approving Official and the CPD Approving Official via a RAD signature in HEROS and an uploaded CPD “Environmental Review Signature Page” (located in Appendix A). If the CPD Approving Official is not willing to sign the Part 50 environmental review, a separate Part 58 review for the same project must be prepared by the RE. Environmental reviews that require multiple certifications require early communication and planning to ensure all certifications are obtained in a timely way.

The table below shows which review protocol a transaction will follow, along with who will conduct the review. The environmental review will cover the full scope of the project within the housing development.

² Most RAD transactions are reviewed under Part 50, however RAD transactions that are PBV Non-FHA or PBV FHA Risk-Share are completed by the RE under Part 58. See the chart in section E for more information.

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Description	Type of Environmental Review	Reviewer
PBRA Non-FHA	Part 50	RAD Transaction Manager
PBRA FHA Non-Risk Share ⁴	Part 50	FHA Production
PBRA FHA Risk-Share	Part 50	Transaction Manager
PBV FHA Non-Risk Share	Part 50	FHA Production
PBV Non-FHA	Part 58	Responsible Entity
PBV FHA Risk-Share	Part 58	State Housing Finance Agency or Responsible Entity, as applicable

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 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 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 prepared.

- 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), which can include a wide variety of activities throughout the CN target neighborhood. 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. In addition, HUD approval of individual activities identified in the CCI Plan may have contingencies which must be satisfied prior to release of CN funds for the specific activity. This process can take many months. For this reason, CCI activities are unique among HUD activities and may be addressed in separate environmental reviews which must be completed prior to HUD’s written approval of the CCI activity and HUD release of CN funds. Note that the grantee, and other project partners, are

⁴ Section 542(c) enables HUD and State and local housing finance agencies (HFAs) to provide new risk-sharing arrangements to help those agencies provide more insurance and credit for multifamily loans known as the FHA Risk Sharing Program.

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. The environmental review will be prepared by the RE pursuant to Part 58.

6) What is the appropriate scope of work for CCI projects that involve activities at multiple locations/addresses?

If a CCI activity involves identified activities at multiple *known* locations (e.g. storefront renovations at multiple identified addresses), the environmental review should capture the full scope of the project at all locations. Project activities should be aggregated in one environmental review according to regulations at 24 CFR 58.32, which say that an RE must group together and evaluate as a single project all individual activities which are related either on a geographical or functional basis, or both, or are logical parts of a composite of proposed actions. Grantees may contact their HUD Environmental Officer for technical assistance with project aggregation.

If a CCI activity involves activities at multiple locations that are not yet identified (e.g. a home repair program within a city or district), the environmental review should be completed as a tiered review. A tiered review consists of two stages: a broad-level review and subsequent site-specific reviews. The broad-level review should identify and evaluate the environmental issues that can be fully addressed and resolved, notwithstanding possible limited knowledge of the project. As individual sites are selected for review, the site-specific reviews evaluate the remaining issues based on the policies established in the broad-level review. Funds cannot be spent or committed on a specific site or activity until both the broad-level and site-specific reviews have been completed for the site. Additional guidance on tiered reviews can be found [here](#). Tiered reviews can be completed in HEROS using the Tiered Review Dashboard.

7) How do CN grantees determine the appropriate level of environmental review?

The RE determines the level of review required based on the specific project activities. Under Part 58 there are four levels of review: A) Exempt/Categorically Excluded from NEPA, Not Subject to the Related Laws and Authorities at 58.5 (CENST); B) Categorically Excluded from NEPA, Subject to the Related Laws and Authorities at 58.5 (CEST); C) Environmental Assessment (EA); and D) Environmental Impact Statement (EIS).

- A) Exempt/CENST: Exempt activities are listed at 24 CFR 58.34 and are largely actions that do not have a physical component, such as planning activities or services associated with the CN People Strategy. CENST activities are listed at 24 CFR 58.35(b) and are similar to exempt activities and will not have physical impacts on the environment (e.g. tenant-based rental assistance, operating costs, and maintenance⁵). HUD has made a programmatic determination under Part 50 that maintenance, administrative, and management activities for PIH projects listed in Notice PIH 2016-22 are not subject to further environmental review.

⁵ It is important to recognize the difference between maintenance activities and rehabilitation activities to determine the appropriate level of review. For guidance on categorizing an activity as maintenance, see [Notice CPD 16-02](#).

- B) CEST: CEST activities are listed at 24 CFR 58.35(a) and will usually have physical impacts. They include acquisition, leasing, or disposition of vacant land or existing buildings with no change in land use; rehabilitation, repair, and improvement of buildings as described in 58.35(a)(3)(i)-(iii); and individual actions on single family or scattered sites.
- C) EA: Per 24 CFR 58.36, an EA must be prepared if a project cannot be categorized as exempt or categorically excluded (e.g. demolition⁶ and new construction). In addition to the laws and authorities at 58.5 and 58.6, EAs must consider an array of additional potential impacts called EA factors.
- D) EIS: Per 24 CFR 58.37, an EIS is required when an EA concludes in a Finding of Significant Impact, the complexity of the project exceeds the scope of an EA, extraordinary circumstance elevate the level of review, or the project involves 2,500 or more housing units or beds.

8) Can Choice Neighborhoods funding be used for projects in a floodplain?

Executive Order 11988 – Floodplain Management requires Federal activities to avoid impacts to floodplains and to avoid direct and indirect support of floodplain development. HUD’s regulations in 24 CFR Part 55 outline HUD’s procedures for complying with EO 11988. The purpose of Part 55 is not in most cases to prohibit actions in a floodplain, but to provide the method for HUD projects to comply with EO 11988 and to avoid unnecessary impacts.

Additional resources for complying with 24 CFR Part 55 can be found [here](#). Grantees may also contact their Environmental Officer for technical assistance with floodplain management.

9) How can CN grantees identify if a property is historic? What are the requirements for preserving historic buildings?

A property is considered historic if it is listed on or is eligible for listing on the National Register of Historic Places. Over 20 public housing developments are listed on the National Register, and others are eligible because they meet the Register criteria. All federally-assisted actions are subject to historic preservation requirements, known as a Section 106 review. Under Part 50, only HUD may contact the State Historic Preservation Officer (SHPO) as part of the Section 106 review process, using documentation provided by the RE. Under Part 58, only the RE may contact the SHPO. See [the HUD Exchange](#) for additional guidance on Section 106 requirements.

10) Who signs the Request for Release of Funds and Certification (RROF/C) for Part 58 reviews? How long is the comment period for the notice?

For a CEST (that does not convert to exempt), EA, or EIS-level review, the RE preparer must complete a form 7015.15 RROF/C. This can be completed online in HEROS either by uploading a signed

⁶ Note: Under Part 58, demolition and/or disposition activities require an environmental review for the action and for any known future reuses of the project. Future reuse is not limited to future actions by the RE, but includes any future known reuse by the RE, PHA, or future property owners.

form 7015.15 or by completing the HEROS 7015.15 screen in the system. The 7015.15 must be certified by the chief elected official of the RE (e.g. the Mayor) or another Certifying Officer. A Certifying Officer other than the chief elected official must have been delegated the authority to certify that all environmental requirements have been completed and accept legal responsibility for compliance. Note: Certifying Officers are not required to obtain access to HEROS.

After obtaining the necessary signatures, the RE must publish or post a Notice of Intent to Request a Release of Funds (NOI-RROF) and a Notice of Finding of No Significant Impact, if necessary (EA only); this can be combined with the NOI-RROF. HEROS Environmental Review Records are posted [online](#) during the public comment period. The chart below lists the length of the comment period that must elapse before submitting the RROF to HUD. HUD will approve the release of funds by completing the Authority to Use Grant Funds (AUGF) Screen 7015.16 in HEROS after the HUD 15-day public comment period if no valid objections are received.

Type of Notice	Level of Review	Length of Comment Period
NOI-RROF	CEST, EA, and EIS	7 days when published Or 10 days when only mailing and posting
Notice of FONSI	EA only	15 days when published Or 18 days when only mailing and posting
Concurrent or combined notices	EA only	15 days when published Or 18 days when only mailing and posting