

TIMING of CDBG FUNDING and NEPA RESTRICTIONS

Costs incurred prior to the CDBG award letter cannot be reimbursed by CDBG. Eligible costs will be reimbursed by Commerce after a grant contract has been formally executed and the CDBG-specific procedures under NEPA and SEPA are completed. Executing the grant contract and completing the environmental review can occur concurrently.

Unless the activity is exempt or categorically excluded and not subject to 24 CFR 58.5 under NEPA, the local government grantee, subrecipients, contractors and all other participants may not commit CDBG or non-CDBG funds if the activity would have an adverse environmental impact or limit the choice of reasonable alternatives. This restriction applies to activities as of the date the CDBG program receives the grant application. Portions of preliminary design work needed for completion of the environmental review are allowable.

Title 1 of the Housing and Community Development Act of 1974 as amended and the environmental review procedures found in 24 CFR 58.22 apply to any activities as part of a CDBG project. The environmental review activities completed for other federal or state funding can contribute towards but not entirely meet the CDBG-specific procedure for NEPA and SEPA. [Section 6 of the CDBG Management Handbook](#) provides further detail and the necessary CDBG forms.

Project Phase	Restrictions on Eligible Activities
<p>Before CDBG contract is executed and environmental review is complete</p>	<p>With the award letter, the grantee can begin to incur costs up to 10% of award for the following activities which don't require an environmental review IF the grant application requested CDBG funding of these costs:</p> <p>Administration: Executing the CDBG contract. Establishing administrative, financial, reporting, and record keeping systems, including staffing, travel and training.</p> <p>Environmental Review: Review of environmental laws and authorities, including 24 CFR 58.5 and Section 106 of the National Historic Preservation Act of 1996, such as:</p> <ul style="list-style-type: none"> • Consultation letters to affected tribes • Cultural resource survey • Floodplain/wetland determination <p>Preliminary engineering feasibility studies for the environmental assessment, such as surveying and geotechnical or geophysical analysis (excluding ground-disturbing activity of over one cubic sq. ft.).</p> <p>Subcontracting: Subrecipient agreements or professional service contracts for any of the above activities.</p>

<p>After CDBG contract execution</p>	<p>All eligible costs will be reimbursed after:</p> <ol style="list-style-type: none"> 1. The applicable level of environmental review is documented and complete, and funds have been released (see environmental review guidance below); 2. The subrecipient agreement is executed, if applicable; 3. Procurement requirements are met; and 4. Adequate back-up documentation is submitted with the payment request. <p>To be eligible for CDBG funding, all costs must be allowable under federal cost principles and CDBG regulations, and identified in grant application's project budget as to be funded by CDBG.</p>
<p>While completing the environmental review</p>	<p>The local government grantee must complete the applicable environmental review procedures depending on the type of project:</p> <ol style="list-style-type: none"> 1. Activities <u>documented</u> by the grantee, and confirmed by Commerce, as exempt or Categorical Excluded and <u>without impact</u> to 24 CFR 58.5 laws, historical structures or culturally sensitive land may proceed with commitment of CDBG and non-CDBG funds. 2. Activities that are Categorical Excluded and impact 24 CFR 58.5 laws, or activities requiring an environmental assessment and a Finding of Non-Significance (FONSI), must be <u>documented</u> appropriately with a request for release of CDBG funds submitted to Commerce. <p>Only after the Commerce comment period is ended and <u>funds are released</u>, may CDBG and non-CDBG funds be committed for activities such as:</p> <ul style="list-style-type: none"> • Finalizing design and bid specifications • Advertising for construction bids • Property acquisition, including sales and purchase agreements • Site Preparation • Demolition <p><u>Section 6 of the CDBG Management Handbook</u> provides further detail and the necessary CDBG forms to complete the environmental review.</p>