

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE  
FEDERAL PROGRAMS BRANCH**

**Community Development Block Grant Program (CDBG)**

1800 Third Street, Suite 330  
P. O. Box 952054, MS 330  
Sacramento, CA 94252-2054  
(916) 552-9398  
FAX (916) 319-8488



**CDBG MANAGEMENT MEMORANDUM**

**Community Development Block Grant Program - Memorandum Number 10-05**

**DATE:** June 7, 2010

**TO:** Eligible Community Development Block Grant (CDBG) Jurisdictions

**FROM:** Thomas Brandeberry, CDBG Section Chief

**SUBJECT:** CHANGE/CLARIFICATION ON NEPA REQUIREMENTS FOR CDBG GRANTS AND PROGRAM INCOME

The State Community Development Block Grant (CDBG) Program would like to announce the following changes and clarifications with regard to the National Environmental Policy Act (NEPA) requirements.

**CHANGE TO NEPA PROCESS FOR THE STATE CDBG PROGRAM**

**5-Year NEPA Clearance for Housing Programs for Tiered Reviews:**

When completing the Tiered Review process (such as housing rehabilitation activities), Grantees may request a clearance for **5-years** – the maximum allowable period according to HUD. However, for this clearance to be obtained from the state CDBG Program, the following items are required:

1. The Environmental Review Record (ERR) must clearly show a consistent statement within all documents that the Grantee will be operating the program for a 5-year period. This information must be included in the Public Notice, and be stated in all the other NEPA forms (Finding Form, Level of Environmental Determination, Rehabilitation Environmental Review, as well as the Request for Release of Funds and Certification).
2. The Notice of Intent to Request Release of Funds (NOIRROF) should address all CDBG funds that could be expended during that 5-year period. The Grantee must make a reasonable approximation of any potential CDBG grants (for the activity in question) and/or CDBG Program Income (for the activity in question) that might be received within the 5-year period.
3. The Notice of Intent to Request Release of Funds (NOIRROF) and the Rehabilitation Environmental Review (RER) forms should include the maximum number of units to be assisted during the 5-year period.

4. The Grantee should not take any action that could be determined to be a Choice Limiting Action until they have received the “Authority to Use Grant Funds” form, signed by either the Section Chief or Program Manager, from the State CDBG Program. *Reference: 24 CFR Part 58.22 (a) and (b)*
5. For any future grant applications that the Grantee applies for under this activity, the Grantee will need to submit the “Authority to Use Grant Funds” form as evidence that they have the appropriate environmental clearance.

## **CLARIFICATION OF NEPA REQUIREMENTS**

### **Authority To Use Grant Funds – HUD Form 7015.16:**

In the past, the State CDBG Program has used Special Conditions Clearance Letters to, among other things, give the Grantee authority to use grant funds. The State CDBG Program did not complete the actual HUD Form 7015.16 – Authority To Use Grant Funds.

As of the date of this Management Memorandum, all State CDBG activities that require a Request for Release of Funds & Certification (RROF) will receive the Form 7015.16 – Authority To Use Grant Funds as the final part of the approval process. For those jurisdictions that have received the Special Conditions Clearance Letters for contract/activities that are still active, the letter will suffice.

However, for Grantees that commence any project work from the date of this Management Memorandum prior to obtaining the Authority To Use Grant Funds form do so at their own risk - a risk that could include a CDBG determination that the activity is no longer eligible for funding.

### **NEPA Review for Program Income-Funded Programs:**

Under NEPA, even \$1 of Federal funds in a project or activity requires some level of NEPA review and clearance before any action is taken. In some cases, such review and clearance will include the need for the Grantee to request and receive the Authority To Use Grant Funds, discussed above, prior to beginning any work. Any project funded with Federal funds, whether the source of funds is a CDBG grant or Program Income or both, will still require compliance with the NEPA approval process.

Grantees are reminded that the operation of a Revolving Loan Account (RLA) for rehabilitation projects requires the Grantee to obtain the Authority To Use Grant Funds (final step) before starting any project, *unless the Grantee is completing a Statutory Worksheet for each project site*. The above 5-year clearance process would be the most effective method for operating an ongoing RLA.

As part of the Monitoring Process, the State CDBG Program will review the Grantee’s Environmental Review Record for compliance with NEPA regulations for any projects funded with CDBG Grant funds **or** CDBG Program Income funds.