6.2026

Environmental Review Guidance for:

NC CDBG–Infrastructure Program

DIVISON OF WATER INFRASTRUCTURE

NORTH CAROLINA DEPARTMENT OF ENVIRONMENTAL QUALITY

This document is intended as general information only and does not carry the force of legal opinion. The Division of Water Infrastructure (DWI) is providing this information as a public service. This information and related materials are presented to give the public access to information on CDBG compliance requirements. You should be aware that, while we try to keep the information timely and accurate, there will often be delays between official publications of the materials and the modification of these pages. Therefore, we make no express or implied guarantees. We make every effort to keep information current and to correct errors brought to our attention. The Federal Register and the Code of Federal Regulations remain the official source for regulatory information published by the Department of Housing and Urban Development.

Contents

Grant Program Overview

The Community Development Block Grant program provides grant funds to help develop viable communities by providing decent housing, suitable living environments, and expanding economic opportunities for primarily low- and moderation-income individuals. The program is funded through the U.S. Department of Housing and Urban Development (HUD) and passed through to state and local entities, which become responsible for administering the funds.

> As a federal pass-through grant, CDBG-I is subject to all applicable federal policies and regulations governing HUD-assisted programs. When federal funds support construction projects, recipients are required to comply with the National Environmental Policy Act (NEPA) by following HUD's environmental review process under 24 CFR Part 58.

North Carolina's Community Development Block Grant – Infrastructure (CDBG-I) program is administered jointly by the Department of Commerce (DOC) and the Department of Environmental Quality (DEQ). DOC oversees the economic development portion, while DEQ's Division of Water Infrastructure (the Division) administers the water and wastewater infrastructure components. This guidance document explains the Division's environmental review process for the CDBG-I program.

CDBG-I Environmental Program Basics

The CDBG-I environmental review process follows an after-action monitoring model, meaning the applicant is responsible for preparing the Environmental Information Document (EID), the final environmental document, and the Environmental Review Record (ERR). The Division provides oversight after documents are submitted and funds are released. While draft environmental documents may be reviewed as time permits, this is not guaranteed. Unlike other funding programs administered by the Division, only final submissions are formally reviewed.

The Division's Letter of Intent to Fund details required environmental milestones (EID submission, final environmental documentation, public notices). Applicants must understand the Division's review requirements and adhere to all milestones. Failure to meet required deadlines may result in withdrawal of funding. Preparation of the EID, final environmental document, and associated public notifications must follow HUD regulations at 24 CFR Part 58. Final approval (Authority to Use Grant Funds) is contingent upon acceptance of the project's environmental review documentation.

Terminology

These terms are used throughout this guidance and align with definitions in HUD environmental regulations (24 CFR Part 58).

•***Certifying Officer***

The official authorized to execute the Request for Release of Funds (RROF) and Certification, with the legal capacity to carry out NEPA responsibilities under § 58.13. This individual represents the Responsible Entity in federal court and ensures compliance with NEPA and related authorities under 24 CFR Part 58 and 40 CFR Parts 1500–1508

• ***Environmental Information Document (EID)***

The analytical document containing the environmental analysis that forms the foundation for the final environmental determination (e.g., Exempt Certification, CEST, EA/FONSI, or EIS/ROD). It includes project description, environmental analysis, alternatives, agency consultation, mitigation measures, and is incorporated into the ERR.

• ***Environmental Review Record (ERR)***

The official project file containing the EID, all documentation, public notices, consultation and agency responses, certifications, determinations, correspondence, and relevant supporting data that demonstrate compliance with 24 CFR Part 58. It must be maintained and made available for public review

• ***Final Environmental Document***

The formal environmental determination issued at the conclusion of the review process. This includes:

- Exempt Certification – for activities completely exempt under § 58.34
- Class Categorical Exclusion Not Subject to § 58.5 (CENST)
- Class Categorical Exclusion Subject to § 58.5 (CEST)
- Finding of No Significant Impact (FONSI) issued with an Environmental Assessment (EA)
- Record of Decision (ROD) following completion of an Environmental Impact Statement (EIS)

• ***Project***

Defined as an activity or a group of integrally related activities designed to accomplish a specific objective. All such activities are evaluated together under a single environmental review, per 24 CFR 58.2(a)(4)

• ***Recipient***

An entity eligible under § 58.1(b), such as a state or unit of general local government (UGLG), receiving CDBG I funds and assuming responsibility for the environmental review.

• ***Request for Release of Funds (RROF)***

The formal certification and request submitted by the Responsible Entity after completing the environmental review and public comment processes. HUD must approve the RROF before any construction or acquisition may commence.

• ***Responsible Entity (RE)***

The unit of general local government (UGLG) or state agency responsible for preparing the EID, conducting the environmental review in accordance with 24 CFR Part 58, and maintaining the ERR. They must assume all review responsibilities and are accountable for compliance

• ***Unit of General Local Government (UGLG)***

A municipal or county-level unit of government—such as a city, township, parish, village, or similar subdivision—that is eligible to receive federal funds and serve as a Responsible Entity.

Expectations and Roles

The required environmental review procedures in 24 CFR Part 58 include required agency coordination, public participation, documentation standards, and HUD approval steps. The responsibilities outlined ensure environmental reviews are completed accurately, on time, and in full compliance with federal requirements.

Division Responsibilities

• Provide required environmental training, templates, and technical assistance to support the Applicant/RE in meeting Part 58 requirements.

• Develop and administer certification test

• Monitor public notice and comment periods and assist the Applicant/RE in resolving objections or issues raised by agencies or the public.

• Review of the ERR to ensure it is complete, properly organized, and compliant; request additional information or corrections as needed.

• Ensure release of funds occurs in a timely manner.

• Monitor environmental compliance throughout project implementation, including verification of required mitigation measures and review of project changes that may affect environmental conditions.

Applicant/ Responsible Entity

• Attend required environmental training and complete certification testing to ensure understanding of HUD's 24 CFR Part 58 requirements.

• Certify ERR documents for accuracy and completeness, with the understanding that a qualified Certifying Officer—who has passed the environmental certification test—must be prepared to represent the Responsible Entity in federal court.

• Review and respond to public comments within the regulatory timelines and, when warranted, revise the EID or final environmental document and re notice the action.

• Submit the Request for Release of Funds (RROF) and Certification to HUD once the environmental review is complete, and notify the Applicant/RE when HUD issues the Authority to Use Grant Funds.

• Assist the Division in addressing any objections received during the 15 day objection period following the RROF submission.

• Maintain a complete and current ERR that includes all documentation, correspondence, notices, analyses, and determinations required under 24 CFR Part 58.

Preparer Responsibilities

• Attend required environmental training and complete certification testing to ensure understanding of HUD's 24 CFR Part 58 requirements.

• Conduct all necessary agency coordination and incorporate consultation responses into the Environmental Information Document (EID) and Environmental Review Record (ERR).

• Prepare a complete and accurate EID that follows the Division's required format and addresses all environmental considerations, alternatives, and compliance requirements.

• Communicate issues with CDBG-I Unit and Grantee in a timely manner

Schedule

As part of the funding process, Responsible Entities will be responsible for preparing the EID and final environmental document. Table 1.1 shows the proposed timelines and milestones related to the completion of the environmental process.

Proposed Schedule For Environmental Documentation Process	
Task	Duration
Letter of Intent to Fund	1 Day
Environmental Certification training	6-8 weeks
EID preparation	7 months
Public Notice (if required)	3 weeks
Response to Public Comments	2 weeks

Submittal of RROF	2 weeks
Objection Period[e]	15 days
Responses to Objections	2 weeks
Funds Released[f]	1 day

Environmental Review Process

Prequalification Process

The environmental review process depends on the Responsible Entity's ability to complete the Environmental Information Document (EID) and all required environmental documentation. To support this, the Division requires training so that Responsible Entities and their Preparers clearly understand ERR preparation requirements and are able to demonstrate that understanding.

Training will be scheduled after Letters of Intent to Fund are issued. Attendance is mandatory for:

• A Recipient representative who is eligible to serve as the project's Certifying Officer

• At least one representative from each UGLG serving as a Responsible Entity

• *All Preparers*

Because staff changes may occur, the Division strongly encourages two Recipient representatives to attend.

After completing the training, participants must take an open-book certification test. A passing score is required for anyone who will prepare an EID for the CDBG-I program. The Division will grade the tests and issue certificates to those who pass. A copy of each certificate must be kept in the ERR.

Only individuals who complete the training and pass the test are authorized to prepare EIDs and final environmental documents. The certification is valid for four years and must be maintained in the ERR.

Project description

A project description for a NEPA environmental review should clearly outline the entire project, including activities not funded by the CDBG-I grant, and describe all construction methods that may be used. It should provide location-specific details for every street or area involved in the project while omitting sensitive information, since the Environmental Review Record is publicly accessible. Avoid including exact locations of protected resources such as domestic violence shelters, sacred sites, or endangered species habitats.

Level of Review

The level of environmental review is determined by the project's construction methods, the nature of the work—such as new construction versus rehabilitation or repair—and whether the project increases system capacity. By preparing a clear and complete project description, reviewers can make an informed initial determination of the likely review level before beginning the analysis. This helps identify whether the project may fall under categories such as CEST, FONSI, etc.

EID & Analysis

The EID provides the foundation for the final environmental document, it provides documentation of the conclusions reported in the final environmental document. The EID contains a description of the project, a series of resource category tables, a reference section, and agency scoping documentation.

The document is a site-specific analysis of the proposed construction project's construction impacts. It is essential that the EID be completed thoroughly and in a timely manner. Incomplete or incorrect information may result in monitoring findings and potential loss of funds.

Agency Scoping

• Agency scoping depends largely on the location of the project, and areas of disturbance.

- See Appendix A: Agency Scoping Checklist. The checklist guides preparers through which Agencies must be contacted.

EID Tables & Reference Section

The analytical document containing the environmental analysis that forms the foundation for the final environmental determination (e.g., Exempt Certification, CEST, EA/FONSI, or EIS/ROD). It includes project description, environmental analysis, alternatives, agency consultation, mitigation measures, and is incorporated into the ERR. The EID includes 18 resource categories, each of which must be evaluated using the corresponding table in Appendix B.

Final Environmental Document Preparation & Signature

Once the EID is complete and all agency concerns addressed, then the Preparer will draft the final environmental, and the Certifying Officer will sign it.

The type of final environmental document is determined by the project's scope of work and construction activities, not only by the amount of environmental impact identified during the review. Projects classified as rehabilitation and repair projects will have a lower information burden then projects with new construction or areas of disturbance.

There are four different types of Final Environmental Documents.

- Categorically Excluded Subject to (CEST)
    - CEST Converts to Exempt
- Finding of No Significant Impact (FONSI)
- Categorically Excluded Not Subject to (CENST)
- Environmental Impact Statement/ Record of Decision (EIS/ ROD)

The CDBG-I program's projects are typically CEST, or FONSI projects. Once the project type is determined that template will be completed using information gathered in the EID analysis. The document needs to be signed by the Grantee's Certifying Officer – who has an active CDBG-I Environmental Certification. The signed completed document confirms that the Grantee has completed their analysis and documents their findings.

Public Notification

Once the EID and final document are complete, the Preparer must determine whether public notice is required. The requirement to complete the public notification process is based on the type of final environmental document and if the project is disturbing Floodplains and/or Wetlands.

Public notification is not required for:

• CEST projects that convert to Exempt

• Exempt or CENST projects

Public notification is required for:

- CEST projects
- FONSI projects.

The only difference between project types is the template used, each template contains regulatory language specific to the project type. Use the templates posted on the Division's website.

Notice Methods

For both notice types, the same steps apply. Two public notice methods must be used. The first method mailing is decided for you.

1st Method: Mailing

- The notice must be completed and mailed to interested parties, the Division, EPA Region 4, and all applicable state, local, and tribal agencies. Mailing is required regardless of how the notice is otherwise published.
- Provide a list of addresses the notice was sent to document it has been completed

2nd Method – choose 1:

The notice must also be made available to the public through one of the following methods:

Publishing

- Publishing the notice in a newspaper of general circulation or on an appropriate government website (per HUD regulations)
- Newspaper - provide a newspaper affidavit, and a tear sheet of the published notice in the ERR
- Website – provide a screen print out of the public notice on the website. Include a signed note from the Grantee confirming the date it was posted.

Posting

- Posting the notice prominently in 3 public buildings or approved locations.
- Provide pictures of the notice posted in the three prominent locations, include a signed note from the Grantee confirming the date it was posted.

Notice Periods

If a notice is required it will have an associated notice period, where the Grantee must provide the public with the opportunity to provide comments on the project. The length of the notice depends on the method of notice used, and the project type. See Table below for the different requirements.

Minimum Public Notification Time Periods			
If my environmental document is a/an…	Then I must prepare…	And if I notify via…	Then my minimum comment period is…
Exempt Certification	No NOI/RROF		
CENST	No NOI/RROF		
CEST converts to Exempt	No NOI/RROF		
CEST	NOI/RROF	Mailing and Publishing	7 days
		Mailing and Posting	10 days
FONSI	NOI/FONSI-RROF[8]	Mailing and Publishing	15 days
		Mailing and Posting	18 days

Additional Notice Required for 8-Step Process (Floodplains/Wetlands)

If the project is disturbing a Floodplain and/or Wetland, the 8-step process is triggered.

Additional public notice is required for these projects.

- Initial Early Notification – 15-day comment period
- Final Notification – 7-day comment period

Requirements

- Must be published, either in a local newspaper, or on a government website
- Uses specific templates on our website
- Can be done jointly with RROF notice!
- If not done jointly, the final 8-step notification must be published and noticed prior to the RROF public notice.

Addressing Public Comments

After the public comment period closes, the Preparer and Responsible Entity must document all comments received and respond to them within 14 days. When including comments in the ERR, similar comments may be grouped together with a single response. If the Responsible Entity is unsure whether a comment is significant, it should contact the Division to discuss the appropriate response.

When responding to comments, the Responsible Entity generally has three options:

- **Unrelated comments**: acknowledge the comment if it is unrelated to the CEST, FONSI, or RROF.
- **Comments that do not require changes**: acknowledge the comment and explain why no revision to the EID, CEST, FONSI, or RROF is necessary.
- **Comments requiring revisions:** when a comment identifies an issue substantial enough to require ERR changes, the response must describe what will be revised. The EID and CEST or FONSI must be updated accordingly, and the notice (RROF or combined FONSI/RROF) must be reissued.

The Request for Release of Funds and Authority to use Grant Funds

For any CEST project that does not convert to Exempt, and for all FONSI projects, the Responsible Entity must prepare a Request for Release of Funds (RROF) and certification once all public comments have been addressed. The RROF confirms that the environmental analysis is complete and that the required public notification was properly carried out. It is the final document certified before submitting the environmental review to the Division.

The RROF and certification form, along with instructions, are available on the Division's website. The form must be completed according to the directions provided and signed by the Certifying Officer for the Responsible Entity. By signing, the Certifying Officer attests that the environmental review requirements have been met and that the project is ready for the Division to release funds.

ERR Submission

Submit the entire completed Environmental Review Record including the signed final Environmental Document, public notification documentation, and certified RROF to the Division. Certified mail or delivery tracking service is highly recommended

Mail one hard copy of the document with original signatures via Fedex/ UPS to:

512 N. Salisbury St, Attn: CDBG-I, 8th Floor, Raleigh, NC 27604

State Objection Period

Once the Division receives the RROF and certification, HUD regulations require a 15-day objection period. During this time, anyone including the division may submit a formal objection. Objections are limited to specific issues identified in HUD regulations. Information about the allowable bases for objection is included in the NOI/RROF template on the Division's website.

During this period, the Recipient must not begin physical work or take any choice-limiting actions until the Division formally approves the RROF. The Division will also review the hard-copy ERR during this time.

Formal Objection

If a formal objection is submitted, the Division will notify the Grantee through an emailed letter. This letter will explain what parts of the ERR are being objected to, and the corrective actions required. The Grantee must acknowledge receipt of this letter.

The time needed to resolve the objection will depend on the issue. In some cases, the final environmental document must be revised, resigned, and the public notification repeated. These steps can add significant time to the process and must be completed and paid for by the Grantee.

If no objections are received, and the Division has no concerns with the ERR, the Division will issue the Authority to Use Grant Funds so the project may move forward.

Once the Authority to Use Grant Funds is issued, all mitigation measures identified in the FONSI or CEST must be carried out as part of the project. Inspectors must ensure these measures are followed during construction. In addition, any agency or member of the public seeking to address concerns related to the environmental review covered by the approved certification must work directly with the RE

Allowable Grounds for Objection

Under 24 CFR § 58.75, objections may only be raised on the following grounds:

(a) The certification was not executed by the Responsible Entity's Certifying Officer.

(b) The Responsible Entity failed to make one of the two findings required by § 58.40, issue a written determination as required by §§ 58.35, 58.47, or 58.53, as applicable.

(c) The Responsible Entity omitted one or more steps required under 24 CFR § 58.75 Subpart E for environmental assessments.

(d) The Responsible Entity omitted one or more steps required under 24 CFR § 58.75 Subparts F and G for environmental impact statements.

(e) The Recipient or other parties have committed funds, incurred costs, or undertaken activities not authorized before release of funds and certification approval.

(f) Another Federal agency, under 40 CFR Part 1504, has submitted a written finding stating the project is unsatisfactory from an environmental quality standpoint.

Proposed Steps to Address Objections		
Objection	Regulatory Citation	Proposed Steps
The certification was not executed by the RE's Certifying Officer	§58.75(a)	The Division will return the certification/RROF to the RE and have the Certifying Officer sign it. The objection period will restart upon resubmission of the RROF.
The RE has failed to (1) make a Finding of No Significant Impact or a finding of significant impact; (2) a determination of Categorical Exclusion; (3) a re-evaluation of environmental assessments and other environmental findings; or (4) appropriately use a previous environmental impact statement	§58.75(b)	The Division will contact the RE regarding further steps to take, which will be determined upon additional review of the project and the Responsible Entity.
The RE omitted one or more of the steps related to the environmental assessments.	§58.75(c)	The Division will require that the RE complete the steps that were missed, including public notification as needed. The objection period will restart upon submission of the RROF.
The RE omitted one or more of the steps related to environmental impact statements.	§58.75(d)	The Division will require that the RE complete the steps that were missed, including public notification as needed. The objection period will restart upon submission of the RROF.
The Recipient or other participants in the development process have committed funds, incurred costs, or undertaken activities not authorized before release of funds and approval of the environmental certification by the Division.	§58.75(e)	The Division will contact the RE regarding further steps to take, which will be determined upon additional review of the project and the RE.
Another Federal agency acting pursuant to 40 CFR part 1504 has submitted a written finding that the project is unsatisfactory from the standpoint of environmental quality.	§58.75(f)	The Division will transmit agency objections to the RE and Recipient and require that the objections be addressed. The project will then be re-noticed and the RROF resubmitted. The objection period will restart upon submission of the RROF.

CDBG-I Final Environmental Documents

Determination of Final Documents

Unlike the State Environmental Policy Act (SEPA) minor construction activities and some National Environmental Policy Act (NEPA) minimum criteria, which are based upon the magnitude of environmental impact, HUD NEPA minimum criteria are based on project type. As a result, once a project is deemed to require a certain type of final environmental document, the final environmental document will not change.

Categorical Exclusion Subject to 24 CFR 58.5 (CEST)

Most CDBG-I projects fall under this category. These include rehabilitation or replacement projects that increase capacity by 20% or less, and (for replacement) stay within the existing right of way. Because CEST projects may have minor environmental impacts, the RE and Preparer must complete the appropriate EID tables and conduct required agency coordination.

After completing the EID, the RE must determine whether the project triggers any compliance requirements under 24 CFR 58.5.

CEST converts to Exempt

A CEST may convert to Exempt only if no compliance requirements under 24 CFR 58.5 are triggered. Examples of triggers include required mitigation from agency comments, impacts to floodplains or wetlands, or effects on threatened or endangered species.

If no compliance issues are triggered, the project converts to Exempt. The RE still prepares the CEST as the final document and selects the conversion to Exempt language on the last page. The public notification process, and RROF certification are not required. The CEST and one hard copy of the ERR (including EID tables) are then submitted to the Division.

Finding of No Significant Impact

Some projects require a FONSI/EA based on following HUD criteria.

- New water or sewer collection lines
- Rehabilitation projects that increase capacity by more than 20%
- Replacement projects located outside the existing right of way
- Expansions of water or wastewater treatment plants that increase capacity by more than 20%

(Note: Capacity is measured by the number of accounts, not flow.)

THE FOLLOWING FINAL ENVIRONMENTAL DOCUMENT TYPES DO NOT TYPICALLY APPLY TO CDBG-I PROJECTS.

Certificate of Exemption

Exempt status applies to activities that will have no impact on the environment.16 Related to infrastructure, if CDBG-I funds are to be used only for engineering costs or design costs, then it is considered Exempt. This is rarely used, due to what the Division prioritizes for CDBG-I funding. If this is the case, then Preparer and Responsible Entity will need to prepare a Certificate of Exemption and submit it to the Division along with one hard copy of the ERR. The Division will then release the funds via the Authority to Use Grant Funds. Once the RE receives this document, then the Recipient may begin drawing down funds.

Record of Decision/ EIS

A ROD/EIS is required only in rare cases. Examples include:

- Projects that increase capacity by at least 2,500 housing units
- Projects initially evaluated for a FONSI/EA but found to have significant impacts during the EID process
- Projects with significant public controversy

When preparing project applications for use with CDBG-I funds, avoid project scopes that state the addition of a number of new housing units close to the threshold (e.g., 2,500 new housing units).

The Division expects ROD/EIS projects to be extremely uncommon. Any Recipient pursuing a project that would require a ROD/EIS must contact the Division early and coordinate closely throughout development of the EIS.

Environmental Information Document

The EID provides the foundation for the final environmental document. It is essential that the EID be completed accurately and in a timely manner. Incomplete or incorrect information may result in monitoring findings and potential loss of funds.

The type of final environmental document required for a project depends on the project's potential for significant impact and the nature of the proposed construction. Projects with limited or moderate impacts typically result in a CEST, while projects with greater potential for environmental impact may require a FONSI. FONSI-level projects require more extensive analysis and documentation.

Most projects under this program require a final environmental document in the form of a CEST or a FONSI. For both document types, the Preparer must conduct an agency review. The CDBG I Unit recommends contacting agencies early in the environmental review process to avoid delays. When agencies require follow up actions or additional information, coordinating those requests can take considerable time due to their high project workload.

Agency Scoping

Agency scoping is required to ensure that all potentially affected regulatory and resource agencies have an opportunity to review the project, identify impacts, and provide recommendations or mitigation measures. This coordination helps confirm that the project complies with applicable environmental laws and reduces the risk of delays later in the process.

The initial scoping letter should include as much detail as possible, particularly regarding construction methods and areas of disturbance. Providing complete information at the outset helps agencies evaluate the project efficiently and reduces the likelihood of multiple review cycles. A scoping checklist is available in Appendix A to help determine which agencies must be contacted for each project. Note that the agencies underlined below require contact for every Environmental Review Record (ERR).

- <u>North Carolina Department of Natural and Cultural Resources</u>
    - State Historic Preservation Office
- <u>Catawba Indian Nation</u>
- Eastern Band of Cherokee Indian Nation (as applicable)
- Tuscarora Nation of New York (as applicable)
- Muskogee (Creek) Indian Nation
- U.S. Army Corps of Engineers (applicable field office)
- U.S. Fish and Wildlife Service (applicable field office)
- National Marine Fisheries Service (as applicable)
- <u>North Carolina Department of Environmental Quality</u>
- Division of Water Resources
- Division of Air Quality
- Division of Coastal Management (as applicable)
- Other state, local, and Federal agencies as needed.

Note that, As part of the new environmental review process, a North Carolina Clearinghouse review will NOT be required due to changes in the State Environmental Policy Act regulations. It is also not a substitute for directly contact the Department of Coastal Management and obtaining a Consistency Determination.

Once the Preparer receives agency comments, they must finalize the EID based on the recommendations and requirements provided. All comments must be fully addressed, and any mitigation measures identified by the agencies must be incorporated into the EID.

The Preparer should prepare the EID based upon the type of final environmental document needed. See Section 1.3 below for more information as to what types of projects result in which final environmental document. Note that not all environmental tables may be required. During this process, the Preparer should contact the Division regarding any questions. The Division will provide technical support either by answering the question or providing recommendations as to who to contact further.

Resource Category Tables

As part of the EID analysis, each project must evaluate a series of environmental resource categories. These categories represent resources that are protected under federal and state laws—such as wetlands, floodplains, threatened and endangered species, cultural and historic resources, air and water quality, and other sensitive environmental features. Evaluating these resources ensures that the project identifies potential impacts, complies with regulatory requirements, and incorporates any needed avoidance, minimization, or mitigation measures.

Appendix B includes guidance tables that assist preparers in determining which resource categories must be analyzed for each project. These tables outline the types of information that should be reviewed, typical sources, and considerations that help ensure a complete and consistent evaluation.

Reference Section

Conclusions or claims made in the resource category tables must be fully supported by documentation. A dedicated reference section must be included to show the source oof information used in the analysis—such as agency correspondence, environmental datasets, field surveys, technical reports, or other verified materials. This documentation becomes part of the Environmental Review Record (ERR) and ensures the transparency and defensibility of the environmental review.

Existing Conditions

The existing conditions sections should describe the immediate project site and surrounding project area as it currently exists. Include observations documented during the required site visit. The existing conditions sections should describe the immediate project site and surrounding project area as it currently exists. Include observations documented during the required site visit.

Environmental Impacts

Every resource table includes a section that has checkboxes for environmental impacts made to that resource category. If a potential benefit or impact is checked, it needs to be called out below in the narrative section. This shows that impacts from the construction project are being considered for mitigation. Note that impacts can be positive and negative!

The DEQ’s Guidance for Preparing SEPA Documents and Addressing Secondary and Cumulative Impacts is a resource with additional information on SCI and it provides guidance that may assist with completion of EIDs prepared under NEPA; however, it should be noted that compliance with SEPA is not a substitute for compliance with NEPA. Additionally, when considering cumulative impacts under NEPA, review and implement the information in Considering Cumulative Effects under the National Environmental Policy Act, which is published by the Council of Environmental Quality. Below are types of potential impacts.

Types of Impacts

Direct Impacts

Direct impacts are those effects on the environment that occur at the same time and place as the project. They are the most certain and predictable of the impacts. Direct impacts include impacts from construction-related activities as well as impacts related to operation of a newly constructed or modified facility upon completion of construction.

Construction impacts include such things as air emissions from construction vehicle traffic, soil disturbance, sedimentation and erosion, and land clearing activities.

Operational impacts include such things as increased noise from generators or other equipment in use after construction is completed, odors associated with pump stations, increased effluent discharge to a stream from a plant expansion, and improved water quality due to a stream restoration project.

Direct impacts are typically the easiest to identify - examples include:

- Displacement of wildlife due to forest clearing associated with construction projects.
- Air emissions from open burning during construction.
- Aquatic habitat degradation from installation of a sewer pipe crossing a stream.
- Increased nutrient loading in a river from a wastewater treatment plant discharge.
- Odors from a wastewater treatment plant.

Secondary Impacts

Secondary impacts are effects to the environment and natural resources that are more removed in time and distance from a project's construction and operation activities. Secondary impacts are also called "indirect impacts" and are often thought of as chain reaction process where one action or result leads to another action or result.

NEPA regulations (40 CFR 1508.8) define secondary impacts as

…indirect effects, which are caused by the action and are later in time or farther removed in distance but are still reasonably foreseeable. Indirect impacts may include growth inducing effects and other effects related to induced changes in the pattern of land use, population density or growth rate, and related effects on air and water and other natural systems, including ecosystems.

Secondary impacts associated with infrastructure projects are often related to residential, commercial, and industrial growth that the infrastructure project supports. For example, after sewer service is extended into an unsewered area, a subdivision might be built. The paved roads and other impervious services in the new subdivision may increase the level of pollutants in a nearby stream due to runoff. The decreased water quality that results in the stream is not directly related to the construction or operation of the sewer system, but it is indirectly related to the project because the expanded sewer system supported development of the new subdivision.

Cumulative Impacts

Cumulative impacts are those effects that result from the project's direct impacts when added together with impacts from other past, present, and future projects that can be reasonably predicted.

NEPA regulations define cumulative impacts as

"the impact on the environment which results from the incremental impact of the action when added to other past, present, and reasonably foreseeable future actions regardless of what agency (Federal or non-Federal) or person undertakes such other actions. Cumulative impacts can result from individually minor but collectively significant actions taking place over a period of time."

Evaluating cumulative impacts requires analysis of the "big picture" in terms of time and space. Consider the following example: run-off from parking areas surrounding a single shopping center might not be a significant stressor to the receiving stream, but the combined run-off from multiple shopping centers located in the same watershed

can become a significant stressor. Another example would be where a combination of wastewater infrastructure projects in the same river basin could create nutrient issues downstream.

Cumulative impacts are an issue that must be considered any time that growth is anticipated in the project area, even if that growth is not facilitated by or connected to the proposed project. If impacts from a proposed project are minor and limited to construction only, they are less likely to contribute to cumulative impacts in the broader project area. Note, however, that even minor impacts may be significant to a cumulative impacts analysis if those impacts are permanent in nature because minor permanent impacts from multiple projects can become significant when considered together.

Level of Impacts

Keep in mind that a project can produce both environmental impacts and benefits. The focus of many EIDs tends to be on potentially negative impacts, but benefits should be discussed as well. Note, also, that temporary impacts related to construction activities must be described as well as any permanent impacts.

• No Impact Anticipated: The project is not expected to have any impacts; therefore, no additional analysis of impacts or identification of mitigation efforts is needed

• Potentially Beneficial: The project is anticipated to have environmental benefits and does not require additional analysis of impacts or identification of mitigation efforts

• Potentially Adverse: Quick review indicates that adverse impacts are possible. Note whether additional analysis is needed

• Requires Mitigation: The project has the potential for adverse impacts. Mitigative measures must be clearly described.

• Requires Project Modification: There is an opportunity to identify needed changes in the project during development of the EID. Such changes should be identified prior to finalization. (This category may be checked in draft documents, but changes should be made, and appropriate mitigation identified prior to finalization.)

Scope of Impacts

The other factor to consider when evaluating impacts of the project is the scope of impacts. The scope of impacts is the area that should be investigated to identify impacts to various resources that are included in the impact analysis. The scope of impacts for direct impacts is more narrowly focused because it deals with impacts that occur in close proximity to the project. The scope of impacts for SCI is typically broader and will include areas that will be impacted by future growth/development in areas surrounding the project site. Table 2.1 below identifies the scope of impacts that should be considered for direct impacts and SCI for each resource category. Note, however, that related activities must be properly aggregated and the “project site” may be expanded to include all construction areas for the aggregated project.

Mitigative Measures

For any potential impacts identified in the sections above, mitigative measures must be discussed. Mitigative measures may include actions specifically taken or actions deliberately avoided or limited in order to minimize impacts.

Mitigative measures may also include actions taken to repair or compensate for damage done. Some specific examples of mitigative measures that might be applicable to a project include the following:

• Adhering to the requirements of a sedimentation and erosion control permit.

• Conducting construction activities during daytime hours only to minimize impacts from noise on residential areas.

• Constructing wetland habitats in a nearby area to replace wetlands that are filled.

• Maintaining buffers that exceed regulatory requirements.

• Installing an air pollution control device to minimize odors.

Reference Section: Figures and Maps

Any documents referenced in the EID should be identified in the references section. Consider attaching significant references in an appendix. References will vary for different types of projects, but examples that you might include are as follows:

- Correspondence with agencies such as Corps of Engineers, Cultural Resources, and the LGU
- Wetlands delineations studies
- Soil surveys
- Local ordinances
- Master plan documents

When appropriate, utilize figures to help describe the project. They are helpful for those who are visually oriented to gain a quick understanding of the project. Figures are also an easy way to describe the project and convey the location of associated resources and potential impacts.

General Mapping Guidance

Maps should not be embedded within the body text of the EID. Instead, include all maps in the reference section and label them clearly, noting which EID tables or sections they support. All maps must be of good visual quality and easy to read.

Choose a meaningful scale for each map. The scale should fit the type of resource being shown and allow the reviewer to understand its relationship to the project area. For example, a vicinity map will use a broader scale to show regional context, while a location map or a resource-specific map may require a closer scale to show detail.

Make sure to:

• Show the project location. Mark the project location on all maps included in the EID.

• Use strong color and shape contrast. Project features, boundaries, and natural resources should be easy to distinguish.

• Use high-quality imagery. If aerial photography is used as a base layer, it must print clearly and be easy to interpret.

• Use clear labeling and legends. All features should be labeled directly or shown in a well-organized legend.

Required Maps

Project Vicinity Map.

A project vicinity map is required. This map provides the reviewer with a general understanding of the project's broader setting, especially since the reviewer may not be familiar with the area. This map may also be used for public notices and agency scoping.

The map should:

• Use an appropriate, broader-area scale

• Show and label the project location

• Include county or municipal boundaries

• Show and label major highways

• Show and label major waterbodies

Project Location Map.

A project location map is also required and must be at a closer scale than the vicinity map.

The map should show:

• Individual project components

• Waterbodies

• Roadways

• County or municipal boundaries

• Property Lines

EID- Resource Categories

General Guidance for All Resource Categories

General Guidance for All Resource Categories

The following requirements apply to all EID resource categories unless otherwise noted:

1. Complete the appropriate table(s) in Appendix B.

Place the completed table(s) in the body of the EID.

2. Include supporting documentation in the appendix.

Any letters, reports, technical analyses, or supplemental information should be placed in the reference section.

3. Describe the existing conditions in the project area.

Include relevant characteristics, context, and any limitations.

4. Describe impacts, and if mitigation is required.

5. List all sources consulted.

Every table must include a list of data sources, agencies consulted, and tools used (e.g., NRCS, DWR, SHPO).

6. Include required maps in the reference section.

Maps must be high quality, clearly readable, and use a meaningful scale relevant to the resource being analyzed.

<u>Each map must include:</u>

• scale

• north arrow

• legend

• title and map number

Resource Category Sections

Floodplain Management (24 CFR 58.5(b)(1)) — Table 1.1

Floodplains are areas that flood naturally. Construction in floodplains increases flood risk, endangers lives, and raises long term costs. HUD requires strict review to avoid unnecessary floodplain impacts. If any part of the project is within or near these areas, the RE must evaluate impacts and determine whether the project can avoid the floodplain, this is documented through the 8-step process.

Construction in the regulated floodway—the fast-moving channel of the floodplain—is generally prohibited except for certain utility lines installed by directional boring, de minimis improvements, removal of improvements, and functionally dependent uses.

Disturbance of a floodplain or floodway triggers regulatory compliance. Provide maps showing project location relative to FEMA floodplains and the FFRMS floodplain.

Federal Flood Risk Management Standards (FFRMS)

Use FEMA FIRMS maps to determine whether the project lies within the regulated floodplain.

Follow FFRMS two tiered approach:

1. 2% Annual Chance Flood (if available)
2. BFE + freeboard (2 ft non critical, 3 ft critical)
   If needed, complete Table 1.2 (8 step process) and include it in the EID.

• Completing the 8 step process ensures that construction in floodplains occurs only when no practicable alternative exists.

Key Considerations:

• Critical actions require an early warning system.

• If impacts occur, evaluate alternatives and justify why non floodplain alternatives are not practicable.

• Include Elevation/Floodproofing certificates when needed.

• For SCI, address local floodplain ordinances and long term flood risk.

HUD's 8-Step Process

HUD's 8 step process is required when projects will occur in or affect a floodplain or wetland. The purpose is to avoid development in these sensitive areas, when possible, evaluate alternatives, and ensure impacts are minimized. The process involves the following steps:

1. Determine whether the project affects a floodplain or wetland.

   Identify these areas using FEMA, FFRMS, and NWI data.

2. Publish an Early Notice.

   Inform the public that the project may affect a floodplain or wetland and request comments.

3. Evaluate practicable alternatives.

   Consider other locations, designs, or actions that avoid the floodplain or wetland.

4. Assess impacts of the proposed action.

   Describe how the project would affect floodplain/wetland functions, hydrology, habitat, and long-term risk.

5. Minimize impacts.

   Identify measures to reduce harm, such as elevating structures, directional boring, or preserving buffers.

6. Reevaluate the decision.

   Determine whether the project should proceed as proposed, be modified, or be relocated.

7. Publish a Final Notice.

   Explain the decision, alternatives considered, and mitigation measures.

8. Implement the project with mitigation.

   Ensure all conditions and mitigation measures are carried into final design, permitting, and construction.

---

2. Prime & Unique Farmland (24 CFR 58.5(h)) — Table 2.1

- Prime and unique farmlands are high value agricultural soils. Federal law requires agencies to protect them from unnecessary conversion.
- Identify farmland that is prime, unique, and of statewide importance farmland using NRCS data.

o The NRCS Soil Mapping Tool report will list the farmland classification

o If conversion of protected farmland occurs, complete USDA Form AD 1006 and submit to NRCS.

Key Considerations

• Note whether land is actively farmed.

•To be considered committed to water storage or urban development – provide references if not obvious through mapping

• For SCI, address long term loss of farmland within the service area.

---

3. Wild & Scenic Rivers (24 CFR 58.5(f)) — Table 3.1

Specific sections of rivers are federally protected for outstanding natural, cultural, or recreational values. Projects near them must avoid degrading river quality or character.

• Consult the National Wild & Scenic Rivers System to identify designated segments.

• Coordinate with USFWS if construction could disturb the river corridor.

• Projects with disturbance within 1000' of a protected river section trigger formal consultation

---

4. Wetlands (Executive Order 11990) — Table 4.1

Wetlands are areas saturated with water that support specialized plants and wildlife. They filter water, store floodwaters, recharge groundwater, and provide important habitat. Because these functions are easily disrupted, Executive Order 11990 requires federal agencies—including HUD—to avoid new construction in wetlands unless no practicable alternative exists.

• Conduct a site visit; document date in the table.

• Use National Wetlands Inventory as part of screening.

• If the NWI map is inconclusive – wetland delineations by a qualified soil scientist may be used

• If new construction disturbs wetlands, complete 8 step process and Table 4.3.

• For linear utilities, complete Table 4.2 for each crossing.

Key Considerations

• Indirect effects (stormwater, hydrology changes) must be analyzed.

• Document consultation with USACE.

• Documentation of alternative construction methods that do not disturb the wetland through direct construction or equipment staging may bypass the 8-step process – contact the Division to discuss this option

---

5. Endangered Species (24 CFR 58.5(e)) — Table 5.1

Federal law protects endangered and threatened species and their habitats. Projects must avoid harming listed species.

• Conduct biological screening and prepare a biological survey when needed.

• Consult USFWS or NMFS if species or habitat may be present.

• If compliance with USFWS is triggered, it must be resolved before ERR approval

---

6. Historic Preservation (24 CFR 58.5(a)) — Table 6.1

• Consult SHPO and include correspondence.

• All projects are required to contact the Catawba Nation

• Consult required Tribal Nations depending on county.

• Identify archaeological/historical sites within 5 miles or those potentially affected.

---

7. Air Quality (24 CFR 58.5(g)) — Table 7.1

• Consult NC Division of Air Quality for attainment status.

• Document any odor complaints from existing facilities noted during the site visit

• Include screenshots of websites listing location specific information

---

8. Site Safety (24 CFR 51 Subparts C & D; 24 CFR 58.6(d)) — Table 8.1

HUD prohibits funding projects exposed to harmful hazards such as explosive facilities, contaminated sites, or airport hazards. The Grantee may have information regarding harmful hazards on site, consultation should be documented if it is used.

Includes three sub topics:

1.Airport Hazards

• Applies to all review levels; verify hazards per HUD guidance.

2.Explosive and Flammable Hazards

• Prepare Acceptable Separation Distance (ASD) documentation if required.

Contamination and Toxic Substances

• Include Phase I/II ASTM reports when required.

• Discuss potential introduction of hazardous materials (fuel, lubricants, chlorine).

3.Radon (Notice CPD 23 103)

• Use appropriate science based data (not EPA radon maps).

• Follow testing/mitigation requirements.

• Mitigation is mandatory if levels ≥ 4 pCi/L.

---

9. Coastal Resources — Table 9.1

Coastal zones contain fragile environments and are regulated to avoid erosion, habitat loss, and risky development patterns.

Coastal Zone Management Act (CZMA)

• CDBG-I projects in coastal counties trigger the requirement for a consistency determination from the NC Department of Coastal Management (DCM).

•Contact DCM directly, using the State Clearinghouse is not sufficient.

•This determination is required before the ERR can be approved.

Coastal Barrier Resources Act (CBRA)

• Determine if the project is in a CBRS.

• Federal funds cannot be used unless the activity is exempt and FWS approval is obtained.

---

10. Topography — Table 10.1

Topography affects erosion, stability, drainage, and construction feasibility.

• Identify minimum/maximum elevation, and key geological features.

• Describe landforms and slopes.

---

11. Soils — Table 11.1

Soil type determines erosion risk, drainage, foundation stability, and agricultural productivity.

• Provide NRCS Soil Survey map for the project area.

• Describe characteristics of dominant soil units and identify constraints/contamination.

---

12. Land Use — Table 12.1

Projects must be compatible with local land use plans to avoid conflicts with zoning, community growth patterns, and environmental goals.

• Describe current land use

• Document current zoning.

• Provide a land use map

• If the LGU does not have zoning or a land use plan – document this

---

13. Streams & Water Resources — Table 13.1

Surface and groundwater resources supply drinking water, support ecosystems, and influence drainage and flooding.

• Describe surface water classifications, use support ratings, unnamed streams, and aquifers.

• For linear utilities, complete Table 13.2 for each stream crossing.

---

14. Wildlife, Natural Vegetation, and Forest Resources — Table 14.1

Use observations from the required site visit.

• Identify habitats, dominant species, forest resources, and any rare habitats.

• Provide acreage disturbed.

---

15. Community Facilities — Table 15.1

• Identify community facilities within two miles or otherwise affected.

• Highlight school access and capacity considerations.

---

16. Noise — Table 16.1

• Determine whether Day/Night Noise Level (DNL) calculations are required.

• If required, complete calculations using HUD's Noise Guidebook.

• Provide local noise ordinance information if applicable

• Detail how the project will adhere to these requirements

---

17. Energy Consumption — Table 17.1

• Quantify increases or decreases in energy use when possible.

• Discuss operational energy efficiency or changes in demand.

---

18. Environmental Design — Table 18.1

• Address visual quality, coherence, diversity, and compatibility of project elements.

• Evaluate effects on surrounding character and views.

List of Acronyms

CAMA – Coastal Area Management Act CBRS – Coastal Barrier Resources Systems

CDBG – Community Development Block Grant

CDBG-I – Community Development Block Grant Infrastructure CE – Categorical Exclusion

CENST – Categorical Exclusion Not Subject to §58.5 CEST – Categorical Exclusion Subject to §58.5 CZMA – Coastal Zone Management Act

DAQ – Division of Air Quality

DCM – Division of Coastal Management

DOC – North Carolina Department of Commerce

DEQ – North Carolina Department of Environmental Quality DWR – Division of Water Resources

EA – Environmental Assessment

EID – Environmental Information Document EIS – Environmental Impact Statement

EJ – Environmental Justice

EPA – U.S. Environmental Protection Agency ERR – Environmental Review Record

FONSI – Finding of No Significant Impact

FONSI/EA – Finding of No Significant Impact/Environmental Assessment FWS – U.S. Fish and Wildlife Service

GIS – Geographic information system

HUD – U.S. Department of Housing and Urban Development

NRCS – Natural Resources Conservation Service NEPA – National Environmental Policy Act NWI – National Wetland Inventory

RE – Responsible Entity ROD – Record of Decision

ROD/EIS – Record of Decision/Environmental Impact Statement RROF – Request for Release of Funds

SCI – Secondary and Cumulative Impacts SEPA – State Environmental Policy Act SHPO – State Historic Preservation Office T

T&E – Threatened and endangered

UGLG – Unit of General Local Government

USGS – United States Geological Survey

Glossary

See regulations for most updated/modified definitions)

After-action monitoring – An environmental review process where the Responsible Entity is solely responsible for the preparation of both the engineering report/environmental information document and the final environmental information document. The agency provides oversight only.

Applicant – The unit of general local government or its representative that applies for CDBG-I funding.

Certifying Officer – The official who is authorized to execute the Request for Release of Funds and Certification and has the legal capacity to appear in Federal court as required [see §58.2(a)(2)].

Cumulative Impacts – The impact on the environment which results from the incremental impact of the action when added to other past, present, and reasonably foreseeable future actions regardless of what agency (Federal or non-Federal) or person undertakes such other actions.

Cumulative impacts can result from individually minor but collectively significant actions taking place over a period of time (40 CFR 1508.7).

Division – The Division of Water Infrastructure, which is part of the North Carolina Department of Environmental Quality.

Environmental Document – A document that characterizes the environmental and human impacts of constructing a project. These documents include and Exempt Certification, a Categorical Exclusion Not Subject to §58.5 (CENST), an Categorical Exclusion Subject to §58.5 (CEST), a Finding of No Significant Impact/Environmental Assessment (FONSI/EA), and a Record of Decision/Environmental Impact Statement (ROD/EIS).

Environmental Review Record (ERR) – The official file of all environmental information related to the project.

Final environmental document – A Categorical Exclusion, Finding of No Significant Impact, or Record of Decision that is prepared based upon information provided in the Engineering Report/Environmental Information Document.

Floodway – The channel of a stream, plus any adjacent floodplain areas, that must be kept free from encroachment so that the 1% annual chance flood can be carried without substantial increase in flood heights.

Letter of Intent to Fund – Correspondence sent by the Division to Recipients receiving funding that notifies them of the intent of the Division to award grant funding once the schedule is met.

Mitigative Measures – Actions taken to minimize or eliminate impacts to the environment and natural resources.

NEPA – National Environmental Policy Act

100-year Floodplain – The areas that are expected to be inundated by the 1% annual chance flood (100-year flood).

Preparer – An entity such as a Council of Government or a consultant that prepares the ER/EID for the Responsible Entity.

Project – An activity or group of integrally related (e.g., aggregated) activities designed to accomplish, in whole or in part, a specific objective [see §58.2(a)(4)].

Real-time monitoring – An environmental review process where the reviewing agency is actively involved in the preparation of the engineering report/environmental information document and prepares the final environmental document.

Recipient – Any entity when they are eligible recipients or grantees such as a unit of local government (UGLG) [see §58.2(a)(5)].

Recommendation – Actions the agency suggests as ways to mitigate environmental impacts.

Request for Release of Funds (RROF) – A document completed and signed by the Certifying Officer to request the release of CDBG funds for a project.

Requirement – Actions an agency states must be incorporated into the project to mitigate environmental impacts. These must be incorporated into the ER/EID as mitigation.

Responsible Entity (RE) – A UGLG, responsible for the preparation of the ER/EID [see

§58.2(a)(7)(i-ii)]. Note that sometimes, the RE may differ from the Recipient.

Scope of Impacts – The area that should be investigated to identify impacts to various resources that are included in the impact analysis.

Secondary Impacts – Indirect effects, which are caused by the action and are later in time or farther removed in distance, but are still reasonably foreseeable. Indirect impacts may include growth inducing effects and other effects related to induced changes in the pattern of land use, population density or growth rate, and related effects on air and water and other natural systems, including ecosystems (40 CFR 1508.8).

Service area – The area served by the collection system and/or wastewater treatment plant and/or the water distribution system and/or water treatment plant.

Sewershed – The area served by a collection system or portion of collection system.

Unit of General Local Government – Any city, county, town, township, parish, village, or other general purpose subdivision of a state [see §570.03].