CHAPTER 3
ENVIRONMENTAL REVIEW

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CHAPTER 3
ENVIRONMENTAL REVIEW

3.0 Introduction

The Grant Recipient is responsible for compliance with federal environmental review requirements. This chapter includes a summary and basic understanding of the process. Any periodic updates provided by HUD environmental compliance staff will be required for TxCDBG Grant Recipients, and personnel completing the environmental review should be familiar with the resources and forms found on the HUD Environmental Review website (also known as “HUD Exchange”) and should contact the TDA Environmental Specialist for technical assistance. See web address/link for HUD Exchange in Appendix A.

HUD guidance uses the term Responsible Entity (RE) to refer to the unit of government responsible for meeting environmental review requirements, which includes the TxCDBG Grant Recipient. This means that the Grant Recipient is responsible for completing the review, with or without assistance from a third party, and certifying the results. When the Certifying Officer signs the documents, (s)he certifies that not only has the project been found to have or not have significant impacts on the environment, but also that the required process was completed to reach this finding.

The Certifying Officer should be the Chief Elected Official (Mayor/County Judge), although the Grant Recipient may designate other employees as authorized signatories of these documents.

- The designation of other employees must be by resolution passed by the city council or county commissioner’s court authorizing the signatories (by job title or by name). (See Chapter 2.1.4 and Sample Signatory Resolution (Form A201) and Depository/Authorized Signatories Designation Form (Form 202).

Best Practice: The Grant Recipient’s Chief Elected Official (Mayor/County Judge) signs the environmental review documentation.

TDA must monitor the Grant Recipient’s compliance with HUD environmental review requirements; failure to comply with these requirements will jeopardize the project and could lead to disallowed costs, repayment of funds, and debarment from the program for the Grant Recipient and administrators involved with the environmental review process. If it is not known how to proceed, then contact the TDA’s Environmental Specialist at CDBG_EnvReview@TexasAgriculture.gov.

Send all email submittals to the Environmental Specialist at CDBG_EnvReview@TexasAgriculture.gov.

For important HUD environmental regulations, see 24 CFR 58.
3.0.1 Basis of Environmental Review

A key factor in performing an environmental review is the fact that the environmental review process must consider the ultimate effect of a proposed project. That is, the effects of both the TxCDBG and related project activities must be considered. For example, if TxCDBG funds are being used to acquire a site for a new construction project, the ultimate effect of the project is not solely the acquisition of the site, but also the construction of the project, including infrastructure. Therefore, the environmental review must address the impacts of both the TxCDBG-funded land acquisition and the privately financed construction of the project. The review must address the actual project site and the surrounding area.

3.0.2 Timing of the Environmental Review & Choice Limiting Actions

An important concept under environmental regulation is the timing of the environmental review. An environmental review must be performed before any funds, regardless of source, are committed on an activity or a project. No activity or project may be undertaken if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives. (24 CFR 58.22(a)). This prohibition on “choice-limiting actions” prohibits physical activity, including acquisition, rehabilitation, and construction, as well as contracting for or committing to any of these actions.

Therefore, Responsible Entities are required to complete their environmental reviews, Requests for Release of Funds and clearance related paperwork before:

- Any commitment of TxCDBG funds for activities; and
- Any commitment of non-TxCDBG funds that would have an adverse environmental impact or limit the choice of alternative.

- A party may begin a project in good faith as a private project and is not precluded from later deciding to apply for federal assistance. If the choice-limiting action was undertaken prior to the resolution authorizing submittal of the TxCDBG application, the activity that was started is not required to be suspended. However, when a unit of local government applies for CDBG funding, it must cease further choice-limiting actions (including additional commitment of funds) on the project until the environmental review process is complete. Please contact TDA if the preceding applies to your project.

3.0.3 Option Contracts

A contract to purchase property for a CDBG project before the environmental review is completed is considered a “choice limiting action” and must be avoided until after the environmental review process is completed. However, there is one action that may be taken beforehand that might conclude in acquisition once the environmental review process is completed: an option contract. An option contract is a useful tool for grantees to obtain site control while allowing time to complete the environmental review.

Option contracts may be used to gain site control of any type of property, including commercial, industrial, residential for any proposed activity or reuse, including demolition, new construction, and conversion of use.
A real estate option contract or agreement is a legal agreement between the potential buyer of real property and the owner of that property. The real estate option agreement gives the potential buyer the exclusive right to buy the property at a specific price within a specific time period. The option agreement does not impose any obligation upon the potential buyer to purchase the property. The option agreement does obligate the seller to sell at the specified price if the potential buyer exercises the option to buy in the manner described in the contract.

HUD’s regulations at 24 CFR 58.22(d) allow for an option agreement for any project prior to the completion of the environmental review when the following requirements are met:

1. The option agreement is subject to a determination by the recipient on the desirability of the property for the project as a result of the completion of the environmental review in accordance with 24 CFR Part 58; and
2. The cost of the option is a nominal portion of the purchase price.

The provision allows flexibility regarding the term “nominal” and any reasonable interpretation is acceptable. For instance, it is reasonable to conclude that the nominal amount for option contracts will vary depending upon the local real estate market and the purchase price. However, similar contracts with contingencies language for acquisition of property that does not meet the above requirements are not acceptable for environmental review purposes.

Note: For contracts with contingencies other than the approved environmental option language (example – procurement contingencies), contact your Contract Specialist.

3.1 Environmental Review Process

Under 24 CFR Section 58.30(b), the environmental review process should begin as soon as the Grant Recipient determines the projected use of HUD assistance. TDA considers the earliest determination of “the projected use of HUD assistance” as noted in 24 CFR 58.30 to be any formal action taken by the Grant Recipient (Responsible Entity) to prepare for or file an application directly with TDA for TxCDBG funding.

Step 1 Determine Project Description
A complete and clear project description is the first step in the environmental review process. The project description should provide location specific information and geographic boundaries, a delineation of all activities included in the overall scope of the project as well as a description of the existing conditions of the site. This should include specific addresses of locations of where the work is located or will be performed even when the Contract Performance Statement does not provide such detail. However, all elements described in the TxCDBG contract Performance Statement (Exhibit A) must be included in the description; in addition, any activities not funded by the TxCDBG grant that are part of the aggregate impact of the project on the environment must also be included in the description and in the environmental assessment, including any business attached to a CDBG project. This description is the foundation for the review process and must be listed on the Environmental Review Record Summary Sheet.

Grant Recipients must complete an environmental review for each project, including all functionally and geographically-related activities and the associated administration and engineering work.

- Executing a service contract for administration or engineering work necessary to complete the project is not considered a “choice limiting action” and does not violate 24 CFR 58.22. Therefore, it is no longer necessary to file an exemption for administration and engineering services separate from the environmental review for the related activity.
Projects in a Floodway
Infrastructure projects in areas mapped as “floodways” may be funded if:
- The infrastructure is installed below the floodway using directional drilling below ground level (any potential erosion issues will be addressed in the 8-Step Process; or
- The infrastructure is elevated above the floodway and installed above the base flood level, such as pipelines mounted to existing bridges above the base flood mark.
- No housing or other structures “not functionally dependent” on the waterway will be funded if located within the floodway itself.

Projects in a Floodplain
Grant Recipients completing projects in a floodplain must complete the 8-Step Process and must participate in the National Flood Insurance Program (NFIP). The Grant Recipient must provide documentation to TDA prior to contract termination which indicates that it has received approval from the Texas Water Development Board (TWDB) as the NFIP State Coordinating Agency that ordinances or orders, as appropriate, necessary for the Grant Recipient to be eligible to participate in the NFIP have been adopted.


The Decision making process: Except for actions covered by §55.12(a), the decision making process for compliance with this part contains eight steps, including public notices and an examination of practicable alternatives when addressing floodplains and wetlands. The steps to be followed in the decision making process are as follows:

Step 1.
Determine whether the proposed action is located in the 100-year floodplain (500-year floodplain for critical actions) or results in new construction in a wetland. If the action does not occur in a floodplain or result in new construction in a wetland, then no further compliance with this part is required. The following process shall be followed by HUD (or the responsible entity) in making wetland determinations.

1) Refer to §55.28(a) where an applicant has submitted with its application to HUD (or to the recipient under programs subject to 24 CFR part 58) an individual Section 404 permit (including approval conditions and related environmental review).

2) Refer to §55.2(b)(11) for making wetland determinations under this part.

3) For proposed actions occurring in both a wetland and a floodplain, completion of the decision making process under §55.20 is required regardless of the issuance of a Section 404 permit. In such a case, the wetland will be considered among the primary natural and beneficial functions and values of the floodplain.

Step 2.
Notify the public and agencies responsible for floodplain management or wetlands protection at the earliest possible time of a proposal to consider an action in a 100-year floodplain (or a 500-year floodplain for a Critical Action) or wetland and involve the affected and interested public and agencies in the decision making process.
(1) The public notices required by paragraphs (b) and (g) of this section may be combined with other project notices wherever appropriate. Notices required under this part must be bilingual if the affected public is largely non-English speaking. In addition, all notices must be published in an appropriate local printed news medium, and must be sent to federal, state, and local public agencies, organizations, and, where not otherwise covered, individuals known to be interested in the proposed action.

(2) A minimum of 15 calendar days shall be allowed for comment on the public notice.

(3) A notice under this paragraph shall state: The name, proposed location, and description of the activity; the total number of acres of floodplain or wetland involved; the related natural and beneficial functions and values of the floodplain or wetland that may be adversely affected by the proposed activity; the HUD approving official (or the Certifying Officer of the responsible entity authorized by 24 CFR part 58); and the phone number to call for information. The notice shall indicate the hours of HUD or the responsible entity's office, and any Web site at which a full description of the proposed action may be reviewed.

**Step 3.**
Identify and evaluate practicable alternatives to locating the proposed action in a 100-year floodplain (or a 500-year floodplain for a Critical Action) or wetland.

(1) Except as provided in paragraph (c)(3) of this section, HUD's or the responsible entity's consideration of practicable alternatives to the proposed site selected for a project should include:

- Locations outside and not affecting the 100-year floodplain (or the 500-year floodplain for a Critical Action) or wetland;
- Alternative methods to serve the identical project objective, including feasible technological alternatives; and
- A determination not to approve any action proposing the occupancy or modification of a floodplain or wetland.

(2) Practicability of alternative sites should be addressed in light of the following:

- Natural values such as topography, habitat, and hazards;
- Social values such as aesthetics, historic and cultural values, land use patterns, and environmental justice; and
- Economic values such as the cost of space, construction, services, and relocation.

(3) For multifamily projects involving HUD mortgage insurance that are initiated by third parties, HUD's consideration of practicable alternatives should include a determination not to approve the request.

**Step 4.**
Identify and evaluate the potential direct and indirect impacts associated with the occupancy or modification of the 100-year floodplain (or the 500-year floodplain for a Critical Action) or the wetland and the potential direct and indirect support of floodplain and wetland development that could result from the proposed action.

(1) **Floodplain evaluation:** The focus of the floodplain evaluation should be on adverse impacts to lives and property, and on natural and beneficial floodplain values. Natural and beneficial values include:
• Water resources such as natural moderation of floods, water quality maintenance, and groundwater recharge;
• Living resources such as flora and fauna;
• Cultural resources such as archaeological, historic, and recreational aspects; and
• Agricultural, aquacultural, and forestry resources.

(2) **Wetland evaluation:** In accordance with Section 5 of Executive Order 11990, the decision maker shall consider factors relevant to a proposal's effect on the survival and quality of the wetland. Among these factors that should be evaluated are:

• Public health, safety, and welfare, including water supply, quality, recharge, and discharge; pollution; flood and storm hazards and hazard protection; and sediment and erosion;
• Maintenance of natural systems, including conservation and long-term productivity of existing flora and fauna; species and habitat diversity and stability; natural hydrologic function; wetland type; fish; wildlife; timber; and food and fiber resources;
• Cost increases attributed to wetland-required new construction and mitigation measures to minimize harm to wetlands that may result from such use; and
• Other uses of wetlands in the public interest, including recreational, scientific, and cultural uses.

**Step 5.**
Where practicable, design or modify the proposed action to minimize the potential adverse impacts to and from the 100-year floodplain (or the 500-year floodplain for a Critical Action) or the wetland and to restore and preserve its natural and beneficial functions and values.

(1) Minimization techniques for floodplain and wetland purposes include, but are not limited to: the use of permeable surfaces, natural landscape enhancements that maintain or restore natural hydrology through infiltration, native plant species, bioswales, evapotranspiration, stormwater capture and reuse, green or vegetative roofs with drainage provisions, and Natural Resource Conservation Service conservation easements. Flood-proofing and elevating structures, including freeboard above the required base flood elevations, are also minimization techniques for floodplain purposes.

(2) Appropriate and practicable compensatory mitigation is recommended for unavoidable adverse impacts to more than one acre of wetland. Compensatory mitigation includes, but is not limited to: permittee-responsible mitigation, mitigation banking, in-lieu fee mitigation, the use of preservation easements or protective covenants, and any form of mitigation promoted by state or Federal agencies. The use of compensatory mitigation may not substitute for the requirement to avoid and minimize impacts to the maximum extent practicable.

(3) Actions covered by §55.12(a) must be rejected if the proposed minimization is financially or physically unworkable. All critical actions in the 500-year floodplain shall be designed and built at or above the 100-year floodplain (in the case of new construction) and modified to include:

• Preparation of and participation in an early warning system;
• An emergency evacuation and relocation plan;
• Identification of evacuation route(s) out of the 500-year floodplain; and
• Identification marks of past or estimated flood levels on all structures.
Step 6.
Reevaluate the proposed action to determine:

(1) Whether the action is still practicable in light of exposure to flood hazards in the floodplain or wetland, possible adverse impacts on the floodplain or wetland, the extent to which it will aggravate the current hazards to other floodplains or wetlands, and the potential to disrupt the natural and beneficial functions and values of floodplains or wetlands; and

(2) Whether alternatives preliminarily rejected at Step 3 (paragraph (c)) of this section are practicable in light of information gained in Steps 4 and 5 (paragraphs (d) and (e)) of this section.

- The reevaluation of alternatives shall include the potential impacts avoided or caused inside and outside the floodplain or wetland area. The impacts should include the protection of human life, real property, and the natural and beneficial functions and values served by the floodplain or wetland.
- A reevaluation of alternatives under this step should include a discussion of economic costs. For floodplains, the cost estimates should include savings or the costs of flood insurance, where applicable; flood proofing; replacement of services or functions of critical actions that might be lost; and elevation to at least the base flood elevation for sites located in floodplains, as appropriate on the applicable source under §55.2(b)(1). For wetlands, the cost estimates should include the cost of filling the wetlands and mitigation.

Step 7.

(1) If the reevaluation results in a determination that there is no practicable alternative to locating the proposal in the 100-year floodplain (or the 500-year floodplain for a Critical Action) or the wetland, publish a final notice that includes:

- The reasons why the proposal must be located in the floodplain or wetland;
- A list of the alternatives considered in accordance with paragraphs(c)(1) and (c)(2) of this section; and
- All mitigation measures to be taken to minimize adverse impacts and to restore and preserve natural and beneficial functions and values.

(2) In addition, the public notice procedures of §55.20(b)(1) shall be followed, and a minimum of 7 calendar days for public comment before approval of the proposed action shall be provided.

Step 8.
Upon completion of the decision making process in Steps 1 through 7, implement the proposed action. There is a continuing responsibility on HUD (or on the responsible entity authorized by 24 CFR part 58) and the recipient (if other than the responsible entity) to ensure that the mitigating measures identified in Step 7 are implemented.

Step 2 Determine Level of Review

The Grant Recipient must determine the most appropriate level of review for the grant-funded project. (See also A309 Summary of Levels of Environmental Review & Documentation Required in ERR). It is critical that the project receive an adequate review to meet statutory requirements; however, it is not appropriate to require reviews that exceed the statutory guidance.
For information regarding level of review for environmental, please refer to the HUD’s resources and guides on environmental review located on the HUD Exchange - See Appendix A for web address/link.

A. Levels of Review

The Grant Recipient should initially determine the most appropriate level of review, which will be confirmed or adjusted as it completes the review process. Three regulations identify activities that fall under review levels less than the Environmental Assessment (See also A309 Summary of Levels of Environmental Review & Documentation Required in ERR):

1. **24 CFR 58.34: Exemption**

   Certain activities are by their nature highly unlikely to have any direct impact on the environment. Accordingly, these activities are not subject to most of the procedural requirements of environmental review. Listed below are examples which may be exempt from environmental review. For complete details refer to the environmental regulations.
   - Environmental and other studies;
   - Information and financial services; – Administrative and management activities; – Engineering and design costs;
   - Interim assistance (emergency) activities if the assisted activities do not alter environmental conditions and are for temporary or permanent improvements limited to protection, repair or restoration actions necessary only to control or arrest the effects of disasters or imminent threats to public safety or those resulting from physical deterioration;
   - Public service activities that will not have a physical impact or result in any physical changes;
   - Inspections and testing of properties for hazards or defects;
   - Purchase of tools or insurance;
   - Technical assistance or training; – Payment of principal and interest on loans made or guaranteed by HUD; and
   - Any of the categorically excluded activities subject to Part 58.5 (as listed in 58.35(a)) provided there are no circumstances which require compliance with any other Federal laws and authorities listed at Part 58.5 of the regulations.

   - Projects that are or become exempt (such as emergency/disaster under 24 CFR 58.34) must not be located in certain areas. These areas require review of specific elements included in the Categorical Exclusion and Environmental Assessment levels of review. (See HUD Memo 12-11-2012) These locations are:
     - a floodplain (for structures that include walls and a roof),
     - a known critical habitat for endangered species,
     - a historic property, or
     - a known hazardous site.

2. **24 CFR 58.35(b) Categorically Excluded, Not Subject To §58.5 (CENST)**

   - The following activities, listed at 24 CFR Part 58.35(b), have been determined to be categorically excluded from NEPA requirements and are not subject to 24 CFR 58.5 compliance determinations.
     - Tenant based rental assistance;
Supportive services including but not limited to health care, housing services, permanent housing placement, short term payments for rent/mortgage/utility costs, and assistance in gaining access to local State and Federal government services and services;

Operating costs including maintenance, security, operation, utilities, furnishings, equipment, supplies, staff training, recruitment, and other incidental costs;

Economic development activities including but not limited to equipment purchase, inventory financing, interest subsidy, operating expenses and similar costs not associated with construction or expansion of existing operations;

Activities to assist homebuyers to purchase existing dwelling units or dwelling units under construction such as closing costs, down payment assistance, interest buy downs and similar activities that result in the transfer of title to a property; and

Affordable housing predevelopment costs with NO physical impact such as legal, consulting, developer and other costs related to obtaining site options, project financing, administrative costs and fees for loan commitments, zoning approvals, and other related activities which do not have a physical impact.

The RE must determine whether the activity triggers any of the other requirements at 24 CFR 58.6, which are: the Flood Disaster Protection Act; the Coastal Barriers Resources Act; and HUD’s requirement for disclosure of properties located in airport runway clear zones.

3. 24 CFR 58.35(a) Categorically Excluded, Subject To §58.5 (CEST)

The list of categorically excluded activities is found at 24 CFR Part 58.35. While the activities listed in 58.35(a) are categorically excluded from NEPA requirements, the RE must nevertheless demonstrate compliance with the laws, authorities and Executive Orders listed in 24 CFR 58.5.

The following are categorically excluded activities subject to 58.5:

- Acquisition, repair, improvement, reconstruction, or rehabilitation of public facilities and improvements (other than buildings) when the facilities and improvements are in place and will be retained in the same use without change in size, or capacity of more than 20 percent.
- Special projects directed toward the removal of material and architectural barriers that restrict the mobility of and accessibility to elderly and disabled persons.
- Rehabilitation of buildings and improvements when the following conditions are met:
  - For residential properties with one to four units:
    - The density is not increased beyond four units;
    - The land use is not changed; and
    - If the building is located in a floodplain or in a wetland, the footprint of the building is not increased.
  - For multi-family residential buildings (with more than four units):
    - Unit density is not changed more than 20 percent;
    - The project does not involve changes in land use from residential to non-residential; and
    - The estimated cost of rehabilitation is less than 75 percent of the total estimated replacement cost after rehabilitation.
  - For non-residential structures including commercial, industrial and public buildings:
    - The facilities and improvements are in place and will not be changed in size or capacity by more than 20 percent; and
    - The activity does not involve a change in land use, e.g. from commercial to industrial, from non-residential to residential, or from one industrial use to another.
- An individual action on up to four-family dwelling where there is a maximum of four units on any one site. “Individual action” refers to new construction, development, demolition,
acquisition, disposition or refinancing (does not include rehabilitation which is covered previously). The units can be four one-unit buildings or one four-unit building or any combination in between;
  o An individual action on a project of five or more housing units developed on scattered sites when the sites are more than 2,000 feet apart and there are not more than four housing units on any one site;
  o Acquisition (including leasing) or disposition of or equity loans on an existing structure, or acquisition (including leasing) of vacant land provided that the structure or land acquired, financed, or disposed of will be retained for the same use.
  o Combinations of the above activities.

The following forms are required to be in the Environmental Review Record (ERR) that identifies the work done for each of these reviews as applicable:

- Categorically Excluded Not Subject to §58.5 and Exempt under §58.34 (Form A303)
- Categorically Excluded Subject to §58.5 (Form A304)

Each of these forms should be completed and signed if any project activities are identified by the categories in the regulation.

4. **Environmental Assessment (EA)**

Activities which are neither exempt nor categorically excluded (under each category) will require an environmental assessment (EA)(Form 302) documenting compliance with NEPA, HUD, and with the environmental requirements of other applicable Federal laws.

**Step 3 Complete Checklists**

The HUD Exchange includes various checklists intended to help the Grant Recipient address all issues and regulations for HUD environmental review requirements. For each of these checklists, the Grant Recipient must respond to each element with information from a verifiable source, to be included in the Environmental Review Record.

For reviews under the categories Exempt and Categorically Excluded, Not Subject to §58.5:
- Categorically Excluded, Not Subject to §58.5 and Exempt under 58.34 (Form A303)

For reviews under the category Categorically Excluded, Subject to §58.5:
- Categorically Excluded, Subject to §58.5 (Form A304)

For reviews under the category Environmental Assessment:
- Environmental Assessment checklist and associated worksheet (A302)

The required checklists, guidance, and a more detailed explanation of laws most commonly applicable to TxCDBG projects can be found on the Environmental Review webpage in the HUD Exchange. See Appendix A for web address/link.

Documentation of compliance with these laws must be included in the Environmental Review Record (ERR). If the project will affect or be affected by any of these laws and authorities, the Grant Recipient should initiate correspondence with the appropriate regulatory agency. All written correspondence should reference the TxCDBG Contract number. Photos of the project site must be included in the Environmental review record to document the project site visit required by several checklist items.
Historic Preservation Requirements
As part of the Statutory Checklist (under Categorical Exclusion 24 CFR 58.35(a) and Environmental Assessment projects), each Grant Recipient/Applicant must have concurrence from the State Historic Preservation Officer (SHPO) that the project will not adversely affect historically or archaeologically significant areas or structures. The SHPO in Texas is the Commissioner of the Texas Historical Commission.

TDA has reached a Programmatic Agreement with the Texas Historical Commission, a section of which is included with the Request for Exemption from SHPO Review (Form A301). Grant Recipients/Applicants meeting certain criteria may satisfy the Historical Preservation requirements by submitting a Request for Exemption from SHPO Review (Form A301) to TDA. If the project does not meet the criteria outlined in the Programmatic Agreement, or if the Grant Recipient/Applicant does not provide an adequate project description or other information needed to determine compliance, TDA will not approve the exemption.

If the project does not have an exemption from SHPO Review approved by TDA, the Grant Recipient must submit to the SHPO a Historic Preservation Notice, found at https://www.thc.texas.gov/etrac-system and allow at least thirty-five (35) calendar days for the SHPO to review. Once TDA has denied approval of a request for a SHPO exemption, subsequent requests for the same project must be submitted directly to THC for approval. A copy of the Historic Preservation Notice and response must be kept in the Environmental Review Record.

Categorical Exclusion Converted to Exemption 24 CFR 58.34(a)(12) & 58.35(a) Under rare circumstances the Grant Recipient could find their Categorically Excluded project falls under Exempt status per section 58.34(a)(12) and that none of the statutory requirements under section 58.5 apply to the project. Using the Categorical Exclusion Subject to §58.5 (Form A304), the Grant Recipient will determine if the project it is preparing to undertake can be converted to Exempt under section 58.34(a)(12).

Environmental Impact Statement
An Environmental Impact Statement (EIS) is required when the Grant Recipient’s Environmental Assessment (Form A302) results in a Finding of Significant Impact, indicating that its proposed project or activity will significantly impact the human environment. It is unlikely that any TxCDBG-funded activity will trigger an EIS. In the event a Grant Recipient finds itself involved with this level of review, the Grant Recipient should contact the Environmental Specialist at TDA immediately for further instructions.

Tiered Review
For projects with multiple, non-contiguous locations, such as a housing rehabilitation project with work sites that are scattered throughout a county, a tiered environmental review is appropriate. For the project as a whole, complete a Broad-Level Tiered Environmental Review using the format provided on the HUD website. This review will identify which review requirements must be addressed site-by-site. (See TDA website) For each specific site, document compliance with the review requirements identified in the Broad-Level Tiered Environmental Review.

- The Grant Recipient may request a Release of Funds based on the Broad-Level review; however, the Site-Specific review must be completed prior to obligating funds for each site.
- Tiering is generally only appropriate for single family rehabilitation projects that do not require an environmental assessment.
Step 4 For Environmental Assessment (EA) projects publish the Combined Notice (FONSI and NOI/RROF notice) (A306). For Categorically Excluded, Subject to §58.5 - Publish Notice of Intent to Request Release of Funds (NOI/RROF) (A305).

For reviews under the categories Environmental Assessment and Categorically Excluded, Subject to §58.5:

Once the Grant Recipient has verified compliance with related laws and authorities, a Notice of Intent to Request Release of Funds (NOI/RROF) must be published at least once in a newspaper of general circulation in the affected community.

This Notice must also be sent, at a minimum, to the following: (24 CFR 58.43)
- Local news media;
- Individuals and groups known to be interested in its activities; and
- Appropriate tribal, local, State, and Federal agencies and TDA.
  - Notice to the regional office of the Environmental Protection Agency having jurisdiction is included in this requirement only if a Finding of No Significant Impact is issued (i.e. Environmental Assessment Level of Review).

The Notice must include: (24 CFR 58.43)
- TxCDBG contract number;
- Description of the project (Performance Statement, Exhibit A, of the TxCDBG contract and may also include alternatives to the project as appropriate.);
- Detailed description of the project location(s); and
- The start and end dates of the period that the Grant Recipient will accept public comment on the Notice. Ending dates cannot be on days where the Entity’s office of operation is closed.
- Utilize the approved HUD notice format found in the HUD Exchange Website or TDA Website Sample NOI/RROF (Form A305) or Combined Notice (Form A306)
- Explanation of why the action is not significant. If the Grant Recipient completes an Environmental Assessment and makes a Finding of No Significant Impact (FONSI), a FONSI notice must be prepared and distributed in accordance with 24 CFR 58.43 and 58.45. The FONSI notice may be published at the same time as the NOI/RROF. If the notices are released as a combined notice, the combined notice must clearly indicate that it is intended to meet two separate procedural requirements, and advise the public to specify in their comments which “notice” their comments address.
- If a portion of the community’s beneficiaries would be considered Limited English Proficiency (LEP) under LEP’s safe harbor guidelines, then vital documents including environmental notices must be published in English and in any other LEP language that falls within those parameters. Please see Ch. 10, Limited English Proficiency (LEP) Standards, for further guidance.

Minimum public comment periods:

<table>
<thead>
<tr>
<th>Level of Review</th>
<th>Period that the Grant Recipient must accept public comment on the Notice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Categorically Excluded, Subject to §58.5 (Notice of Intent to Request Release of Funds)</td>
<td>at least 7 calendar days following the date of publication</td>
</tr>
<tr>
<td>Environmental Assessment (Combined FONSI and NOI/RROF Notice)</td>
<td>at least 15 calendar days following the date of publication</td>
</tr>
</tbody>
</table>
If this notice is posted rather than published as allowed by 24 CFR 58.43 and 58.45, three (3) additional days are required for public comments on the review.

Public comment periods and publications are not required for the following review categories:
- Exempt
- Categorically Excluded, Not Subject to §58.5

Environmental Notice may be given one of three ways:

1. Publish in a newspaper of general circulation (full-page advertisement/tear sheet/ publisher's affidavit);

2. Post in public places like courthouse/city hall and in the location of target area supported by affidavit (Sample Affidavit of Posting - Environmental Form A310);

3. Post in public places like courthouse/city hall and post on Grant Recipient’s website along with posting at courthouse/city hall with affidavit. (Sample Affidavit of Posting - Environmental Form A310, and screen shots of posting)

Floodplain notices must be published, not be posted. See Section 3.1 Environmental Review Process, 8-Step process, Step 2.

Note: • If notices are posted rather than published, three (3) additional days are required for public comments on the review.
• Consult the communities LEP status to determine if the publication/posting requires additional notice in a language other than English (the entire translated notice must either be published or posted).

24 CFR Part 58 HUD Environmental Review Regulations regarding:
§58.21 Time periods All time periods in this part shall be counted in calendar days. The first day of a time period begins at 12:01 a.m. local time on the day following the publication or the mailing and posting date of the notice which initiates the time period.

§58.45 Public comment periods. Required notices must afford the public the following minimum comment periods, counted in accordance with §58.21:

<table>
<thead>
<tr>
<th>Notice Type</th>
<th>Comment Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Notice of Finding of No Significant Impact (FONSI)</td>
<td>15 days when published or, if no publication, 18 days when mailing and posting</td>
</tr>
<tr>
<td>(b) Notice of Intent to Request Release of Funds (NOI-RROF)</td>
<td>7 days when published or, if no publication, 10 days when mailing and posting</td>
</tr>
<tr>
<td>(c) Concurrent or combined notices</td>
<td>15 days when published or, if no publication, 18 days when mailing and posting</td>
</tr>
</tbody>
</table>

Step 5 Prepare Request for Release of Funds and Certifications

For reviews under the categories Environmental Assessment and Categorically Excluded, Subject to §58.5:

After the public comment period has expired and all comments, if any, are resolved, the Grant Recipient’s Certifying Officer (mayor or county judge) must complete the Request for Release of
Funds (RROF) and Certification form, HUD form 7015.15 found on the HUD Environmental Review webpage. (See also Form A308 on TDA’s website.)

- The RROF must be printed on both sides and one original copy must be submitted to TDA.
- The RROF is a federal form and must not be altered in any way.
- Because the Certification form certifies that the dates of the comment periods have expired, the Request form MUST not be signed prior to the day after the end of the public comment period.

NOTE: False claims or information could lead to criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

The Certifying Officer must sign the RROF. The original signed RROF must be submitted to TDA. A copy of the approved RROF must be placed in the Environmental Review Record and maintained at the locality.

A Request for Release of Funds is not required for the following review categories:
- Exempt
- Categorically Excluded, Not Subject to §58.5

Step 6 Submit Clearance Documentation to TDA
The Grant Recipient must submit the following documentation to TDA in order to obtain a release of funds:

For reviews under the category Exempt:
1) Letter from the Grant Recipient supporting the Exempt level of review
2) Categorically Excluded Not Subject to 58.5 and Exempt under 58.34 (Form A303)

For reviews under the category Categorically Excluded, Not Subject to §58.5:
Once the Grant Recipient has verified compliance with related laws and authorities, the Grant recipient must submit the following to TDA:
1) Letter from the Grant Recipient supporting the Categorical Exclusion level of review
2) Categorically Excluded Not Subject to 58.5 and Exempt under 58.34 Checklist (Form A303)
3) Photos of project location.

For reviews under the category Categorically Excluded, Subject to §58.5:
1) Letter from the Grant Recipient declaring its intent to ask for a Release of Funds.
2) Categorical Exclusion Subject to 58.5 Checklist (Form A304)
3) Evidence of Publication of the Notice of Intent to Request Release of Funds (NOI/RROF):
   - The actual published newspaper page with the Notice; or
   - A copy of the newspaper publication and the publisher’s affidavit certifying the date of publication. NOTE: If the copy is clear and shows one single page of the publication with the date and other identifying information, then an affidavit is not required. As necessary, two pages of the publication may also be included showing identification information as necessary. Cutting and pasting pieces from the publication will still require an affidavit.
4) Photos of project location
5) Request for Release of Funds and Certification, HUD Form 7015.15 (See Form A308)
6) Exemption Determination certification is provided on Form A304 and must be selected if converting to Exempt under 24 CFR 58.34(a)(12).

For reviews under the category Environmental Assessment (Form A302):
1) Letter from the Grant Recipient declaring its intent to ask for a Release of Funds.
2) Full Environmental Review Assessment Checklist (Form A302)
3) Evidence of Publication consisting of FONSI and NOI/RROF: (24 CFR 58.43)
   o The actual published newspaper page with the combined notice, or
   o A copy of the newspaper publication with the combined notice and a publisher's affidavit
certifying the date of publication. **NOTE:** If the copy is clear and shows one single page of
the publication with the date and other identifying information, then an affidavit is not
required. As necessary, two pages of the publication may also be included showing
identification information as necessary. Cutting and pasting pieces from the publication will
still require an affidavit.

4) Request for Release of Funds and Certification HUD Form 7015.15 (See also Form A308).

Although the original RROF is required prior to release of funds, TDA recommends submitting the
required documentation by email initially, including a color scan of the publication and signed RROF,
and then mail the originally signed RROF to TDA.

**Step 7 State Objection Period and release of funds**

Once TDA receives a scanned copy of the RROF and other required documentation, the TDA
Environmental Specialist will begin the 15-day **State Objection period.** The State Objection time
period is in addition to the time already allowed for public commentary as described above. Any
person or agency may object to a certified RROF. However, the objections must meet the conditions
and procedures set forth in 24 CFR Part 58 Subpart H. Required documentation submitted for Exempt
and Categorically Excluded Projects Not Subject to 58.5 will not experience a 15 day Objection Period
but will receive a Release of Funds from TDA.

If there are no objections received after 15 days, and if the originally signed RROF has been received
by TDA, TDA will provide a clearance letter, an Authorization to Use Grant Funds, to the Grant
Recipient.
- This clearance is for the environmental condition only; other Special Conditions in the Contract
  must also be met before any construction funds can be released.
- The authorization is completed based on the Certifying Official’s signature certifying that all
  required procedures have been completed, along with the limited support documentation provided.
  This is not an indication that TDA has reviewed and approved the entire environmental review
  record for the project.

**Step 8 State’s Post-Release Review**

Following the Authorization to Use Grant Funds, TDA will conduct a post-release monitoring review in
accordance with 24 CFR 58.18. This review may occur at any time after the release of funds and
prior to the closeout of the grant contract. TDA will request either:
- Completed Statutory Checklist and Assessment Checklist (if applicable) referencing verifiable
  supporting documentation; or
- Completed Environmental Review Record.

If TDA determines that the Grant Recipient’s environmental review was inadequate or incorrect, the
Environmental Specialist will provide technical assistance and guidance for corrections. If necessary,
a finding letter will be issued and the contract may be placed on hold until any issues are resolved.
Significant violations of federal requirements may result in disallowed costs and/or requirement to
return grant funds in whole or part if funds have been obligated based on an RROF found to be
invalid.
**Step 9 Re-Evaluation of the Environmental Determination**

According to 24 CFR 58.47, the environmental determination must be re-evaluated any time that the Grant Recipient “proposes substantial changes in the nature, magnitude or extent of the project.” The re-evaluation assists in determining whether or not the original determination and/or finding are still valid. Project amendments that may result in the need for an updated FONSI include but are not limited to:

- **Any change in activity**
  - Ex. Adding water line improvements to a sewer line improvement project
  - Ex. Adding sewer plant improvements to a sewer line improvement project
- **Any new project location not addressed in the original review**
  - Ex. Adding additional streets to a street paving project
  - Ex. Changing the location of a proposed water tower
- **An increase in infrastructure capacity of more than 20%**
  - Ex. Increasing a proposed water storage tank from 100,000 gallons to 150,000 gallons
  - Ex. Adding traffic lanes to widen a street
- **A change in method or design that impacts the physical environment**
  - Ex. Adding lift stations not previously proposed to a sewer line improvement project
  - Ex. Adding fire hydrants to a water line improvement project where none had been proposed
- **A change to accommodate new circumstances and environmental conditions that have arisen during project implementation**
  - Ex. Addressing damage caused by a natural disaster
  - Ex. Changing strategies from rehabilitation of a building to reconstruction or expansion as a result of the actual building conditions

**Re-Evaluation of the Finding**

Any project changes that were addressed by the original environmental review will likely not require additional clearance requirements. The Grant Recipient should clearly document that the changes are not substantial and that the EA/FONSI or Categorical Exclusion/Exempt determination are still valid after re-evaluation. The Environmental Review Record should be updated with any new project locations, etc.

If the proposed project amendment is a change in scope or activity and is not covered by the original Environmental Review, then the Entity must start over at the beginning of the process, including a new environmental review, public notices, public comment and objection periods, and new release of funds by TDA.

TDA strongly recommends that the Grant Recipient include any anticipated alternatives (additive alternatives) to the original project in the original environmental review. TDA also recommends if a construction bid is substantially less than anticipated and additional construction funds will be available, that the Grant Recipient begins the request for an amendment as soon as possible. Thus, in the event the amendment is approved and environmental clearance is obtained, administrative requirements will not delay construction.

Note that any modified project activities not included in the original TxCDBG Contract will generally require a re-evaluation but not necessarily a new full Environmental Review and associated publications. In addition, the publication required for the amendment process should also note the change in locations or activities so the persons or parties interested in the project will have a chance to comment in compliance with the dissemination requirements of 24 CFR 58.43
Any project changes that were not addressed by the original environmental review require a re-evaluation. The Grant Recipient must notify TDA when the re-evaluation has been completed as to whether or not the FONSI or any other determination is still valid. The TxCDBG Contract Amendment/Modification Request (Form A1101) requesting a change in the TxCDBG contract addresses this requirement - fill in the relevant section of the Form A1101. If a re-evaluation has not been done, the contract change request will be delayed until this is submitted. A copy of the executed A1101 form must be included in the Environmental Review Record. A separate letter is not required unless additional information is requested. If the Environmental Specialist has concerns regarding the proposed changes to the contract, the Grant Recipient, Contract Specialist, and Administrative Consultant will be contacted to discuss the concerns.

3.2 Environmental Laws and Regulations

The following provisions of law authorize state governments to assume HUD's environmental review responsibilities. TDA will act for HUD for environmental reviews, decision making, and action that would otherwise apply to HUD under NEPA (National Environmental Policy Act) and other provisions of laws that further the purposes of NEPA, as specified in 24 CFR Part 58. These regulations are referenced in 24 CFR 58.1(b).

3.2.1 Laws

The foremost Environmental law is NEPA and implementing Executive Order 11514 (35 FR 4247, 3 CFR, 1966-1970 Comp., p. 902) as amended by Executive Order 11991 and the implementing regulations of the Council on Environmental Quality (40 CFR parts 1500-1508). This is not an all-inclusive list as projects can cross over into other laws and authorities not listed here.

NEPA

42 USC § 4321 provides: The purposes of this Act are: To declare a national policy which will encourage productive and enjoyable harmony between man and his environment; to promote efforts which will prevent or eliminate damage to the environment and biosphere and stimulate the health and welfare of man; to enrich the understanding of the ecological systems and natural resources important to the Nation; and to establish a Council on Environmental Quality.

Executive Order 11514
Protection and Enhancement of Environmental Quality

Executive Order 11991
Relating to Protection and Enhancement of Environmental Quality

Historic Preservation Requirements:
National Historic Preservation Act of 1966, 54 USC 300101 et seq.
Archeological and Historic Data Preservation Act of 1974, 54 USC 312501-312508
Executive Order 11593, Protection and Enhancement of the Cultural Environment
Antiquities Code of Texas, Chapter 191 Natural Resources Code
Tribal Consultation in Projects that are Reviewed under 24 CFR Part 58
See Appendix A for web address/link.
3.2.2 Regulations

24 CFR Part 51: Environmental Criteria and Standards
Description: This regulation provides environmental standards for determining project acceptability and necessary measures to ensure that activities assisted by HUD achieve the goal of a suitable living environment. The environmental criteria include noise abatement and control and the siting of HUD-assisted projects near hazardous operations including explosives, flammables, runway clear zones at civil airports, and accident potential zones at military airfields.

Description: HUD regulations to implement executive order on development in floodplains. See HUD Exchange for more information and publication requirements. This could add 15 days to the Environmental Process.

24 CFR Part 58: Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities
Description: The procedures outlined in this regulation are used by entities that assume HUD's environmental review responsibilities in determining program compliance with the intent of the NEPA and other related statutes. Applicable HUD programs under this regulation include only those in which a specific statute allows governing entities to assume the Federal responsibility.

36 CFR Part 800: Protection of Historic Properties
Description: The Advisory Commission on Historic Preservation Rules, used by HUD for all HUD projects.

3.2.3 Resources

Summary of Levels of Environmental Review and Documentation Required in ERR – Form A309

Website for cleanups and hazardous materials - See Appendix A for web address/link.

Endangered Species - U.S. Fish and Wildlife: https://ecos.fws.gov/ipac/