



OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D.C. 20410-1000

March 7, 2023

Ms. Chloe Guazzone-Rugebregt  
Executive Director  
Anderson Valley Health Center  
P.O. Box 338  
Boonville, CA 95415  
Email: [cguazzone@avhc.org](mailto:cguazzone@avhc.org)

Dear Ms. Guazzone-Rugebregt:

This letter provides important updates concerning your FY2022 Community Project Funding (CPF) award. The recently enacted Consolidated Appropriations Act, 2023, (P.L. 117-328)<sup>1</sup> (the FY2023 Act) includes changes for Fiscal Year 2022 CPF grants initially authorized in the Consolidated Appropriations Act, 2022 (P.L. 117-103) (the FY2022 Act). Additionally, HUD has taken action and determined that all of its FY2022 CPF grants will not be subject to the Build America, Buy America (BABA) provisions.

To account for these changes and clarify the applicable requirements for your grant, HUD has revised its FY2022 CPF Grant Agreement and prepared a new "FY2022 Community Project Funding Grant Guide: Version 2.0" to replace the former grant guide.

This letter provides a brief overview of the changes and the process that FY2022 Community Project Funding grantees should take to fill out and sign the "Revised FY2022 CPF Grant Agreement". As a clarification, this letter applies only to your FY2022 CPF grant. If you have also been designated to receive a FY2023 CPF grant, HUD will provide a separate correspondence regarding that grant.

The FY2023 Act includes the following changes for FY2022 CPF grants:

- 1) Clarifies that eligible expenses include administrative, planning, operations, and maintenance costs;
- 2) Authorizes the grant funds to be used for reimbursement of otherwise eligible expenses incurred on or after the date of enactment of the FY 2022 Act, and prior to the date of grant execution, some exceptions may apply in accordance with 2 CFR 200.305.
- 3) Expenditures for planning and management development and administration are no longer capped at 20 percent of the grant amount.

<sup>1</sup> The FY2023 Act language related to Congressionally-directed Economic Development Initiative/Community Project Funding is on pages 696-697: <https://www.congress.gov/117/bills/hr2617/BILLS-117hr2617enr.pdf>.

In addition to this letter, we are providing an updated “Grant Award Package” that includes:

- 1) The updated “FY2022 Community Project Funding Grant Guide” (FY22 CPF Grant Guide: Version 2.0) which provides:
  - a. Information on the appropriations-specific and cross-cutting Federal requirements that govern these funds.
    - i. Award instructions that provide guidance for various grant administration-related actions. Please refer to this document as it includes important information and forms for accessing the Disaster Recovery Grant Reporting (DRGR) system which manages the reimbursement process and periodic reporting of project status and accomplishments. Links to the required forms are included in grant guide and on our website:  
[https://www.hud.gov/program\\_offices/comm\\_planning/edi-grants](https://www.hud.gov/program_offices/comm_planning/edi-grants).
- 2) The Revised FY2022 CPF Grant Agreement which:
  - a. Specifies the applicable statutory provisions, regulations, and administrative requirements for this award.
  - b. Should be read carefully, including its incorporated appendices, which contain additional mandatory award terms as well as information specific to your award, such as your organization’s indirect cost information.
  - c. Should be reviewed to ensure all grantee information and award-specific information is entered completely and accurately before signing.
  - d. Must be signed and dated by the Authorized Representative or the grantee’s legal signatory.
  - e. Should also be retained for your records, after submission, pending receipt of the fully executed copy from HUD.

**To assist you with understanding the materials that you have received, HUD will be hosting a series of regular webinars and “office hours” to review these changes and support grantees through the grant award process and beyond.**

### **Overview of Changes from the FY2023 Act**

To be eligible, expenses must comply with applicable Federal requirements. This includes administrative requirements under 2 CFR Part 200, environmental laws, statutes, and Executive Orders, and other “cross-cutting” federal requirements adhered to by HUD. In addition, environmental reviews are required for all HUD funded programs and project activities. This includes soft costs as well as hard costs.

In keeping with the National Environmental Policy Act (NEPA) and HUD’s NEPA-implementing regulations at 24 CFR Part 50 or 24 CFR Part 58, **environmental reviews must be completed, and a Request for Release of Funds and Certification must be approved by**

**HUD, as applicable, for all projects prior to taking any ‘choice limiting actions.’<sup>2</sup>**

Environmental reviews must be completed before a grantee can undertake actions that prevent the grantee from taking an alternative action to minimize or avoid environmental harm, or that would have an adverse environmental impact (“choice limiting actions”). This step is required to avoid violations under:

- 24 CFR 58.22 which provides limitations on activities pending clearance; and
- Section 110(k) of the National Historic Preservation Act which prohibits anticipatory demolition or significant harm of cultural and / or historic resources prior to completion of the historic preservation review process known as Section 106 review.

HUD defines the “Federal Nexus” for a program or project as the event that triggers the requirements for federal environmental review under a host of laws, regulations, and Executive Orders, including the prohibition on choice limiting actions.

Under the original process for the FY2022 EDI/CPF grants, given that grantees were not aware of the federal requirements at enactment of the FY 2022 Act and that recipients could not be reimbursed for eligible expenses that occurred before obligation (interpreted to mean the execution of the grant agreement), HUD determined that the Letter of Invitation (LOI) would serve as notification of the federalization of the award.

**HUD has determined the federalization date of FY2022 CPF grants as July 18-28, 2022. The exact date for federalization depends on the date of your LOI.** This is also referred to as the federal ‘nexus’ date for environmental review for CPF projects. To prevent choice limiting actions from occurring, following the LOI, you may not commit funds or take any actions (outside of existing contracts) until an environmental review is completed. Further explanation of choice limiting actions and the environmental review process, including historic preservation review, is included within the CPF Grant Guide.

Based on the FY2023 language changing the reimbursable expenses for HUD’s FY2022 CPF grantees, HUD evaluated how to increase eligible project costs while ensuring adherence to all “eligibility” requirements. Given that the specific reference to “otherwise eligible expenses” within the FY2023 Act’s language includes compliance with environmental requirements as paramount to project eligibility, the changes broaden costs reimbursement for the HUD CPF FY22 grantees:

1. For soft costs, HUD conducted a nationwide environmental review to clear activities such as administrative, planning, and operations and maintenance costs (including costs to prepare an environmental review). After your Grant Agreement is executed (and your approved budget is changed as necessary to account for these costs), you may use your grant funds to reimburse soft costs incurred on or after the date of enactment of the FY2022 Act (March 15, 2022).
2. For hard costs: After your Grant Agreement is executed (and your approved budget is changed, if necessary, to account for these costs), you may use your grant funds to reimburse hard costs that were incurred:

<sup>2</sup> Choice limiting actions constitute work such as entering construction contract agreements/commitments and earth-moving activities/clearing/grubbing as well as building renovation/upgrades that can have an adverse impact on cultural and / or historic resources or the environment, or prevent the avoidance, minimization, or mitigation of those impacts. Examples of ‘choice limiting actions’ include, but are not limited to, purchasing land, entering into contracts for property acquisition or construction, or physical work on the project.

- a. after the environmental review process was completed; and
- b. after the date of the LOI.

### **Process Changes**

#### **1) Grantee has sent grant materials to HUD but does not yet have an executed Grant Agreement:**

For grantees that have sent your grant materials to HUD but do not yet have an executed Grant Agreement, you have the option, but are not required, to revise your project narrative and budget to take advantage of the changes from the FY2023 Act.

See Section 2.2.1 of the Grant Guide for next steps.

#### **2) Grantee has signed your grant agreement but do not yet have an executed Grant Agreement:**

For grantees that have signed their Grant Agreement, but are waiting on the executed Grant Agreement from HUD, you will need to sign a revised Grant Agreement.

In addition, please note, you have the option, but are not required, to revise your project narrative and budget to take advantage of the changes from the FY2023 Act.

See Section 2.2.2 of the Grant Guide for next steps.

#### **3) Grantee has not yet sent grant materials to HUD:**

If you have not sent your grant materials to HUD, HUD will send the Grant Award Letter, Grant Agreement, FY2022 Grant Guide: Version 2.0, and standard forms to you.

See Section 2.2.3 of the Grant Guide for next steps.

#### **4) FY2022 Grantees with Technical Corrections**

The FY2023 Appropriations Act listed Technical Corrections to certain FY2022 EDI-CPF grants. Grantees with Technical Corrections have received a letter from HUD with guidance for next steps to incorporate the Technical Corrections.

See Section 2.2.4 of the Grant Guide for next steps.

All information required for your grant award should be submitted via email to the dedicated mailbox at [CPFGrants@hud.gov](mailto:CPFGrants@hud.gov). Include your grant number and grant name in **all** email correspondence. In transmitting your information, please copy and paste the bolded information as the subject line of your email: **<Grant Number>: <Grantee Name>**  
**Submission of Required Grant Materials.**

If you, or your staff, have any questions regarding how to complete your amended Grant Agreement or about your grant in general, please feel free to contact Njeri Santana-Carter , in the Congressional Grants Division at CPFGrants@hud.gov. Please note while your Grant Officer may change over time, we have a team approach to managing your project. Njeri Santana-Carter is the primary point of contact at HUD for this award and will be available to assist you. An updated list of Grant Officers is posted on the program website and available at this link:

<https://www.hud.gov/sites/dfiles/CPD/documents/Community-Project-Funding-Portfolio-Assignments.pdf>.

Sincerely,



Robin J. Keegan  
Deputy Assistant Secretary for  
Economic Development

ATTACHMENTS:

FY2022 Community Project Funding Grant Guide (Version 2.0)

Revised FY2022 CPF Grant Agreement

Form HUD-1044 - Assistance Award/Amendment Form