



July 11, 2025

Bryan Horn  
Deputy Assistant Secretary  
Office of Community Planning and Development  
U.S. Department of Housing and Urban Development  
451 7<sup>th</sup> Street SW  
Washington, DC 20410

Dear Deputy Assistant Secretary Horn,

The National Community Development Association (NCDA), the Council of State Community Development Agencies (COSCDA), and the National Association of Housing and Redevelopment Officials (NAHRO) write to request immediate guidance on issues affecting grantees' ability to implement the FY2025 CPD grant process. We are also seeking information on HUD's next steps for streamlining the environmental review process.

First, paragraph 6 of HUD Form 424B requires grantees to certify "they will not use Federal funding to promote diversity, equity, and inclusion (DEI) mandates, policies, programs, or activities..." As grantees are now developing their consolidated plans and annual action plans, they need immediate clarification from HUD on the meaning of DEI in this paragraph and other federal documents that may arise in the grant funding process, such as grant agreements. For example, CDBG grantees use funds for inclusion activities to provide accessibility improvements for people with disabilities. They also use CDBG funds to provide in-home meals to seniors. Would HUD flag these activities as efforts to promote DEI? Grantees are hesitant to sign HUD Form 424B without clear guidance on the definition of diversity, equity, and inclusion, so we urge swift guidance from you on this definition.

As cited in HUD's June 5 letter to NCDA and COSCDA<sup>1</sup>, grantees must use SAVE or an equivalent system to verify legal immigrant status. We are uncertain as to how the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (and

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<sup>1</sup> Unless excepted by PRWORA, the Grantee must use SAVE, or an equivalent verification system approved by the Federal government, to prevent any Federal public benefit from being provided to an ineligible alien who entered the United States illegally or is otherwise unlawfully present in the United States.

subsequently the SAVE system) applies to HUD CPD programs and request guidance from HUD on the applicability of PRWORA (and the SAVE system) to these program areas. For example, many CDBG grantees subgrant program funds to nonprofit organizations. PRWORA exempts nonprofits from the requirement to verify the immigration status of applicants. Further, many CDBG programs are infrastructure projects that benefit a community as a whole rather than providing direct benefits to individuals. The SAVE system is designed to verify the immigration status of individuals and therefore would be extremely challenging for CDBG grantees to implement with infrastructure projects.

Finally, on May 29, 2025, the U.S. Supreme Court issued a ruling *in Seven County Infrastructure Coalition vs. Eagle County* that provides deference to federal agencies on the scope of program environmental analysis under the National Environmental Policy Act (NEPA). The Supreme Court's decision appears to provide an opportunity for HUD to streamline the environmental review process for CPD grantees. On July 3, the Economic Development Administration (EDA) of the U.S. Department of Commerce published a final rule in the Federal Register (90 FR 29417) that amends 13 CFR Part 302 in response to this Supreme Court ruling. The list of subjects in 13 CFR Part 302 includes community development and grant programs related to housing and community development. What are the next steps for HUD to implement environmental streamlining for grantees? Our undersigned organizations request additional guidance on how grantees should respond to the Supreme Court's decision and other new federal regulations related to environmental review.

We appreciate our partnership with HUD and look forward to receiving quick guidance on our inquiries so that we can help our member grantees proceed with program implementation.

Please feel free to reach out to Vicki Watson ([vwatson@ncdaonline.org](mailto:vwatson@ncdaonline.org)), Executive Director, NCDA, Tess Hembree ([thembree@coscda.org](mailto:thembree@coscda.org)), Executive Director, COSCDA and Mark Thiele, ([mthiele@nahro.org](mailto:mthiele@nahro.org)), CEO, NAHRO.

Sincerely,

*Vicki Watson*

Vicki Watson  
Executive Director  
National Community Development Association

A handwritten signature in black ink, appearing to read 'Tess Hembree'.

Tess Hembree  
Executive Director  
Council of State Community Development Agencies

A handwritten signature in black ink, appearing to read 'Mark Thiele'.

Mark Thiele  
CEO  
National Association of Housing and Redevelopment Officials