**Special Attention of:**

**Transmittal** for Handbook No: 6509.2 REV-7 CHG-5

CPD Staff

CPD Program Participants/Grantees **Issued:** January, 2024

1. This Transmits: HUD Handbook 6509.2 REV-7 CHG-5, *Community Planning and Development Monitoring Handbook*.
2. Explanation of Significant Changes:
   1. **Introductory Chapters (Table of Contents, Chapter 1, and Chapter 2)**

Revisions include conforming changes to reflect other Significant Changes incorporated under this update and Notice CPD–2023-08 “Implementing Risk Analyses for Monitoring Community Planning and Development Grant Programs in FY 2024,” published September 12, 2023.

* 1. **Recovery Housing Program**   
     Provide updated direction for monitoring Recovery Housing Program (RHP) funds authorized by the Substance Use-Disorder Prevention That Promotes Opioid Recovery and Treatment For Patients And Communities Act (Public Law 115-271, title VIII, § 8071, October 24, 2018) (SUPPORT Act). A new chapter, Chapter 9, is being added and includes Exhibits that address unique requirements for RHP funding used to provide stable, temporary housing to individuals in recovery from a substance use disorder.
  2. **Section 3**   
     Provide guidance for monitoring a CPD program recipient’s compliance with the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992 (Section 3). A new chapter, Chapter 20, is being added and includes an Exhibit that addresses Section 3 requirements at 24 CFR part 75 for applicable housing rehabilitation, housing construction and other public construction projects receiving housing and community development financial assistance. Note: Section 3 requirements at 24 CFR part 75 apply to new grants, commitments, contracts, or projects funded on or after the November 30, 2020 effective date. Chapter 22, Exhibit 22-7: *Guide for Review of Section 3 of the Housing and Urban Development Act of 1968* is removed.
  3. **Veteran Housing Rehabilitation and Modification Pilot Program (VHRMP)**

A new chapter has been added for the purpose of providing monitoring guidance for reviewing VHRMP grantee’s compliance with VHRMP requirements.

* 1. **2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**  
     Changes reflect the most recent substantial revisions to 2 CFR part 200 published by the Office of Management and Budget (OMB) in October 2020 and February 2021.
  2. **State CDBG**  
     Minor revisions to Exhibit 4-3 to correct the formulas.

1. Description of Specific Changes:
2. Introductory Chapters
3. Table of Contents: Conforming changes have been made, where necessary, to reflect the modifications noted here.
4. Chapter 1 INTRODUCTION: Section 1-3 APPLICABILITY is being updated to include monitoring guidance for reviewing Recovery Housing Program funding provided under the SUPPORT Act and compliance with Section 3 requirements, at 24 CFR part 75, for housing rehabilitation, housing construction and other public construction projects receiving housing and community development financial assistance.
5. Chapter 2 MANAGEMENT OF MONITORING ACTIVITIES: Chapter 2 has been updated to make conforming changes to Notice CPD–2023-08 “Implementing Risk Analyses for Monitoring Community Planning and Development Grant Programs in FY 2024,” published September 12, 2023.
6. Chapter 9 RECOVERY HOUSING PROGRAM (RHP): A new chapter has been added, re-using the previously removed Chapter 9. The chapter contains the following exhibits for the purpose of providing monitoring guidance for reviewing an RHP grantee’s compliance with RHP requirements:
   1. *Chapter 9* *Instructions*. This is a new Chapter.
   2. Exhibit 9-1: *Guide for Review of Plan Execution, Activity Eligibility and National Objective*. This is a new Exhibit.
   3. Exhibit 9-2: *Guide for Review of Management of Subrecipients, Contractors, and Real Property*. This is a new Exhibit.
   4. Exhibit 9-3: *Guide for Review of Program Administration, Reporting, and Closeout*. This is a new Exhibit.
7. Chapter 20 SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968: A new chapter has been added, re-using the previously removed Chapter 20. The chapter contains the following exhibits for the purpose of providing guidance for monitoring a program recipient’s compliance with Section 3 requirements at 24 CFR part 75:
8. *Chapter 20* *Instructions*. This is a new Chapter
9. Exhibit 20-1: *Guide for Review of Section 3 of the Housing and Urban Development Act of 1968*. This is a new Exhibit.
10. Chapter 39 VETERANS HOUSING REHABILITATION AND MODIFICATION PILOT PROGRAM (VHRMP): A new chapter has been added. The chapter contains the following exhibits for the purpose of providing monitoring guidance for reviewing an VHRMP grantee’s compliance with VHRMP requirements:
11. *Chapter 39* *Instructions*. This is a new Chapter.
12. Exhibit 39-1: *Guide for Review of VHRMP Grant Program*. This is a new Exhibit.
13. Chapter 34, 2 CFR PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS*:* Each exhibit in Chapter 34 has been revised and updated to comply with the two most recent substantial revisions to 2 CFR part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The Office of Management and Budget (OMB) published major revisions to 2 CFR 200 in October 2020 and February 2021. Revised exhibits include:
14. Exhibit 34-1A: *Guide for Review of Financial Management and Audits*
15. Exhibit 34-2A: *Guide for Review of Cost Allowability*
16. Exhibit 34-3A: *Guide for Review of Procurement*
17. Exhibit 34-4: *Guide for Review of Equipment Management and Equipment Disposition*
18. Chapter 4 STATE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM, Exhibit 4-3: *Guide for Review of Overall Benefit*: Minor revisions were made to item (i) and item (j) to reference the correct lines in the formulas.
19. Transition Instructions: This Handbook change becomes effective upon enactment. **CPD Field Offices are, therefore, to use these new and revised Exhibits upon issuance of this change.** These new Exhibit names are not yet in the IT system for recording monitoring results, but will be shortly. CPD staff will complete the HUDClips Word versions of the Exhibits, and otherwise appropriately ensure sufficient documentation to support defensible results that will also enable accurate reports.

5. Filing Instructions: As noted in Table 1 below, remove obsolete pages and replace with the revised ones.

**Table 1 Filing Instructions**

|  |  |
| --- | --- |
| **Remove:** | **Insert:** |
| Transmittal: Revision 7 CHG-4 | **Transmittal:** Revision 7 CHG -5 |
| Table of Contents | Table of Contents |
| Chapter 1 | Chapter 1 |
| Chapter 2 | Chapter 2 |
|  |  |
| Exhibit 4-3 | Exhibit 4-3 |
|  |  |
| N/A (new) | Chapter 9 Instructions |
| N/A (new) | Exhibit 9-1 |
| N/A (new) | Exhibit 9-2 |
| N/A (new) | Exhibit 9-3 |
|  |  |
| N/A (new) | Chapter 20 Instructions |
| N/A (new) | Exhibit 20-1 |
|  |  |
| Chapter 22 Instructions | Chapter 22 Instructions |
| Exhibit 22-7 | N/A (remove) |
|  |  |
| Exhibit 34-1a | Exhibit 34-1a |
| Exhibit 34-2a | Exhibit 34-2a |
| Exhibit 34-3a | Exhibit 34-3a |
| Exhibit 34-4 | Exhibit 34-4 |
|  |  |
| N/A (new) | Chapter 39 Instructions |
| N/A (new) | Exhibit 39-1 |