**Special Attention of:**

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

CPD Staff

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

1. This Transmits: HUD Handbook 6509.2 REV-7 CHG-7, *Community Planning and Development Monitoring Handbook*.
2. Explanation of Significant Changes: The primary purpose of this change is to incorporate the Housing Trust Fund Program (HTF Program)into this Handbook. The HTF program was established under section 1131 of Title I of the Housing and Economic Recovery Act (HERA) of 2008 (Public Law 110-289). Section 1131 of HERA amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 *et seq.*) (Act) to add a new section 1337, entitled "Affordable Housing Allocation" and a new section 1338, entitled "Housing Trust Fund.” A new chapter, *Chapter 15 Housing Trust Fund Program (HTF Program)*, is being added and includes five (5) Exhibits that address the HTF program requirements included in the Interim Program Rule (FR-5246-I-03) published by HUD on January 30, 2015, except for homebuyer activities. This revision also incorporates HTF into the Lead-Based Paint Compliance Exhibits.
3. Description of Specific Changes:
	1. TABLE OF CONTENTS: Conforming changes were made, where necessary, to reflect the modifications noted here.
	2. Chapter 1 INTRODUCTION: Section 1-3 “Applicability” is being updated to include the Housing Trust Fund program. Also corrected broken hyperlinks.
	3. Chapter 2 MANAGEMENT OF MONITORING ACTIVITES*:*
		1. Section 2-3 of USE OF RISK ANALYSIS ans Section 2-14 DOCUMENTATION of the introductory text to Chapter 2 is being updated to reference updated Notice CPD-23-08: Implementing Risk Analyses for Monitoring CPD Grant Programs in FY 2024.
		2. Exhibit 2-2: *Program and Technical Area Sanction References for Noncompliance Remedies* is being updated to include the HTF program sanction authority at 24 CFR 93.452 and 24 CFR 93.453. The table was also updated to add programs inadvertantly left out with 6509.2 REV-7 CHG-5 of the handbook which includes: Veterans Housing Rehabilitation and Modification Pilot Program (VHRMP) and Recovery Housing Program (RHP). In addition, the table was updated to remove programs that HUD has archived which includes: The Appalachia Economic Development Initiative (AEDI), Border Capital Community Initiative (BCCI), and the Delta Community Capital Initiative (DCCI).
	4. Chapter 15 HOUSING TRUST FUND (HTF PROGRAM): This new Chapter includes introductory text that provides information on how to use the Exhibits, prepare for HTF monitoring, and select files for review. The new Chapter 15 includes the following five (5) HTF Program Exhibits.
		1. Exhibit 15-1, *HTF Pre-Monitoring Checklist*: This checklist identifies the documents the monitor should gather prior to monitoring.
		2. Exhibit 15-2, *Guide for the Review of Program Oversight, Financial Management and Cost Allowability*: This new exhibit includes program oversight and financial management questions, as well as program-specific cost allowability questions that are not covered by the CPD-wide Financial Exhibits 34-1a and 34-2a. The Exhibit contains precise instructions on how to use the Exhibit in conjunction with Chapter 34, which is used to monitor CPD programs for compliance with 2 CFR part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Requirements”).
		3. Exhibit 15-3, *Guide for the Review of Subgrantee Written Agreements and Oversight*: This new Exhibit examines compliancewith the Subgrantee written agreement requirements and the Grantee’s oversight of Subgrantees.
		4. Exhibit 15-4, *Guide for the Review of Rental Development or Rehabilitation Projects and/or Policies and Procedures:* This new Exhibit examines compliance with the requirements for construction or rehabilitation of HTF rental housing and associated program policies and procedures.
		5. Exhibit 15-5 *Guide for the Review of Rental Project Compliance and/or Policies and Procedures:* This new Exhibit examines HTF rental portfolios for compliance with the HTF requirements during the period of affordability. The Exhibit also examines compliance with related program policies and procedures.
	5. Chapter 19 CITIZEN PARTICIPATION: Section 19-1 “Applicability” is being updated to include the Housing Trust Fund program.
	6. Chapter 24 LEAD-BASED PAINT COMPLIANCE: Conforming changes are made throughout Chapter 24 to ensure compliance with the lead-based paint requirements in properties acquired or rehabilitated with HTF program funds. Specifically, Section 24-2, “Applicability of the Lead rules in 24 CFR part 35,” of the introductory text to Chapter 24 is amended to add the HTF regulatory citations for lead-based paint compliance. Conforming changes are also made to:
		1. Attachment 24-1, *Guide for Review of Lead-Based Paint Compliance in Properties Receiving Federal Rehabilitation Assistance*,
		2. Attachment 24-3, *Lead-Based Paint Provisions for Major CPD Programs,*
		3. Exhibit 24-1 - *Guide for Review of Lead-Based Paint Compliance in Properties Receiving Federal Rehabilitation Assistance,* and
		4. Exhibit 24-2, *Guide for Review of Lead-Based Paint Compliance in Properties Receiving Acquisition, Leasing, Support Services, or Operations Assistance*.

Transition Instructions: This Handbook change becomes effective upon enactment. **CPD staff are, therefore, to use these new 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 maintain sufficient documentation to support defensible results that will also enable accurate reports.

Filing Instructions: As noted in Table 1 below, replace obsolete chapters and exhibits with revised ones, and upload new chapter 15 and exhibits.

**Table 1 Filing Instructions**

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