



Special Attention of:

Transmittal for Handbook No: 6509.2 REV-6

CPD Staff

CPD Program Participants/Grantees

Issued: April 2010

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1. This Transmits: the sixth revision to HUD Handbook 6509.2, *Community Planning and Development Monitoring Handbook*.
 2. Explanation of Significant Changes: The primary purpose of this revision is to transmit guidance for monitoring new programs funded under the Housing and Economic Recovery Act of 2008 (HERA) and the American Recovery and Reinvestment Act (Recovery Act), specifically the Homelessness Prevention and Rapid Re-housing Program (HPRP), the Community Development Block Grant Recovery Program (CDBG-R), the Neighborhood Stabilization Program 1 (NSP-1), and the Neighborhood Stabilization Program 2 (NSP-2). This guidance is contained in Chapter 8. In addition, certain changes are being made to other Chapters, as described under #3 below.

Note that all questions in these Exhibits that require a “yes” or “no” response also now contain an “NA” option to retain the flexibility of the question to cover an activity or process at any point in time during implementation. Staff are to continue to comply with the instructions in Section 2-7.C.3 of this Handbook with respect to documenting the basis for conclusion for all responses.

3. Description of Specific Changes: By Chapter, the changes are described below.
 - a. Table of Contents: Conforming changes have been made where necessary to reflect the revisions noted here.
 - b. Chapter 1, Introduction: Conforming changes have been made to Section 1-3 to add the names of the economic recovery programs. In addition, URL references were updated.
 - c. Chapter 2, Management of Monitoring Activities: One revision has been made to Section 2-10 to change the number of days within which written correspondence must be sent to the program participant describing the monitoring results from 45 days to 60 days. This change is a result of the use of the GMP Monitoring Module which is CPD’s web-based system for electronic documentation of monitoring results, which has resulted in an improvement in the quality of supporting documentation. The additional time supports this effort. Exhibit 2-2 has been updated to reflect the incorporation of the economic recovery programs.

- d. Chapter 3, Community Development Block Grant (CDBG) Entitlement, Small Cities, Non Entitlement CDBG Grants in Hawaii, and Insular Area Programs: For Exhibit 3-1, questions 2 and 3 have been slightly reworded and questions 6.a and 7.a have been revised to correct errors. Question 5 was deleted entirely as it was redundant to 7.a.
- e. Chapter 4, State CDBG Program: The introductory text has been revised to reflect the inclusion of a new Exhibit 4-9, *Guide for Review of Colonias Set-Aside*. In 2007-2008, the Fort Worth Office of the Inspector General (OIG) performed an audit of the administration of the State Community Development Block Grant (CDBG) Colonias Set-Aside. The results of this audit have led to the development of this monitoring Exhibit. As mandated by Section 916 of the Cranston-Gonzalez National Affordable Housing Act of 1990, the states of Arizona, California, New Mexico, and Texas are to set aside up to 10 percent (10%) of their CDBG annual allocations to be used for eligible activities that meet the needs of the residents of the colonias. Guidance for conducting monitoring of colonias set-aside is incorporated into the introductory text in Chapter 4 and Exhibit 4-9.
- f. Chapter 7, HOME Investment Partnerships Program (HOME): Additional guidance for a requirement that Field Offices evaluate the written agreements related to HOME-funded activities that are being monitored has been included in the Chapter introductory text in Section 7-1, "Applicability." The Exhibits, which have been modified to reflect the requirement to evaluate written agreements and provide other clarifying information, are as follows:
- Optional Attachment 7-0-HA: Clarification and citations were added to question 11.
 - Exhibit 7-2: The HOME Vacant Units Report was added as a basis for determining compliance in question 10. The heading for Section F was revised. Questions 17, 41 and 42 are new. Succeeding questions are renumbered.
 - Exhibit 7-3: An incorrect reference was corrected in Question 24. Question 25 is new. Succeeding questions are renumbered.
 - Exhibit 7-5: Questions 8, 19, 20, and 36 are new. Succeeding questions are renumbered. A regulatory citation for Question 12 was corrected. Question 24 was revised.
 - Exhibit 7-7: Questions 41 and 42 are new. Succeeding questions are renumbered.
 - Exhibit 7-12: Questions 10 and 11 are new. Succeeding questions are renumbered.
 - Exhibit 7-14: Questions 4, 8, and 11 are new. Succeeding questions are renumbered.
 - Exhibit 7-15: Question 2 is new. Succeeding questions are renumbered.
 - Exhibit 7-16: The response options were changed in question 13 to add "N/A". Question 22 is new.
 - Exhibit 7-17: Question 2 is new. Succeeding questions are renumbered.
 - Exhibit 7-18: Question 2 is new. Succeeding questions are renumbered.
 - Exhibit 7-20: Question 15.b was added and Question 18 was revised.
- g. Chapter 8, Economic Recovery Programs: This Chapter, formerly reserved, now includes guidance for monitoring the four recovery programs that were created under two separate pieces of legislation. Under the Housing and Economic Recovery Act (HERA) of 2008, the Neighborhood Stabilization Program 1 (NSP-1) was created to provide emergency assistance for the redevelopment of abandoned and foreclosed homes and residential properties. Moreover, the American Recovery and Reinvestment Act (Recovery Act) of 2009, amended HERA and provided funding of three separate programs. First, the

Homelessness Prevention and Rapid Re-housing Program (HPRP) provides financial assistance and/or housing relocation and stabilization services to either prevent individuals and families from becoming homeless or help those who are experiencing homelessness to be quickly re-housed and stabilized. Second, the Community Development Block Grant Recovery Program (CDBG-R) provides financial assistance for infrastructure improvements that meet the overall goals of the Recovery Act, which are to stimulate the economy through measures that modernize the nation's infrastructure, improve energy efficiency, and expand educational opportunities and access to health care. Lastly, the Neighborhood Stabilization Program 2 (NSP-2) provides financial assistance through a competitive allocation to carry-out the same purposes of the NSP-1 program. As a result of the creation of these four recovery programs, HUD has created monitoring guidance for each. The introductory text contains some general, summary information and then is divided into specific sections for each of these four programs. A total of 18 new Exhibits are included: 9 for HPRP (Exhibits 8-1 through 8-9), 7 for NSP-1 (Exhibits 8-10 through 8-16), 1 for NSP-2 (Exhibit 8-17), and 1 for CDBG-R (Exhibit 8-18).

- h. Chapter 9, *Emergency Shelter Grants*: Changes were made in the second paragraph of Section 9-1 in the introductory text, clarifying language pertaining to matching funds and methods of carrying out eligible activities. All references to the *ESG Desk Guide* as a basis for making findings in Exhibits 9-4, 9-8 and 9-10 have been removed. Question 20 in Exhibit 9-8 has been reworded to support a finding of noncompliance for a “no” response.
- i. Chapter 11, *Section 8 Moderate Rehabilitation Single Room Occupancy Program (SRO) for Homeless Individuals*: The instructions to Exhibit 11-1 have been revised and a new question 3 has been added to more accurately reflect program requirements. New instructions have been added to the introductory narrative for Exhibit 11-2 making this a mandatory review for all SRO projects. New questions have been added to Exhibit 11-3 to incorporate the Section 3 and Affirmative Outreach requirements (Questions 7, 8 and 9).
- j. Chapter 12, *Shelter Plus Care Program (S+C)*: References to the *S+C Desk Guide* as a basis for making findings have been removed. Refinements have been made to Question 2 in Exhibit 12-1 to more accurately reflect program requirements. “NA” text boxes have been added to the questions in Exhibit 12-2. New instructions have been added to the introductory narrative for Exhibit 12-3 making this a mandatory review for all S+C projects. A regulatory citation has been added to question 2 in Exhibit 12-4. The instructions to Exhibit 12-5 have been clarified and the regulatory citation in question 1 was removed and the regulatory citations in questions 2 and 9 have been revised, along with a new question 11 for monitoring compliance with Section 3 reporting requirements and two new questions covering Affirmative Outreach (#'s 12 and 13). Refinements have been made to questions 1 and 2 in Exhibit 12-6 to more accurately reflect program requirements. Question 3 was incorporated into question 2, causing subsequent questions to be renumbered. In addition, a new question 9 has also been added to cover monitoring compliance with Section 3 reporting requirements, and questions 3 and 5 in this Exhibit have been reworded to support findings for “no” responses. A new question 5.b has been added and a regulatory citation has been added to question 6.

- k. Chapter 13, *Supportive Housing Program (SHP)*: The introductory text has been revised to reflect the inclusion of review questions relating to SHP projects funded in 2008 under the Rapid Re-Housing Demonstration Program. New questions to cover the Rapid Re-Housing Demonstration Program have been added to the following Exhibits: Exhibit 13-1 (questions 4-7); Exhibit 13-3 (questions 15-17); Exhibit 13-4 (questions 5-7); and Exhibit 13-6 (questions 9 and 10). “NA” text boxes have been added to the questions in Exhibit 13-2 and 13-5. The instructions to Exhibit 13-3 have been clarified and new questions have been added to incorporate the Section 3 requirements (question 12) and Affirmative Outreach (questions 13 and 14). The instructions for Exhibit 13-4 have been clarified and revised to indicate that this a mandatory review for all SHP projects.
 - l. Chapter 20, *Consolidated Plan*: Question 5.a in Exhibit 20-1 is revised to more accurately reflect the regulatory requirement.
 - m. Chapter 22, *Fair Housing and Equal Opportunity (FHEO)*: The introductory Chapter text at section 22-5 is being revised to more accurately reflect the regulatory criteria. The Office of Fair Housing and Equal Opportunity (FHEO) revised Exhibit 22-7, “Fair Housing and Equal Opportunity Guide for Review of Section 3 of the Housing and Urban Development Act of 1968,” to make it consistent with the statutory and regulatory requirements of Section 3. It is anticipated that these revisions will result in a more comprehensive assessment of each program participant’s compliance with the Section 3 requirements, identify outcomes produced, and inform the Department of areas of noncompliance. FHEO is making these revisions as a part of its ongoing efforts to increase Section 3 compliance by covered CPD program participants and otherwise strengthen the effectiveness of Section 3 by improving existing monitoring and enforcement practices.
4. Transition Instructions: This Handbook revision becomes effective upon enactment. CPD Field Offices are to continue to use the monitoring Exhibits in the GMP Monitoring Module to document results; these Exhibits will be updated as quickly as possible to reflect the changes noted herein. Because Exhibit 4-9 and the new Exhibits in Chapter 8 for the economic recovery programs are not yet incorporated into the GMP Monitoring Module, initially, Field Offices are to complete these Exhibits in Word and retain them in the official monitoring files (electronically and/or hard copy). When the GMP Monitoring Module has been updated to incorporate these new program Exhibits, Field Offices will then go into the system retroactively to document the results in the system (e.g., complete screens to select program participant, program, monitoring dates, input conclusions; upload completed Word files). This will enable accurate reports on expenditures and results. This does not alter or revise existing requirements of the GMP Legacy system.
5. Filing Instructions: As noted below, remove obsolete pages and replace with the revised ones.

<u>Remove:</u>	<u>Insert:</u>
Cover Page	Cover Page
Table of Contents	Table of Contents
Chapter 1	Chapter 1
Chapter 2	Chapter 2

Exhibit 2-2	Exhibit 2-2
Exhibit 3-1	Exhibit 3-1
Chapter 4 introductory text	Chapter 4 introductory text
	Exhibit 4-9
Chapter 7 introductory text	Chapter 7 introductory text
Optional Attachment 7-0	Optional Attachment 7-0
Exhibit 7-2	Exhibit 7-2
Exhibit 7-3	Exhibit 7-3
Exhibit 7-5	Exhibit 7-5
Exhibit 7-7	Exhibit 7-7
Exhibit 7-12	Exhibit 7-12
Exhibit 7-14	Exhibit 7-14
Exhibit 7-15	Exhibit 7-15
Exhibit 7-16	Exhibit 7-16
Exhibit 7-17	Exhibit 7-17
Exhibit 7-18	Exhibit 7-18
Exhibit 7-20	Exhibit 7-20
Chapter 8 (Reserved)	Chapter 8 introductory text
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	Exhibit 8-2
	Exhibit 8-3
	Exhibit 8-4
	Exhibit 8-5
	Exhibit 8-6
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	Exhibit 8-8
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	Exhibit 8-11
	Exhibit 8-12
	Exhibit 8-13
	Exhibit 8-14
	Exhibit 8-15
	Exhibit 8-16
	Exhibit 8-17
	Exhibit 8-18
Chapter 9 introductory text	Chapter 9 introductory text
Exhibit 9-4	Exhibit 9-4
Exhibit 9-8	Exhibit 9-8
Exhibit 9-10	Exhibit 9-10
Exhibit 11-1	Exhibit 11-1
Exhibit 11-2	Exhibit 11-2
Exhibit 11-3	Exhibit 11-3
Exhibit 12-1	Exhibit 12-1
Exhibit 12-2	Exhibit 12-2
Exhibit 12-3	Exhibit 12-3
Exhibit 12-4	Exhibit 12-4

Exhibit 12-5	Exhibit 12-5
Exhibit 12-6	Exhibit 12-6
Exhibit 13-1	Exhibit 13-1
Exhibit 13-2	Exhibit 13-2
Exhibit 13-3	Exhibit 13-3
Exhibit 13-4	Exhibit 13-4
Exhibit 13-5	Exhibit 13-5
Exhibit 13-6	Exhibit 13-6
Exhibit 20-1	Exhibit 20-1
Chapter 22 introductory text	Chapter 22 introductory text
Exhibit 22-7	Exhibit 22-7