



CDFA Circular 2016-03

Related to: Community Development Block Grant Program

Subject: Environmental Review 24 CFR 58.32 Project Aggregation

Contact: Meena Gyawali, Director of Policy mgyawali@nhcdfa.org

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Summary

This CDFA Circular provides clarification on how CDBG grant administrators and others involved in the completion of the Environmental Review process shall apply the directives of 24 CFR 58.32 Project Aggregation to individual projects.

Background

In a review of CDBG Economic Development activities it was found that a project declared the level of environmental review (Exempt, Categorically Excluded subject to/ not subject to 24 CFR 58.5, Environmental Assessment) based strictly upon the activity that HUD funds were allocated for resulting in the incorrect environmental determination.

According to 24 CFR 58.32(a) “A responsible entity must group together and evaluate as a single project all individual activities which are related either on a geographical or functional basis, or are logical parts of a composite of contemplated actions.” This applies to CDBG funded and non-CDBG funded activities in the same project.

For example – An applicant that anticipates using CDBG funds for equipment purchase only but also includes non-CDBG funds for construction activities in the scope of the project must make an environmental determination based on full scope of activities and not just the CDBG funded activity.

It is also important to note that the aggregation of project activities applies to the Section 106 (Historical Review) and Floodplain Reviews.

Projects that proceed without following these procedures may be in violation of the Code of Federal Regulations and may be subject to corrective actions or potentially the return of federal funds.

A full explanation of Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities can be found in the Electronic Code of Federal Regulations www.ecfr.gov under 24 CFR 58. Additional information is available in the CDBG Implementation Guide in Chapter III. Environmental Review.

Effective Date Immediately

Waiver authority? Yes or **No**