

NAME OF LOCALITY \_\_\_\_\_

NAME OF DESIGNATED ADMINISTERING AGENCY \_\_\_\_\_

LUHA PROJECT NUMBER \_\_\_\_\_

SUGGESTED GUIDE FOR IN-DEPTH MONITORING  
OF LOCAL URBAN HOMESTEADING PROGRAMS

OBJECTIVES: The objective of monitoring is to determine local program compliance with HUD requirements, help Local Urban Homesteading Agencies (LUHAs) become aware of deficiencies and to improve their productivity, efficiency, effectiveness and overall management.

While the monitor is not required to use this guide, the monitor must nevertheless conduct a similar quality review of the selected activities and maintain comparable documentation that addresses all of the issues that are raised in this guide.\* This guide provides added information in certain areas so that monitors with limited program familiarity can do a thorough review. Items identified with a bracket are the same questions noted in the CPD Monitoring Handbook for a Limited Monitoring Review of Local Urban Homesteading Programs. The Field Office should use both guides, as appropriate, in reviewing the performance of the LUHA. Where deficiencies are found, the Field Office should be able to provide guidance and technical assistance.

Questions preceded by an asterisk (\*) are not statutory or regulatory requirements, but will assist the reviewer in identifying issues that if not properly addressed could result in deficient performance. Therefore, a negative conclusion to an asterisked question may result in a "concern" being raised rather than a "finding."

MONITORING PROCESS: Prior to the on-site monitoring of the grantee, the monitor should review the most recent UHPMIS Quarterly Property and Progress Reports to determine the level of program activity and the steps in program administration, if any, where the grantee has had difficulty moving to the next stage. The monitor also should

(This is not a required HUD form.\*)

review the LUHA's application, subsequent amendments, and previous monitoring reports, as well as the Field Office's records of any public complaints that may have

been received about the local program.

PART A, Limited and In-depth monitoring of the Urban Homesteading Program includes: program design and administration, funds management, property selection, homesteader selection, rehabilitation financing, time frames for property transfer and rehabilitation, rehabilitation standards, and neighborhood improvements, fee simple conveyance and compliance with other Federal Regulations.

PART B, Limited and In-depth Review of Individual Urban Homesteading Cases, involves an in-depth review of the homesteader file. A separate PART B is required for each case.

PART A: LIMITED AND IN-DEPTH MONITORING OF THE URBAN HOMESTEADING PROGRAM

	YES	NO
1. Passage of an Official Act to Conduct a Program	___	___
a. Does the LUHA have on file the adoption or passage of an official act, resolution, motion, or similar action authorizing the filing of the application (except for States)? Type _____ Date _____	___	___
b. Does this document refer to all understandings and assurances contained in the Certifications under 24 CFR Part 590.11(d). If not, the governing body should be requested to redraft the document for formal adoption. Certifications are required only at the initial application and they include assurances of performance and adherence to statutory requirements. The Certifications imposed under the amended regulation, 24 CFR Part 590, which was effective August 2, 1985, were modified following the effective date of July 17, 1989 of the revised regulation implementing the 1987 Housing and Community Development Act Amendments. LUHAs were required to submit new Certifications with their Annual Requests for Program Participation due August 1, 1989.	___	___

	YES	NO
2. Adequate Administrative Organization		
a. Does the LUHA have an adequate administrative organization capable of carrying out the	___	___

program functions noted below in a timely and cost-effective manner?

Are the four individual areas listed below covered?

- |                                                                                                                                                                                                                                                               |     |     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|
| 1) Policy making--defining goals, preparing program procedures, preparing the application.                                                                                                                                                                    | ___ | ___ |
| 2) legal oversight--signing the Urban Homesteading Agreement with HUD, accepting title to homestead properties from HUD, VA and/or FmHA, and making conditional and final conveyance of properties to homesteaders.                                           | ___ | ___ |
| 3) program operations--responsibility for actually administering the program, selection of properties and homesteaders, arranging rehabilitation financing, managing and monitoring rehabilitation, and monitoring compliance with the Homesteader Agreement. | ___ | ___ |
| 4) support services--provide auditing, accounting, etc. services, serve on boards for homesteader selection, inspect properties and offer technical assistance.                                                                                               | ___ | ___ |

These functions may be consolidated in one agency or qualified community organization or provides by separate entities coordinated by the operating agency or qualified community organization. A written agreement between the LUHA and a separate entity performing functions in the urban homesteading program is required by 24 CFR 590.7(c)(1). If funded by CDBG funds, such agreement must also meet CDBG requirements.

- |                                                                                                                                                                                                                                           | YES | NO  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|
| b. Are staff commitments and capabilities adequate to implement the workload and program design? (in each functional area the reviewer should look at the timing and volume of work compared to the number of staff and hours available.) | ___ | ___ |
| * c. Is there an effective accounting system in place to monitor use of Section 810 funds?                                                                                                                                                | ___ | ___ |
| d. Are administrative costs reasonable compared                                                                                                                                                                                           | ___ | ___ |

to the volume of production? (Accounting systems should be in place to accurately reflect costs and benefits for easy review by management.)

e. Is a tracking system in place to monitor each phase of the homesteading process? The LUHA should be utilizing the UHPMIS to track the status of all homesteading properties (only federal and local properties acquired with Section 810 funds) and sending these reports to Headquarters each quarter. \_\_\_\_\_ \_\_\_\_\_

\* f. Are there written procedures for resolving homesteader disputes and have they been implemented? \_\_\_\_\_ \_\_\_\_\_

3. Property Selection and Rehabilitation

Suitability for homesteading and rehabilitation should be directly related to the goals of the program in the target neighborhood.

o If the primary goal is to provide housing for lower, income families, rehabilitation costs must be kept at a certain level either by special financing arrangements or public subsidy, or by selection of properties requiring less rehabilitation. The availability of such financing will dictate the type of property selected, although the rehab cost should generally not exceed the ultimate market value of the home.

YES NO

o Selection of too many high value properties (at or above the \$25,000 limitation) usually means rapid depletion of Section 810 resources and selection of too many low value properties usually means high rehab costs, both of which limit production and program impact and should be avoided.

a. Does the LUHA have established procedures for selecting and accepting properties? (Are properties located within an area covered by a coordinated plan for neighborhood improvement? \_\_\_\_\_ \_\_\_\_\_

- b. Is the LUHA inspecting properties prior to taking title from HUD, VA or FmHA? \_\_\_ \_\_\_
- c. Is the LUHA selecting properties within the 21-day period of notification that a property is available from HUD, and the 30-day period of notification from VA, or FmHA? If not, explain: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- d. Is the LUHA closing on HUD properties within 30 days of selection and VA/FmHA within 30 days of the reservation of funds? Are extensions of time being requested? \_\_\_ \_\_\_
- Reason: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- e. Is the LUHA securing and managing properties after acquisition to prevent further deterioration and vandalism to properties and to prevent injury to persons or property prior to transferring them to homesteaders? \_\_\_ \_\_\_
- What is being done? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

- |                                                                                                                                                                                                                                                                                                                                                                                                           | YES | NO |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| * f. Is the LUHA holding properties in inventory for longer than 1 year prior to conditionally conveying them to homesteaders, unless otherwise approved by HUD prior to conditional conveyance? (Generally a property should be transferred to a homesteader within 6 to 8 months of acquisition from the Federal Agency.) <span style="float: right;">___</span> <span style="float: right;">___</span> |     |    |
| * g. Does the LUHA currently have a significant number of properties in inventory? <span style="float: right;">___</span> <span style="float: right;">___</span>                                                                                                                                                                                                                                          |     |    |
| How many? _____ Reason: _____<br>_____                                                                                                                                                                                                                                                                                                                                                                    |     |    |
| h. Are rehabilitation costs on homestead properties affordable to homesteaders? <span style="float: right;">___</span> <span style="float: right;">___</span><br>Average cost of rehabilitation: \$ _____.                                                                                                                                                                                                |     |    |
| i. Is rehabilitation to meet health and safety standards completed within one year of <span style="float: right;">___</span> <span style="float: right;">___</span>                                                                                                                                                                                                                                       |     |    |

conditional conveyance to the homesteader?

j. Is rehabilitation to meet local code standards completed within three years of conditional conveyance to the homesteader? \_\_\_\_\_

k. Are property acquisition values within the current Section 810 regulatory limit of \$25,000, unless an exception has been granted for the property by the HUD Field Office? \_\_\_\_\_

l. Has an exception been requested and granted to exceed the \$25,000 value for the use of Section 810 funds? \_\_\_\_\_

To what value? \$ \_\_\_\_\_

\*m. Are exceptions being granted to acquire one-unit properties that exceed \$35,000 of Section 810 funds for other than very large families? If yes, explain \_\_\_\_\_

YES NO

4. Rehabilitation Financing

a. Does the LUHA offer assistance to the homesteader in securing rehabilitation financing? \_\_\_\_\_

Specify source(s): \_\_\_\_\_

5. Homesteader Selection

The general guidelines for homesteader selection procedures are that they are fair and nondiscriminatory and that they give special attention to the applicant's need for housing and the capacity of the applicant to make the required repairs. Further, the statute requires LUHAs to assure that homesteaders own no other residential property, and that LUHAs give special priority to applicants who are lower-income families as defined in section 3(b)(2) of the United States Housing Act of 1981.

a. Does the LUHA have a plan for publicizing its program which reaches the intended target group? \_\_\_\_\_

of beneficiaries? Are affirmative marketing techniques used as appropriate?

\*b. Is the LUHA awarding a substantial majority of properties to priority applicants? \_\_\_\_\_

Indicate percentage, if possible. \_\_\_\_\_

c. Is the LUHA assuring that there is no qualified priority applicant for a property before awarding it to a non-priority applicant? \_\_\_\_\_

d. Are the eligibility criteria and the screening process for homesteader selection designed to eliminate the opportunity for fraud, favoritism, political pressure, and discrimination on the basis of race, creed, color, sex, age, handicap or national origin? \_\_\_\_\_

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YES NO

\*e. If a lottery is not used for the selection of homesteaders and a selection committee is used, is it composed of a majority of persons from outside the target neighborhood and of members without political responsibilities? \_\_\_\_\_

f. Does the LUHA charge a nominal application fee, such as the cost of a credit report? \_\_\_\_\_  
Amount \_\_\_\_\_

g. Is the property size generally appropriate for the size of the homesteader's family? \_\_\_\_\_

h. Does the LUHA permit sweat equity where it is clear that the homesteader is capable of performing some tasks? \_\_\_\_\_

i. Based on income levels and racial/ethnic characteristics, are homesteaders being steered to a neighborhood as opposed to being given a choice of neighborhoods. \_\_\_\_\_

\*j. Is there a publicized plan for dealing with and resolving complaints about the homesteader selection process? \_\_\_\_\_

6. Conditional Conveyance without Substantial Consideration

Form of conditional conveyance instrument used  
by the LUHA: \_\_\_\_\_

a. Does the LUHA charge a nominal fee for properties at the time of conditional conveyance? \_\_\_\_\_

Amount \_\_\_\_\_.

b. Are other costs, e.g., recording fees, transfer taxes, property taxes, insurance, etc., at the time of conditional conveyance paid by the homesteader? \_\_\_\_\_

What are the costs? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

YES NO

(Are they costs that are uniformly applicable to other purchasers of property in the jurisdiction?) \_\_\_\_\_

If not, explain. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

7. Homesteader Agreement

a. Does the LUHA record agreements if they are not incorporated by reference into the conditional conveyance document? \_\_\_\_\_

b. Does the LUHA monitor compliance with the Homesteader Agreement to ensure that the homesteader is able to meet the milestones of rehabilitation and initial occupancy? \_\_\_\_\_

c. Does the LUHA continue to monitor the residency requirement of the Homesteader Agreement after rehabilitation is complete through the end of the 5-year period? (This must be done at least once a year.) \_\_\_\_\_

d. If problems arise, does the LUHA provide technical assistance, counseling, and/or financial guidance to prevent any material breach of the Agreement? \_\_\_\_\_

8. Conveyance of Property in Fee Simple to Homesteaders

- a. Is the LUHA transferring properties to homesteaders in fee simple immediately upon full compliance with all conditions of the Homesteader Agreement, including the occupancy requirement? \_\_\_\_\_

If no, give reason. \_\_\_\_\_  
\_\_\_\_\_

9. Plan for a Coordinated Approach Toward Neighborhood Improvement (neighborhood Selection)

- a. Is the plan a written document, approved by the local governing body with citizens given the opportunity to comment on it? \_\_\_\_\_  
(This plan may be in various forms, but should be located in one file.)

- |                                                                                                                                                                                                                                                                                                                                                                                                                                  | YES   | NO    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|
| b. Does the plan provide for                                                                                                                                                                                                                                                                                                                                                                                                     |       |       |
| *1. An analysis of neighborhood conditions; (This should include information on the availability, location, condition, and general value of properties; trends in abandonment, default and foreclosure; general socioeconomic characteristics of residents; physical condition of infrastructure and facilities; predominant physical condition and tenure of housing stock; and degree of community interest and participation. | _____ | _____ |
| 2. Goals for each Urban homesteading neighborhood; (*Is the program achieving its intended results? Goals should be in conformance with the locality's overall community development goals.)                                                                                                                                                                                                                                     | _____ | _____ |
| 3. Coordinated activities in homestead areas; (The amount and kind of activity depends upon the size of the locality's annual budget.)                                                                                                                                                                                                                                                                                           | _____ | _____ |
| a. Has the LUHA selected a neighborhood(s) that is suitable for homesteading (i.e., does the neighborhood reflect a                                                                                                                                                                                                                                                                                                              | _____ | _____ |

significant number of abandoned federal properties) and where there is the upgrading of community services and facilities in combination with other public or private revitalization efforts affecting the neighborhood?

- \*b. Has the locality implemented, through either CDBG or other revenue sources, a program of physical and infrastructure improvements in connection with housing and revitalization activities, such as street improvements, parks, public facilities, water/sewer, where applicable? \_\_\_\_ \_\_\_\_
- \*c. Does the area appear to be receiving an appropriate emphasis in the provision of standard governmental services, such as police, fire, etc.? \_\_\_\_ \_\_\_\_

- |                                                                                                                                                                                                                                                               | YES  | NO   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|
| *d. Is the area receiving the benefit of environmental services such as trash pick-up, code enforcement, etc.                                                                                                                                                 | ____ | ____ |
| *4. Implementation steps and schedules; (This should define the responsible persons and timetables.)                                                                                                                                                          | ____ | ____ |
| *5. Resources (Public and Private); (This should be tied to 3. above and the available sources of funding.)                                                                                                                                                   | ____ | ____ |
| *6. Evaluation system and schedule; (This should monitor progress on implementation, and analyze goal achievement on a fixed schedule.)                                                                                                                       | ____ | ____ |
| *7. Revision mechanism; (Feedback from the evaluation should be used to plan and design program changes and improvements or indicate a need for closeout. Also a mechanism for citizen input and complaint resolution to revise the plan should be in place.) | ____ | ____ |

10. Citizen Participation

Are citizens provided an adequate opportunity to express preferences about the proposed location of the urban homesteading neighborhood(s) and to \_\_\_\_ \_\_\_\_

comment on the plan for a coordinated approach to neighborhood improvement? (Does the LUHA publicize the initiation of any changes in the program in local media, and provide a place and time convenient for working individuals to state their views in person or in writing?)

11. Lead-based Paint Procedures

- a. Does the LUHA notify potential homesteaders of the hazards of lead-based paint poisoning in residential units constructed prior to 1978, and inform them about the results of inspections and what rehabilitation is required to correct "immediate hazards" on "applicable surfaces"? \_\_\_ \_\_\_

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- |                                                                                                                                                                                                                                                                             | YES | NO  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|
| b. Does the LUHA prohibit the use of lead-based paint in the rehabilitation of properties?                                                                                                                                                                                  | ___ | ___ |
| c. Does the LUHA inspect all pre-1978 properties for the hazard of lead-based paint poisoning and either through its own resources or through the rehabilitation undertaken by the homesteader assure that the "immediate hazards" on "applicable surfaces" are eliminated? | ___ | ___ |

12. Flood Insurance Purchase Requirements

- a. Do all homesteading properties subject to the Flood Disaster Protection Act have the requisite flood insurance coverage? \_\_\_ \_\_\_
- b. Does the LUHA have on file "Proof of purchase" forms issued by the National Flood Insurance Program for homesteaders whose homes are located within a special flood hazard area? \_\_\_ \_\_\_

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Date of Review

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Reviewer

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Title of Reviewer

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PART B: IN-DEPTH REVIEW OF INDIVIDUAL URBAN HOMESTEADER CASE  
APPLICATION FILE REVIEW

Name of LUHA \_\_\_\_\_

Address of Property \_\_\_\_\_

- |                                                                                                      | YES | NO  |
|------------------------------------------------------------------------------------------------------|-----|-----|
| * 13. Is the urban homesteader's application complete?                                               | ___ | ___ |
| a. Is the property within the approved Urban Homestead area?                                         |     |     |
| *b. Is the name of the applicant and address of the property shown?                                  |     |     |
| c. Is there appropriate verification of toe applicant's income and eligibility?                      |     |     |
| d. What is the homesteader's income? \$ _____                                                        |     |     |
| Does the homesteader meet the priority selection criteria (below 80% of median income for the area)? | ___ | ___ |
| e. How many family members occupy the property? _____                                                |     |     |
| f. The property contains _____ bedrooms.                                                             |     |     |
| *14. What are the source(s) and amount of funds used for financing the rehabilitation?               |     |     |
| _____                                                                                                |     |     |
| a. Did the homesteader contribute any sweat equity?                                                  | ___ | ___ |
| b. What type(s) of work was performed by the homesteader?                                            |     |     |
| _____                                                                                                |     |     |
| _____                                                                                                |     |     |
| _____                                                                                                |     |     |
| 15. Is there a construction contract or equivalent document in the file?                             | ___ | ___ |

- |                                           | YES | NO  |
|-------------------------------------------|-----|-----|
| a. Does the construction contract specify | ___ | ___ |

all of the work to be performed, either directly or by reference to another document in the file (such as a work write-up or list of improvements) which specifies all the work to be performed?

- b. Are the work specifications consistent with applicable local standards for decent, safe and sanitary housing? \_\_\_\_\_
- c. Does the construction contract state the cost of work to be performed? \_\_\_\_\_
- 16. If the amount charged to the Section 810 account was more than \$25,000 for a one-unit property, is there an individual property authorization from the Field Office Manager for transfer of the property? (A program-wide authorization to exceed the \$25,000 value may have been granted instead of a property-specific authorization on properties acquired prior to FY 1989.) \_\_\_\_\_
- 17. Does the homesteader's file include all appropriate legal documents., i.e., conditional conveyance or the equivalent, homesteader agreement (if separate) and fee simple deed (where applicable)? \_\_\_\_\_
- 18. Processing dates and time:
  - a. What is the date of HUD, VA, or FmHA conveyance of the property to the LUHA? \_\_\_\_\_, 19\_\_
  - b. What is the date of conditional conveyance of the property from the LUHA to the homesteader? \_\_\_\_\_, 19\_\_
  - c. What is the date on which rehabilitation construction started? \_\_\_\_\_, 19\_\_
  - d. What is the date that the property was determined to meet health and safety standards? \_\_\_\_\_, 19\_\_

YES NO

How many months between b. and d.? \_\_\_\_\_ months  
(This must not exceed 1 year.)

- e. What is the date that the property was determined to meet local standards for decent, safe, and sanitary housing--the date of final inspection? \_\_\_\_\_, 19\_\_
- How many months between b. and e.? \_\_\_\_\_ months  
(This must not exceed three years.)
- How many months between c. and e.? \_\_\_\_\_ months
- f. What is the date of actual physical occupancy by the homesteader? (This may differ from the occupancy permit.) \_\_\_\_\_, 19\_\_

Urban Homesteading Property Inspection

Answers to questions 21-27 must be based on an on-site property and neighborhood inspection only, including an interview with the homesteader.

19. Does the on-site property inspection confirm that the rehabilitation work was done according to the rehabilitation contract or equivalent document, including any change orders? \_\_\_\_\_
20. Is the homesteader satisfied with the work performed? (Homesteader should be offered the opportunity to be interviewed with only HUD personnel present.) \_\_\_\_\_
21. Was the homesteader offered an opportunity to select the neighborhood in which he/she lives, consistent with property availability in approved neighborhoods'? \_\_\_\_\_
- If not, explain: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- |                                                                                                                                                                                               | YES   | NO    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|
| 22. Did the homesteader receive counseling/training from the LUHA that covered his/her responsibilities as a homesteader, financial management of a home, and general maintenance techniques? | _____ | _____ |
| If yes, indicate type of counseling/training.                                                                                                                                                 |       |       |
| _____                                                                                                                                                                                         |       |       |

23. based on a tour of the neighborhood, is there evidence that public improvements, to which the LUHA certified in the Urban Homesteading application, being accomplished? \_\_\_\_\_
24. Is the homesteader the occupant in residence? \_\_\_\_\_

SUMMARY AND EXPLANATION OF COMMENTS:

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REMEDIAL ACTIONS TO BE TAKEN:

(If additional space is necessary, continue on separate sheets and attach to this form.)

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Date of Review

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Reviewer

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Title of Reviewer

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