

# Neighborhood & Rural Preservation Programs Manual



OFFICE OF COMMUNITY RENEWAL

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## **I. INTRODUCTION**

The Neighborhood and Rural Preservation Programs (N/RPP) are administered by the Office of Community Renewal (OCR) under the direction of the Housing Trust Fund Corporation (HTFC). HTFC contracts with NYS Homes and Community Renewal (HCR) to administer the Corporation's activities and manage its affairs. Articles XVI and XVII of the Private Housing Finance Law (PHFL) define the objectives and requirements of the N/RPP.

The N/RPP provides administrative funding to not-for-profit community development organizations throughout New York State. The N/RPP is a unique grant program in that funding is solely intended to sustain the administrative functions of a community development organization to ease the burden of keeping the office doors open. The administrative support provided by the N/RPP funding is intended to increase the not-for-profit's capacity to serve the community.

For example, N/RPP administrative funding can be used to pay staff salaries or office space rent which, in turn, may bolster an organization's ability to execute community preservation and/or client assistance activities.

Participants in the N/RPP provide local, front line support for housing needs in communities and neighborhoods throughout New York State. Program participants use HCR's administrative support to leverage additional funds from the private sector and other public sources. These leveraged resources extend the available service offerings and increase support available to revitalize distressed communities, increase economic opportunity, and improve access to safe and affordable housing in New York State.

OCR has developed the following Program Manual to outline N/RPP program rules and guidelines, assist program participants with the administration of the grant, and ensure that participants comply with program requirements. OCR staff members are committed to working with program participants to prevent or correct issues related to the administration of a Preservation Program.

## **II. ABOUT THE PRESERVATION PROGRAMS**

The Neighborhood Preservation Program (NPP) was established in 1977 and the Rural Preservation Program (RPP) followed in 1980. The Programs are very similar but have minor differences related to the areas served; the NPP is focused on a specific neighborhood or area of a municipality whereas the RPP allows for a broader service area that can span multiple counties. HCR contracts with organizations whose defined service areas and activities meet the statutory requirements of the program.

Services provided by program participants vary by organization and include but are not limited to:

- Housing preservation and rehabilitation
- Mobile and manufactured home replacement
- Accessibility modifications
- Housing counseling (tenant; homebuyer; foreclosure prevention)
- Landlord and tenant mediation
- Property management
- Septic and well upgrades
- Employment and job training programs

- Subsidy Assistance (SNAP; SCRIE; DRIE; HEAP, etc.)
- Weatherization assistance
- Legal assistance
- Main Street and downtown revitalization

### **III. PROGRAM ELIGIBILITY**

#### **A. Eligible Applicants**

An applicant must be incorporated under the Not-For-Profit Corporation Law and have provided relevant community preservation activities to the community for at least one year prior to application.

The applicant must be able to demonstrate, by its past work and current activities, that it can preserve, maintain, repair, renovate, rehabilitate, manage or operate housing accommodations, or engage in other preservation activities. The applicant must also show that the preservation activities proposed are needed in the neighborhood or region using verifiable data and other designations.

The applicant must possess or will acquire, or gain access to, the necessary staff and office facilities within the NPP service area or within the boundaries of the municipality, or with direct access to the RPP service area.

#### **B. Eligible Areas**

Articles XVI and XVII of the Private Housing Finance Law define an eligible area as:

- A neighborhood or rural area for which there is documentation such as Census data or federal or state designations indicating that the area has sustained physical deterioration, decay, neglect, or disinvestment.
- The area contains a significant number of deteriorating or substandard buildings not being adequately repaired, renovated, upgraded, modernized, or rehabilitated under existing programs.
- A substantial portion of the residential population that the applicant proposes to assist through its activities must be persons of low-income whose median household income (MHI) does not exceed 90 percent for all residents of the municipality (for NPCs) or region (for RPCs) within which they reside.

#### **C. Determining Service Area Eligibility**

Applicants must provide documentation demonstrating service area eligibility prior to initial funding. The proposed service area must be an eligible area per Article XVI and Article XVII of PHFL and the service area boundaries must meet the following criteria:

- Neighborhood Preservation Program  
The area proposed to be served must be recognized or established as a neighborhood or area within a municipality or be generally known by an accepted designated name. Any such area or neighborhood must be wholly located within a single municipality.
- Rural Preservation Program  
The region proposed to be served must be defined by precise boundaries and be considered a rural area of the state. Rural area of the state shall mean cities,

towns, and villages (including an entire county / counties) within the state having a population of less than 25,000.

#### **D. Board of Directors Requirements**

The Board of Directors for the not-for-profit organization must be representative of the community and,

- thirty-three percent (33%) of the board must reside in the defined service area for the NPP; the board must consist of at least seven members.
- fifty-one percent (51%) of the board must reside in the preservation company's service area for the RPP; the board must consist of at least five members.

Elected officials serving at or above the state level, commissioners, chairpersons, and their deputies and assistants (including members or directors of public authorities, public benefit corporations, boards, commissions, and councils); staff of HCR, chief executive officials and members of legislative bodies of counties having a population of 275,000 or more, within which the program is located, or cities, towns, and villages having a population of 20,000 or more, within the county in which the program is located, may not serve on the board unless that participation is mandated by federal or state statute. No member of a political party's executive committee, at any level, shall serve on the board.

If at any time the organization's Board of Directors is not in compliance with the program requirements the organization must submit a request for a temporary waiver of the NPP / RPP board requirements. Temporary board waivers are granted on a program year basis (July 1<sup>st</sup> through June 30<sup>th</sup>) and are not granted for more than two consecutive years.

#### **E. Eligible Activities**

An applicant must be conducting the following types of activities within a geographically defined service area:

- Aiding cooperative groups whose members shall be occupants thereof;
- Assisting homeowners, occupants, and tenants of housing to obtain improvements in the physical conditions thereof and in the maintenance and management thereof; and
- Managing housing accommodations as agents for the owners thereof or administrators or receivers appointed or designated pursuant to any law of the state; and
- Providing community revitalization, planning, and economic development within such neighborhoods / regions when carried out in support of local housing-related activities.

#### **F. Housing Management**

Management costs include administrative expenses associated with the collection of rent, tenant screening and recertification of tenant income eligibility, and scheduling of maintenance and marketing. In general, the revenue of the housing project should cover the administrative and operating costs of managing housing. If services are above and beyond the management agreement, the company may charge those fees to its N/RPP contract, however, no more than 10% of Preservation Program funds may be used to fund salaries / administrative costs related to property management.

Housing management excludes:

- maintenance and operations (caretaker, superintendent, maintenance supplies, painting / decorating, ground expenses, landscaping, parking areas, snow removal, pest control, furniture, utilities, elevator, garbage and trash removal, security, advertising, taxes, insurance, project specific accounting / audit / legal, etc.); and
- ancillary or supportive service costs borne by the organization's personnel to provide additional housing-related services to tenants that are not normally provided under a management contract. These expenses should be reported under the tenant assistance category. They are, like other activities in that category, eligible, essential services undertaken on behalf of low-income tenants of a property in which conditions or need require intervention or assistance. Such ancillary or supportive services remain eligible even when the management of a building is self-supporting.

During the initial rent-up, the organization should have a goal to have an allocation of funds (working capital) that ensures that sufficient dollars are available to manage the units without outside support. However, if the revenue from the project or other outside sources does not cover the cost of management, the organization may include these projects in their work plan to protect the affordability of the rents. The applicant must be prepared to demonstrate to HCR that the following support the inclusion of housing management activities:

- the need of the neighborhood/region.
- expenses for management activities defined as eligible under this.
- expenses that exceed income for the project(s).
- the majority of the rental units managed are for the benefit of persons below 90 percent of median income for the municipality/area; and
- a written management agreement including fees payable to the organization for management services for buildings either not owned and/or managed by the applicant.

**G. Community Revitalization**

Work conducted on retail (commercial) and service establishments, and infrastructure and light manufacturing may be eligible activities. These activities may also include efforts that will directly serve as a stimulus for housing reinvestment in a service area, such as crime prevention programs, graffiti elimination, neighborhood clean-up projects, streetscapes, and assistance to other organizations involved in the revitalization of an area.

**H. Match Funds**

Participants in the N/RPP must provide matching funds equal to at least one-third of the total grant award. Matching funds are any additional funds expended to support the objectives of the organization's housing and community renewal programs.

**I. Sources of Eligible Match**

- Federal, state, or local community development funding may be eligible

sources of matching funds.

- Private donations or fundraising dollars and in-kind services may be eligible sources of matching funds.
- NRPP funding cannot be used as match for another NRPP-funded organization

#### **J. Eligible Expenses**

NRPP funds are to be used for salaries and administrative expenses for the organization and for those individuals who are working on eligible preservation activities (listed above in Section E). For example, Preservation Program funds can be used to pay the salary for a Housing Specialist whose work tasks may include tenant assistance, running a first-time home-buyer program, or writing grants to further support housing / community development activities to be carried out by the organization.

Another example: if the organization runs a food pantry, funds can be used, in part, to fund the employee(s) who operate the food pantry. Preservation Program funds cannot be used to purchase food or supplies for the food pantry.

Preservation Program funds can also be used to purchase equipment and/or supplies to keep the organization's office open and functional. For example, computers; telephone expenses; utilities; rent / mortgage; photocopier equipment / lease.

### **IV. APPLICATION**

The application and service area certification are required every program year.

It is imperative that applicants submit a complete application package. Incomplete and inaccurate documents will delay review and approval of the application and delay subsequent execution of the grant agreement. Failure to submit accurate and completed documents may result in a denial of funds for the program year. Furthermore, all application issues must be corrected, and the grant agreement executed by December 31<sup>st</sup> of the program year.

#### **A. Parts of the of Application**

The application includes questions in seven sections, A – G:

- **Section A – Service Area Certification Needs Statement and Questions**  
The application requires completion of the service area certification needs statement and subsequent questions surrounding neighborhood / region housing statistics. The certification includes items that are required by Articles XVI and XVII and the program rules and regulations.
- **Section B – Governance and Board Requirements**
- **Section C – Fiscal and Organizational Certifications**
- **Section D – Other HCR Contracts and Property Management**
- **Section E – Work Plan**  
Proposed work plan activities should detail the work the applicant intends to do in their service area. There are three sections of the work plan:



1. **Property Rehabilitation and Construction**
2. **Client Assistance**
3. **Community Renewal**

- **Section F - Budget**

The applicant is required to submit a program year budget identifying how Preservation Program funds will be utilized to support administrative functions (i.e. salaries; rent; office supplies; postage; etc.). Budgets must include other funds that support administrative salaries / functions to show the required one-third match. The budget must also identify the applicant's total budget, the total number of staff members working on Preservation Program activities, the total number of employees, the total annual salary for each person whose salary is funded all or in part by the NRPP, and the total salaries for the non-NRPP funded employees.

The total annual salary must reflect all funding sources that comprise the preservation program staff person's salary.

The budget must also reflect the total annual budget for the organization.

If any staff person receiving preservation program funding earns a salary greater than \$199,900, the organization must also complete an Executive Order 38 (EO 38) determination and return the documentation with the application.

- **Section G – Application Certification**

Applicants must sign the application certifying that the information contained is accurate.

- **Board Resolution / Letter**

The applicant must submit a Board Resolution or Letter authorizing the organization to enter into a grant agreement with HTFC.

- **Board Roster**

Applicants must submit a current board of directors' roster detailing the names, home addresses, board positions, occupations / employers, and whether the board member lives in the company's service area. Do not use the board members' work / business addresses.

- **Vendor Responsibility Questionnaire**

Applicants must complete and submit a signed PDF of the Vendor Responsibility Questionnaire (VRQ). The VRQ must be completed in full, notarized, and include a supplemental form with a list of all grant awards received by the company in the last three years (from any organization or government entity, including HCR and NPP / RPP).

**B. Non-Submission of Application and Contract Documents**

If application documents are not received by the due date, and an extension has not been requested, OCR will assume the organization has decided not to seek funding from the NRPP for that program year,

The organization will have fifteen (15) calendar days to submit documents or it will

be terminated from the respective Preservation Program. **NOTE:** submitting inaccurate or incomplete documentation is not satisfactory.

If a company does not apply for funding within the fifteen (15) days, NRPP funds will be de-obligated from the company for the program year.

### **C. Extension Requests**

A request for an extension of the submission date for an application must be received by program staff no later than 10 days before the date on which the application is due.

OCR may grant an extension of up to 15 days for an application. Note: submission of documents after the deadline, even with an approved time extension, may cause a delay in a company's receipt of program funds.

### **D. Review of Past Performance and Other HCR Programs**

Prior to entering into a new grant agreement with an organization, HCR will determine if the applicant has successfully closed out the prior year's grant obligations. HCR will not execute a new N/RPP grant agreement if the prior year's agreement is not closed.

If an applicant has other grants or agreements with HCR, Preservation Program staff will check the organization's status within HCR to ensure compliance with other program areas. An applicant may not be awarded due to poor performance in other HCR grant programs.

## **V. GRANT AGREEMENT**

The Grant Agreement is the legal document that identifies the relationship between the N/RPP grant recipient and the Housing Trust Fund Corporation (HTFC). The organization must ensure it has a clear understanding of all N/RPP program rules and regulations. The sole responsibility of compliance lies with the organization. The period of performance for a N/RPP contract is one-year, generally beginning July 1<sup>st</sup> through June 30<sup>th</sup> of the following year. Grant Agreements must be executed by December 31<sup>st</sup> of the current program year. For example, for the 2021-22 Program Year, the organization must execute the agreement on or before December 31, 2021. Failure to execute the agreement by December 31<sup>st</sup> may result in a de-obligation of funds.

### **A. Grant Agreement Schedules**

- **Work Plan**

The first contract schedule is the work plan proposed by the organization in its application. Funded organizations must work within the identified preservation activities to meet the proposed goals identified in the work plan.

- **Budget**

The second contract schedule is the proposed budget provided by the organization in the application.

### **B. Grant Agreement Processing**

Each Grant Agreement provision is legally enforceable and designed to clearly identify the obligations of both HTFC and the grantee. N/RPP grantees will receive the Grant Agreement with Schedules and supplemental documents. Grantees will be required to prepare and return the following:

- One copy of the Grant Agreement signed by an authorized signatory and notarized, returned via email to [nrpp@nyshcr.org](mailto:nrpp@nyshcr.org)

- Proof of adequate insurance, including comprehensive general liability insurance; fidelity insurance; automotive insurance; workers compensation; and disability insurance coverage.
- Forms related to payments, including Designation of Depository for Direct Deposit Form, Payment Requests.

After the Grant Agreement is fully executed, the organization will receive a copy for its records via email.

### **C. Request for Modifications**

Program participants needing to adjust or modify their approved work plans or budgets must submit a request for a work plan / budget modification. Requests must be made via email and submitted to program staff **no later than March 31<sup>st</sup>** of the program year. The organization must explain / justify any modifications to the approved work plan and / or budget.

Grantees may not submit a work plan modification that proposes a reduction in services from what was approved and agreed upon in the grant agreement. Grantees that cannot meet certain goals or complete approved activities must substitute reductions with activities in other areas of the work plan.

For example: Community needs and related activities may have changed due to unforeseeable events such as a major fire or storm affecting numerous units and displacing resident families. As a result, new program activities had to be undertaken to address what is now a priority need in the community. The organization must submit documentation explaining the need, the proposed activity to address such need, and the projected outcome as justification.

Work plan modifications must be submitted electronically to [NRPP@nyshcr.org](mailto:NRPP@nyshcr.org). If approved, an amended version of the executed Grant Agreement, including the requested modifications, will be emailed to the requesting organization.

### **D. Typical Contract Timeline**

To comply with Article XI-B of the State Finance Law, “Prompt Contracting and Interest Payments for Not-for-Profit Organizations,” which requires that all contracts be processed by the start date of the new term of the contract, the following timetable has been established by HCR:

- May—Application documents usually made available; applications reviewed in the order they are received.
- June—Applications due.
- June / July—Review of applications / execution of Grant Agreements.
- July 1<sup>st</sup>—Preservation Program contracts start, and first disbursement request forms can be submitted if the organization complies with program requirements and the application is approved.
- August / September—Annual Performance Report Due. If an applicant participated in the prior funding year they are required, per the grant agreement, to submit an Annual Performance Report that details how the

NRPP funding was spent and what proposed preservation activities were completed.

- December—Mid-Year Report Released; Mid-Year Reports reviewed in the order they are received.
- December 31<sup>st</sup>—Deadline to execute a grant agreement. If the applicant cannot execute the grant agreement by December 31<sup>st</sup>, the NPP / RPP funding allocated to the organization will be de-obligated.
- January 1—Final disbursement is available.
- January- February—Mid-year Report due; final disbursement released if program participant complies with program requirements.
- March 3<sup>rd</sup>—Last day to submit final disbursement request.
- March 31<sup>st</sup>—Work Plan / Budget Modifications Due (if necessary).
- Ongoing—Site visits as necessary throughout the year.

In circumstances where deadlines with specified dates fall on a weekend, the deadline will move to the next available business day. All award amounts are subject to change and subject to the availability of funds. Note—this timeline is subject to change year-to-year.

#### **E. Conflicts of Interest**

If a conflict of interest is discovered, OCR will refrain from approving an application and executing a grant agreement until the issue has been resolved. If the conflict of interest is not resolved and a grant agreement not executed within the fiscal year, the program funds will not be available.

#### **F. Disbursements**

Disbursements are released semi-annually to grantees in compliance with all Program requirements, as well as in compliance with the requirements of all other HCR programs in which the grantee participates.

The first payment shall be due upon completion of a successful application and executed grant agreement, but no earlier than July 1<sup>st</sup>. The second payment shall be due upon submission of a completed Mid-Year Report and the organization's most recent audit—typically after January 1<sup>st</sup> of the second half of the program year.

If the participant's address or designated signatory changes during the contract term, the organization must notify HCR detailing the changes and these updates must be submitted to the OCR within 10 calendar days of the change.

Participating organizations shall not receive payments if any required documents are outstanding or submitted with errors or deficiencies. If not in compliance with the Preservation Program and other HCR requirements, payments will be held where necessary.

## **VI. PROGRAM COMPLIANCE**

HCR may choose to deny an application or withhold funding from a grantee for a variety of reasons, such as:

- Lack of performance, including failure to achieve substantial completion in prior years.
- Misuse of program funds.
- Broader financial / audit issues within the organization or any of its affiliates.
- Failure to submit application, contract, or Annual Performance Report documents by the due date.
- In default or poor standing with other HCR programs.
- Failure to comply with rules and regulations as outlined in this manual, in statute, or in the preservation contract; and
- Concerns regarding organizational and / or financial capacity

A grantee that is in non-compliance will be placed in default. If the default is not resolved in accordance with the respective program statute / rules and regulations and this program manual, the organization's grant agreement will be terminated.

### **A. Site Visits**

Site visits are used, as necessary, to assist program participants. Site visits may include the following:

- Reviewing the grantee's work plan performance under the last completed program year.
- Service area needs.
- Potential preservation activities.
- Contract compliance and procedures.
- Fundraising; and
- Staff training and technical assistance needs.

### **B. Site Visits Follow-Up**

After the site visit, OCR will send a letter to the grantee providing a synopsis of the meeting. This will include any agreed upon action items, next steps, and future outcomes, including the provision of technical assistance.

### **C. Performance Reports**

Grantees report their activities twice a year: A Mid-Year Report is due approximately half-way through the contract term, and an Annual Performance Report—including programmatic, budget, and match information—is due in September.

#### **1. Mid-Year report**

The Mid-Year Report is a mostly narrative report that describes how preservation activities proposed in the work plan are being conducted at the half-way point of

the contract. Submission of the Mid-Year Report is tied to the grantee's final NRPP payment.

## **2. Annual Performance Report**

The Annual Performance Report is a comprehensive look back on the grantee's proposed work plan activities and budget compared to the actual progress made and actual budget figures for the prior program year. In other words, a comparison of what the grantee proposed versus what was accomplished. If a grantee participated in the 2020-21 Program Year, they are required to submit a 2020-21 APR in September of 2021. The APR should include:

- Report on completion of all work plan activities.
- Summary tables of budgeted and actual expenditures of Preservation Program funds.
- Summary tables of amounts and sources of funds leveraged and used as required match; and
- If necessary, a detailed explanation, with supporting documentation, as to why proposed work plan activities were not completed as planned.

## **D. Required Record Keeping**

Program participants must maintain records that shall be available for inspection and review by HCR staff during normal business hours. HCR staff may request to review these records as part of any site visit, desk audit, or other program review.

These contract-related records and documents must be maintained in the organization's office and shall include, but not be limited to, the following:

- Current needs assessment and strategic plan.
- Accounting records and supporting backup.
- Time records of all employees and consultants receiving salaries, wages or compensation.
- Client assistance profiles which document the eligibility of clients who receive assistance pursuant to Articles XVI or XVII.
- Documentation of funded activities performed such as announcements, letters of commitment, letters of support, and sign-in-sheets.
- Financial records to verify the required one-third match.
- The identification of sites or persons who are affected by the preservation activity.
- Insurance documentation.
- Conflict of interest forms.
- Consultant agreements; and

- Copies of NRPP applications, contracts, work plan modifications, Annual Performance Reports, and any other documents submitted to OCR relating to the Preservation Programs.

As stated in the grant agreement, other contract files related to the Preservation Programs must be maintained for a period of five (5) years.

#### **E. Agency-Wide Audit**

Each participating must have an agency-wide audit completed by a certified public accountant or a licensed public accountant. The audit must contain a schedule that details Preservation Program funds. This audit must be kept on file in the company's office and be available for review by program staff.

In addition to keeping the audit on file, the company must submit a copy of the organization's most recent audit to OCR program staff with the Mid-Year Report. The cost of the agency-wide audit is an eligible expense in the preservation contract budget.

#### **F. Default**

The following shall constitute an Event of Default:

- The grantee fails, in the reasonable opinion of the Corporation, to comply with or perform the terms of its N/RPP Program Grant Agreement, its Workplan, the Statute, any applicable State or Federal law or regulation, or the N/RPP policies and procedures;
- If at any time any representation or warranty made by the grantee shall be incorrect or materially misleading; or
- The grantee has failed to commence the approved work plan / Program in a timely fashion or has failed to complete the Program within the Term.
- If the grantee has unresolved internal control issues, including those identified in an audit or by OCR program staff during a monitoring.
- If the grantee has failed to repay funds due to HCR; or:
- Failed to pay federal, state, or local taxes.
- Failed to comply with award contract conditions.
- Failed to submit application or contract documents in a timely manner.
- Failed to acquire / maintain required insurances or charity registrations.
- Failed to adequately address conflict of interest issues.
- Substantial non-compliance with other HCR programs and other contract or programmatic requirements.

If a grantee is found to be in default, OCR will issue a default letter within 10 calendar days after the grantee is found to be in non-compliance. The organization will have 15 calendar days to resolve the default. HCR reserves the right to authorize other time

periods to resolve the issue as deemed appropriate.

The issuance of a default letter will place the disbursement of funds on hold. If the default is not resolved within the determined time frame, OCR may move to terminate the grantee's grant agreement and / or move to terminate the organization from the Preservation Program. A default will be considered satisfied once all matters relating to the default have been addressed to HCR's satisfaction.

#### **G. Holding Funds / Suspension of Payments**

The payment of the preservation contract shall be suspended when HCR:

- Determines there are issues such as:
  - a declared bankruptcy
  - evidence of fraud and abuse
  - no books and records; or
  - noncompliance with other federal or state requirements.
- Determines there are serious internal control problems.
- Determines that the grantee is not current on all federal, state, or local taxes.
- Determines that a grantee has not satisfied a contract default or contract condition within the required timeframe.
- Determines that a grantee has not complied with program statute, rules and regulations, or this manual.
- Has notified a grantee that funds are due on either a prior preservation contract or other HCR contract and the funds have not been repaid within the required timeframe.
- Determines that a grantee has not complied with other HCR program requirements within the required timeframe; or
- A grantee has failed to submit Preservation Program documents by a specified deadline such as documents required for contracting with HTFC, application and certification documents, any required performance reports, needs assessments and strategic plans, or other documents as requested by HCR staff.

OCR may withhold Preservation Program funds from a grantee, or deny funding from an applicant, that is under investigation by federal, state, or local authorities until such time that the investigation closes with no negative findings for the company or the OCR is assured that appropriate controls are in place to protect any HCR funding from fraud, waste, or abuse.

The grantee will receive written notification from OCR when the payment timeframe has been suspended or when a hold has been placed on the release of funds on current contracts. The notice will state reason(s) for the suspension or hold and if there is any action necessary to reinstate payments.

OCR reserves the right to authorize partial payment of funds to a grantee whose funds are on hold.



Suspension notices, notices of holds, and reinstatements will be sent to the programs within OCR, and any other HCR unit also providing funds to the organization. The Preservation Program Director and the OCR President / Deputy Commissioner must concur on reinstating payments that are suspended or placed “on hold” for any reason. All suspensions / holds will be reviewed by OCR as appropriate.

If a grantee’s funds are on hold or suspended after they are under contract, the grantee will have until December 31<sup>st</sup> of the year the contract ends to resolve any issues and be paid the remainder of the funds due. If the grantee is unable to resolve the issue, the grantee’s remaining funds for that program year will be forfeited and de-obligated.

## **H. Terminations**

Program participants may be terminated from the Preservation Program for non-compliance and/or non-performance. If the grantee does not sufficiently resolve a default or does not meet the minimum completion requirement for program activities, HCR may terminate the grantee’s contract and terminate the organization from the Preservation Program.

### **1. Termination Overview and Process**

**Participating organizations may appeal the termination. If a termination letter is sent and the participant disagrees with the termination, the organization can submit a letter to appeal within 10 calendar days from the date of the termination notice.** Organizations have 45 days from the date of the termination notice to file the formal appeal, including any supporting evidence or documentation.

Grounds for termination under the Preservation Program include but are not limited to:

- Failure to satisfy a contract default.
- Failure to submit application acceptable to HCR by a specified deadline.
- Failure to satisfactorily pass the certification; or
- Failure to meet substantial completion for a program year.

Rather than going through the termination process, an organization may choose to voluntarily withdraw from the Preservation Program. If a company withdraws from the Preservation Program, termination letters will be issued after receipt of a voluntary withdrawal letter. Termination letters to the Board Chair and Executive Director.

## **I. Termination Appeals Process**

An organization must submit intent to appeal within 10 calendar days from the date of the termination notice. Organizations have 45 days from the date of the termination notice to file the formal appeal, including any supporting evidence or documentation. The complete appeal package must be sent to the Deputy Commissioner of OCR, via certified mail, return receipt requested.

No documents or information will be accepted after the expiration of the 45 days or

after submission of the appeal package.

The appeal must clearly demonstrate that:

- the termination is inconsistent with the statute, the Rules and Regulations, this manual, or the contract.

If it is determined that an appeal has merit, the Deputy Commissioner of OCR will notify the company regarding the appeal.

#### **K. Withdrawing from a Preservation Program**

An organization may voluntarily withdrawal from the Preservation Program at any time prior to termination. The notice must be made in writing and sent certified mail, return receipt requested or via email. OCR will acknowledge receipt of the withdrawal and notify the organization, in writing, of program closeout requirements. Any organization that voluntarily withdraws from the program during the contract period is required to submit necessary closeout documentation, including the Annual Performance Report and audited financial statements/management letters. The grantee may also be obligated to return some, or all, of the Preservation Program funds for that program year.

#### **L. Closeouts**

If an organization voluntary withdraws from a program or is terminated, the organization will submit the following (if applicable):

- A list of properties and/or equipment constructed or improved with state funds which remain under the organization's control or under the control of a subsidiary/affiliated corporation, and/or a list of equipment which was purchased in whole or part with state funds. In addition, an analysis of any issues which the closeout of the Preservation Program contract may have on these properties, including any proposed disposition in accordance with Article 10 or 11 of the Not-for-Profit Corporation Law of said properties.

The list(s) will be reviewed by program staff and the Office of Legal Affairs (OFA), and the President of OCR for any additional action. The organization will work with HCR to resolve any property and equipment issues and required repayments, then the contract will be considered closed.

If funds are due to HCR, a letter will be sent notifying the organization giving them 30 days to:

- Submit a check payable to HTFC for the full amount owed
- Submit revised budget-to-actual information
- Propose a reasonable repayment plan, or
- Request additional time to respond.

Failure to respond to the notification of funds due within the 30 days may result in legal action including referral to the New York State Office of the Attorney General. If an organization has documentation that may not have been taken into consideration in

the preparation of the analysis, the organization should send this information within the 30 calendar days. Documents that may affect the analysis could include an agency-wide audit or missing or revised supplemental schedules.

If the organization does not submit the required closeout documents, the program staff will notify the President of OCR for referral to the Office of Legal Affairs. The notice will also be forwarded to OFA. The Office of Legal Affairs will refer the company to the NYS Office of the Attorney General or other appropriate office for any additional action. Failure to comply with closeout procedures may have a negative impact on future awards from other local, state, and federal agencies.

## **VII. SERVICE AREA MODIFICATIONS**

### **A. Service Area Boundary Modifications**

Participating organizations may request a change of boundaries for any approved service area. Service area requests approved by OCR are for the expansion of existing service areas to provide services in unserved or underserved communities. Service area expansions to comply with Board of Directors requirements will not be considered.

### **B. Service Area Boundary Modification Document Requirements**

A formal letter requesting a service area boundary modification, along with the following documentation, at a minimum, must be submitted to the OCR program staff:

- A needs statement for the proposed new service area
- Census or other demographic data for the proposed new service area that demonstrates eligibility under Articles XVI and AXVII of PHFL
- Justification for change, which details whether the existing service area has been adequately served, or, if not adequately served, whether residents in the existing service area might be negatively impacted by a new or expanded service area
- A statement of the impact of the new service area on board composition and timeframes for a re-composition of the board if such is necessary; and
- Letters of community support such as those required to be submitted with the original application (e.g. from other community groups, funding agencies or elected officials).

### **C. Service Area Boundary Modification Review**

OCR will notify all other participating organizations in the general vicinity within the service area regarding the proposed boundary change. Neighboring organizations will have 30 calendar days to comment on how the proposed change will affect their service delivery. Program staff will review all boundary change submissions and make a recommendation, including re-certification of area eligibility, to the Program Director. The review will indicate:

- If there are any other organizations receiving Preservation Program funds currently serving the proposed new area, whether the nearby, participating organization is unwilling or unable to carry out preservation activities, or whether the activities of the organizations complement each other
- If the organization has the administrative and fiscal capacity to serve a new

area

- If the proposed area is unserved or underserved and whether there are other Preservation Program service areas that are contiguous to the proposed new area
- If the expanded service area meets program eligibility criteria; and
- What response, if any, was received from organizations nearby or within the proposed service area.

## **VIII. MERGERS & AFFILIATIONS**

In 2012, legislation was enacted amending Article XVI and Article XVII of the PHFL. Amendments to Article XVI allow for mergers within the Neighborhood Preservation Program. Amendments to Article XVII allow for mergers within the Rural Preservation Program. This section of the program manual sets forth program requirements should two or more organizations receiving Preservation Program funds choose to complete a merger.

All organizations receiving Preservation program funds proposing to merge must obtain approval from the OCR and other state agencies including, but not limited to, the NYS Office of the Attorney General. Organizations pursuing a merger must do so in compliance with Article 9 (§§ 901-910) of the Not-for-Profit Corporation Law (NPCL) and in accordance with any guidance issued by the NYS Office of the Attorney General. Supreme Court approval, on notice to the Attorney General, is required for any merger. Additional guidance is available from the Charities Bureau at <http://www.charitiesnys.com/pdfs/mergers.pdf>.

Participating organizations pursuing any working arrangements or affiliations with other organizations receiving Preservation Program funds or another not-for-profit organization must notify the OCR prior to formally executing the arrangements. This includes, but is not limited to, entering into subsidiary / affiliate agreements; formal working arrangements, such as an executed MOU to provide services; or agreements, letters, or board approved actions to share resources.

### **A. Pre-Merger Requirements**

Participating organizations pursuing a merger must notify OCR of the intent to merge no less than 90 days prior to filing documentation with the NYS Attorney General or the Supreme Court.

Participating organizations pursuing any other arrangement must notify OCR of the intent to do so no less than 90 days prior to executing binding agreement. The notification must provide an explanation of how this will impact the Preservation Program in the applicable service areas. The notification should also include the intent of the organization to remain in the Preservation Program. Finally, it should also include any additional justification for the merger or arrangement including, but not limited to, greater efficiencies; cost savings; and enhanced program service delivery.

The following documents must be submitted to OCR prior to receiving court approval:

- Approved plan of merger (proposed or draft plan may be accepted if deemed appropriate by the OCR)
- Proposed certificate of merger

- Any agreement, letter of intent, or other document entered into by any corporation in connection with the proposed merger
- Board, board committee, and membership minutes and/or resolutions relating to the merger and any governance or organizational changes that will take place or are under consideration
- Any anticipated changes in the membership of the Board
- Any anticipated changes to staff funded by Preservation Program funds; and
- Any anticipated changes in the approved service areas.

#### **B. Pre-Affiliation Requirements**

An organization participating in the NPP / RPP that is pursuing a working agreement or an affiliation with another not-for-profit organizations must submit the following documents to the OCR prior to execution of any agreement:

- A plan of affiliation or other arrangement (proposed or draft plan may be accepted if deemed appropriate by OCR), approved by the respective board of directors for both organizations
- Any agreement, letter of intent, or other document entered by any corporation in connection with the proposed arrangement
- Board, board committee, and membership minutes and/or resolutions relating to the arrangement and any governance or organizational changes that will take place or are under consideration
- Any anticipated changes in the membership of the Board
- Any anticipated changes to staff funded by Preservation Program funds; and
- Any anticipated changes in the approved service areas.

#### **C. Merged Companies in the Preservation Programs**

Upon completion of the merger the merged company must submit the following documents to OCR:

- Approved certificate of merger
- Newly created incorporation documents including updated by-laws, IRS FEIN for the surviving entity
- Updated board roster
- Updated service area map; and
- Any documents required to amend the Preservation Program contract that may include, but are not limited to:
  - Updated Workers Compensation and Disability Certificates
  - Vendor Responsibility Questionnaire
  - Charities Registration Number
  - Board resolution to enter into contract with HCR

If the merger is finalized and approved by OCR within a program year, the newly merged organizations will finish out the contract year with separate Preservation Program contracts. Funding for that program year will be provided in full for each contract. The surviving organization will be responsible for any and all requirements pertaining to all outstanding Preservation Program contracts from the previous organizations that merged. The next full program year, the merged organizations will participate in the Preservation Program under one contract and be funded as required by statute (see Appendix B or C, as appropriate, for the statutory funding schedule of merged companies).

### **NRPP Contact Information**

Inquiries regarding the NPP and the RPP can be made to:

Neighborhood and Rural Preservation Programs  
Hampton Plaza  
38-40 State Street, 4 South  
Albany, NY 12207-2804  
Phone: (518) 474-2057  
Email: [NRPP@nyshcr.org](mailto:NRPP@nyshcr.org)

More information on the NPP and RPP is available on the HCR web site at:  
<https://hcr.ny.gov/neighborhood-and-rural-preservation-programs>

## APPENDICES



## Appendix A Definitions

**Affordable Housing Directory (AHD)**: The page on HCR's internet site that provides users with a simple way to locate affordable rental apartments by allowing them to search for rental developments funded by HCR programs, and to produce maps pinpointing these apartments. The AHD also refers users to HCR funded preservation companies and Weatherization Program subgrantees operating throughout the State. The AHD allows users to search for and locate these organizations by county, municipality, or street address based on their actual service areas. Information displayed includes: the organization's name and address; contact name and phone number; e-mail address; a description of the organization's service area; and the type of services they provide. The AHD will also provide a link to a preservation company's web site, where available.

**Commissioner**: The Commissioner of HCR.

**Contract Term**: The full term of a contract / grant agreement.

**DHCR**: the New York State Division of Housing and Community Renewal.

**Eligible Area**: A neighborhood or rural area for which there is documentation that the area has sustained physical deterioration, decay, neglect, or disinvestment and that the area contains a significant number of deteriorating or substandard buildings not being adequately repaired, renovated, upgraded, modernized, or rehabilitated under existing programs. This documentation may take the form of Census data; federal, state or local designation; or other statistically valid sources.

**Homes and Community Renewal (HCR)**: Consists of all the State's major housing and community renewal agencies, including the Affordable Housing Corporation, the Division of Housing and Community Renewal, the Housing Finance Agency, the State of New York Mortgage Agency, the Housing Trust Fund Corporation, and others.

**In-Kind Services**: Personnel services and other-than-personnel services or goods that are used to offset the cost of preservation activities but are not paid for with preservation funds. Examples include the services of volunteers or unpaid student interns or the value of donated items used to accomplish program activities.

**Match**: Funds that support an organization's efforts in their administration of the Neighborhood or Rural Preservation Program and are itemized in the organization's accounting records. These funds can be in the form of administrative, capital, or in-kind funds.

**Merged Company**: An organization maintaining a Preservation Program contract pursuant to Private Housing Finance Law (PHFL) that has undergone a merger with one or more organizations also receiving Preservation Program funding pursuant to the PHFL.

**Municipality**: Any city, town, or village within the State.

**Needs Assessment**: A community planning tool to analyze service area strengths and weaknesses.

**Neighborhood Preservation Company (NPC)**: A corporation organized under the provisions of the not-for-profit corporation law which has engaged in one or more of the Neighborhood Preservation activities specified in subdivision 5 of Section 902 of Article XVI of the PHFL and which has received funding pursuant to Article XVI.

**One-Third Match:** The cash or in-kind contributions or services equal to one-third of the Preservation Program contract and used for preservation activities as required by Articles XVI or XVII of the Private Housing Finance Law.

**Persons of Low Income:** Individuals and families whose annual incomes do not exceed 90 percent of the median annual income, as defined by the US Department of Housing and Urban Development (HUD) Section 8 Housing Choice Voucher Program income data guidelines, for all residents of the municipality within which they reside (NPP), or individuals and families whose annual incomes do not exceed 90 percent of the median annual income for all residents of the region within which they reside (RPP).

**Program Year:** The one-year period: July 1 through June 30, of any contract term for which a work plan and budget must be prepared and accounted for in the Annual Performance Report.

**Rural Areas:** Cities, towns and villages within the State having a population of less than 25,000.

**Rural Preservation Company (RPC):** A corporation organized under the provisions of the not-for-profit corporation law that has been engaged primarily in one or more housing preservation and community renewal activities specified in subdivision 5 of Section 1002 of Article XVII of the PHFL that has received funding pursuant to Article XVII.

**Service Areas:** The HCR-identified geographic boundaries within which an NPC carries out its Neighborhood Preservation Program activities or those portions of the region within which an RPC carries out its Rural Preservation Program activities.

**Significant Impact:** The Substantial Completion (see definition below) of a work plan that is based on a local needs assessment and strategic plan.

**Statewide Housing Activity Reporting System (SHARS):** HCR's database system for tracking, reporting and monitoring housing projects and organizations receiving HCR funds. SHARS tracks the processing of applications, contracts, transmittals, and disbursements. Each company receives a new SHARS identification number with each new NPP and RPP contract.

**Strategic Plan:** An organizational planning tool to determine what community needs the neighborhood or rural preservation company will meet, what strategies it will pursue, and what resources are necessary to pursue those strategies.

**Substantial Completion:** The completion of most of the grantee's approved work plan tasks.

**Urban Areas:** Cities, towns, and villages within the State having a population of 25,000 or more.

**Unmerged Company:** An organization participating in the program that has not merged with another organization participating in the program.

## **APPENDIX B - Article XVI - Private Housing Finance Law and Conflict of Interest Regulations**

### **1. Private Housing Finance Law**

Section 901. Declaration of legislative findings.

902. Definitions.

903. Contracts with neighborhood preservation companies.

904. Payments to neighborhood preservation companies for neighborhood preservation activities.

905. Periodic review of contract performance; renegotiation and termination of contract.

906. Technical services and assistance to neighborhood preservation companies.

907. Rules and regulations to be promulgated by the commissioner.

908. Applicability of other laws to neighborhood preservation companies.

909. Annual report.

910. Merged company savings fund.

§ 901. Declaration of legislative findings. The legislature hereby finds and declares that there has developed in recent years, in various municipalities of the state, a growth of community-based not-for-profit organizations, originating for the most part within and organized by residents of neighborhoods which are characterized by a predominance of residents of low income and a residential housing stock which is largely old, deteriorating and substandard.

The legislature further finds that the involvement of the residents of various municipalities of the state in neighborhood preservation activities in their respective neighborhoods, through the media of locally-based, not-for-profit organizations responsive to the needs of the residents, is in the public interest and may be expected to produce increased renovation and rehabilitation of existing but deteriorating housing accommodations, improvement in housing code enforcement and the correction, removal and repair of substandard housing and housing conditions dangerous to life, safety or health. Such involvement in neighborhood preservation activities may also be expected to produce reduced abandonment of housing, which the legislature finds to be increasing in many neighborhoods of the state and to be continuing to cause shortages of housing accommodations for persons and families of low income and the relocation of such families from neighborhoods to which they have developed strong emotional as well as economic attachments.

The legislature further finds that many municipalities throughout the state are now receiving or will receive monies under federal programs, that such funds may be used and applied by such municipalities for the neighborhood preservation activities referred to in this article and that an efficient and effective use of such funds and the public interest will be promoted by the active involvement of various not-for-profit organizations.

The legislature further finds that numerous not-for-profit organizations which have arisen throughout the state are heavily dependent upon voluntary services of neighborhood residents; that such organizations are dependent in part for operating funds upon fees generated by the management of housing accommodations; that such organizations are dependent for the remainder of their operating funds, to a significant extent, upon gifts and grants from private individuals, corporations and foundations; that such financial assistance is inherently uncertain and covers expenses only over short periods of time, thereby causing such organizations to be inadequately financed, unable to plan any long range housing activities and unable to attract, employ or contract with needed experts and technicians for

assistance to implementing neighborhood preservation programs; and that it is a proper and necessary public purpose and activity of the state to assure the adequate funding of not-for-profit organizations which are active in neighborhood preservation activities.

The necessity in the public interest for the provisions hereinafter enacted is hereby declared as a matter of legislative determination.

§ 902. Definitions. As used in this article, the following words and phrases shall have the following meanings:

1. "Commissioner" shall mean the commissioner of the state division of housing and community renewal.
2. "Division" shall mean the state division of housing and community renewal.
3. "Municipality" shall mean any city, town or village within the state.
4. "Neighborhood preservation company" shall mean a corporation organized under the provisions of the not-for-profit corporation law which has been engaged primarily in one or more of the neighborhood preservation activities specified in subdivision five of this section.
5. "Neighborhood preservation activities" shall mean activities engaged in by a neighborhood preservation company within a geographically defined neighborhood of a municipality, provided, however, that the division may fund a neighborhood preservation company to engage in such activities in unserved and underserved areas of the municipality lying outside of its initially designated neighborhood area, that are designed (a) to construct, maintain, preserve, repair, renovate, upgrade, improve, modernize, rehabilitate or otherwise prolong the useful life and to manage and coordinate the rehabilitation of residential dwelling accommodations within such neighborhood, to restore abandoned and vacant as well as occupied housing accommodations to habitable condition; to demolish structurally unsound or unsafe or otherwise unsightly or unhealthy structures which no longer serve or can economically be made to serve a useful purpose consistent with stabilizing or improving a neighborhood; to seal and maintain vacant but structurally sound structures which are capable of being rehabilitated at a future time and used for housing purposes; to acquire, where appropriate, buildings which contain housing accommodations; to facilitate the disposition of buildings containing housing accommodations to individual occupants thereof or to cooperative groups whose members shall be occupants thereof; to assist owners, occupants and tenants of housing accommodations to obtain improvements in the physical conditions thereof and in the maintenance and management thereof; and to manage housing accommodations as agents for the owners thereof or administrators or receivers appointed or designated pursuant to any law of the state; and (b) to accomplish similar purposes and meet similar needs with respect to retail and service establishments within such neighborhoods when carried out in connection with and incidental to a program of housing related activities.
6. "Persons of low income" shall mean individuals and families whose annual incomes do not exceed ninety per cent of the median annual income for all residents of the municipality within which they reside.
7. "Merged company" shall mean a neighborhood preservation company maintaining a contract pursuant to section nine hundred three of this article that has undergone a

merger with one or more other neighborhood preservation companies, which is also maintaining a contract pursuant to section nine hundred three of this article, that has led the merged companies to reduce the number of contracts being maintained with the division pursuant to section nine hundred three of this article to a total of one.

8. "Unmerged company" shall mean a neighborhood preservation company that is not a merged company.

§ 903. Contracts with neighborhood preservation companies. 1. The commissioner may enter into contracts with neighborhood preservation companies for the performance of neighborhood preservation activities. Such contracts shall be entered into, however, only after appropriate findings by the commissioner and shall be subject to the limitations hereinafter set forth.

1. Prior to entering into a contract with a neighborhood preservation company, the commissioner shall have made a finding that the neighborhood in which the activities are proposed to be conducted contains a significant amount of deteriorating or substandard housing which is not being adequately repaired, renovated, upgraded, modernized or rehabilitated under existing programs so as to provide sound housing at costs which the residents of such neighborhoods can afford; that the neighborhood preservation company which proposes to contract with the commissioner is a bona fide organization which shall have been in existence either as a corporation or as an unincorporated, organized group and performing significant neighborhood preservation activities for at least one full year prior to entering into any contract with the commissioner and which shall have demonstrated by its immediate past and current activities that it has the ability to preserve, repair, maintain, renovate, rehabilitate, manage or operate housing accommodations or to engage in other neighborhood preservation activities in such neighborhood; that the neighborhood preservation activities which are to be performed pursuant to the proposed contract are needed by the neighborhood; and that the neighborhood preservation company possesses or will acquire or gain access to the requisite staff, office facilities within such neighborhood, equipment and expertise to enable it to perform the activities which it proposes to undertake pursuant to such contract; provided, however, that merged companies' office facilities may be located outside such neighborhood if they are located in a municipality wholly contained within the merged companies' neighborhood, and provided further, however, that it shall not be a bar to the commissioner's contracting with a neighborhood preservation company that one or more organizations, whether pursuant to contract with the commissioner or not, are conducting neighborhood preservation activities wholly or partially within the same neighborhood.
2. In determining to enter into a contract with a neighborhood preservation company pursuant to this article, the commissioner shall investigate, to the extent which he shall deem necessary or appropriate, and determine;
  - (a) that the geographic boundaries proposed by the applicant for such a contract define a recognized or established neighborhood or area within the municipality;
  - (b) that the demographic and other relevant data pertaining to such neighborhood indicate that the neighborhood has sustained physical deterioration, decay, neglect or disinvestment, that a substantial proportion of the residential population that the neighborhood preservation company proposes to assist through its activities is of low income and that such neighborhood is in need of active intervention to effect its preservation, stabilization or improvement;
  - (c) that the activities proposed to be conducted by the neighborhood preservation company are reasonably calculated to have a positive effect on the preservation, stabilization or improvement of the neighborhood;

- (d) that the neighborhood preservation company's officers, directors and members are fairly representative of the residents and other legitimate interests of the neighborhood, that they will carry out such a contract in a responsible manner and that at least thirty-three percent of the directors of the neighborhood preservation company are residents of the neighborhood;
  - (e) that the fees received or proposed to be received by the neighborhood preservation company from the management of housing accommodations are fair and reasonable;
  - (f) that the plan submitted by the neighborhood preservation company demonstrates that such company will, to the extent possible, give priority when hiring new employees to residents of the neighborhood who are either unemployed or not fully employed;
  - (g) that the neighborhood preservation company has a plan to facilitate, to the maximum extent feasible, the disposition of any buildings containing housing accommodations owned by the company to individual occupants thereof or to cooperative groups whose members shall be occupants thereof; and
  - (h) that the interests of occupants of any buildings containing housing accommodations owned by the neighborhood preservation company are adequately represented.
3. Contracts entered into hereunder with neighborhood preservation companies shall be limited in duration to periods of one year, but may thereafter be renewed, extended or succeeded by new contracts from year to year in the discretion of the commissioner; they shall define with particularity the neighborhood or portion thereof within which the neighborhood preservation activities shall be performed; they shall specify the nature of the neighborhood preservation activities which shall be performed including the approximate number of buildings, residential dwelling units and local retail and service establishments which shall be affected; they shall locate and describe, with as much particularity as is reasonably possible, the buildings with respect to which such activities shall be performed during the contract term; and they shall specify the number of persons, salaries or rates of compensation and a description of duties of those who shall be engaged by the neighborhood preservation company to perform the activities embraced by the contract together with a schedule of other anticipated expenses.
4. Prior to renewing or extending a contract or entering a succeeding contract with a neighborhood preservation company the division shall determine that:
- (a) the company shall have substantially completed the neighborhood preservation activities specified in the contract to be renewed, extended, or succeeded;
  - (b) the company shall have received the sums, services, and funds specified in subdivision four of section nine hundred four of this article; and
  - (c) the activities carried out by the company pursuant to its contract shall have had a significant impact on the community's needs as specified in the contract.
5. Prior to terminating, not renewing or not extending a contract the division shall:
- (a) determine that the company is in violation of the terms and conditions of the contract or that funds provided pursuant to the contract are being expended in a manner not consistent with the terms of the contract or the provisions of this article; or
  - (b) determine that necessary and appropriate technical assistance has been provided without significant improvement in the activities of the company; and
  - (c) provide the company with written notice, at least forty-five days in advance, of intent to terminate, not renew or not extend the contract and provide the company with an opportunity to appear and be heard before the division with respect to the reasons for such proposed termination, non-renewal or non-

extension. At the same time that a company is notified of the division's intent to terminate, not renew or not extend the contract, the division shall likewise inform the senate and assembly members who represent areas within such company's geographic boundaries.

6. The division shall establish, for renewal of contracts, a procedure which provides the company with at least forty-five days' notice of the company's obligations and rights in that process, informs the company of the amount of the renewal contract, and facilitates the timely execution of the contract and disbursement of funds.
7. The division may temporarily withhold payments and may elect not to renew or extend a contract or enter a succeeding contract with any neighborhood preservation company if the company is not in compliance with its contract, has without good cause failed to submit documentation required under its contract or requested by the division to make the determinations required under subdivision five of this section or has not satisfied any other conditions consistent with this article for renewing or extending a contract or entering a succeeding contract.

§ 904. Payments to neighborhood preservation companies for neighborhood preservation activities.

1. Each contract entered into with a neighborhood preservation company shall provide for payment to the neighborhood preservation company for neighborhood preservation activities to be performed by it.
2. Payment to neighborhood preservation companies pursuant to this article shall be restricted to sums required for the payment of salaries and wages to employees of such companies who are engaged in rendering neighborhood preservation activities, fees to consultants and professionals retained by them for planning and performing such activities and other costs and expenses directly related to such employees, consultants and professionals.
3. In no event shall any contract or payment be made, nor shall any payments be used, to defray the costs of the construction, repair, renovation, rehabilitation, operation, demolition, clearance or sealing of any building or other structure, except that such funds may be used for planning any such activity and for renovating, repairing, furnishing, equipping and operating an office facility to be used in connection with the conduct of neighborhood preservation activities by the neighborhood preservation company. Payments shall be made by the division to the neighborhood preservation company, not less frequently than semi-annually, at or prior to the commencement of each such time period, to compensate such company for the neighborhood preservation activities which it shall undertake to perform provided, that with respect to contracts entered into on or after June thirtieth, nineteen hundred ninety-seven the first such payment shall be made by the division beginning on or after July first of the fiscal year for which an appropriation in support of such payment was made and provided further that the final such payment to the neighborhood preservation company shall be made no later than March thirty-first of such fiscal year, unless such payment has been withheld pursuant to subdivision eight of section nine hundred three of this article.
4. In negotiating each contract, the division shall consider and take into account any and all other sums available or anticipated to be made available to the neighborhood preservation company from any and all sources which may be used to defray the costs of the neighborhood preservation activities set forth in the contract, including, without limitation,

fees generated by the management of housing accommodations, contributions from private foundations, corporations, firms and individuals and funds received under grants and contracts pursuant to any program or programs operated or administered by any governmental agency or instrumentality and shall make a determination that the sums available or anticipated to be made available for the neighborhood preservation company from such other sources, together with the value of services to be rendered for the benefit of the neighborhood preservation company for which payment is not required to be made by such company, amount to at least thirty-three and one-third percent of the amount of such contract.

5. When disbursing funds for contracts with neighborhood preservation companies, pursuant to section nine hundred three of this article, the division shall use the following criteria, formulas and tables to determine the distribution of funds:

- (a) The total unmerged company funding shall equal the current number of unmerged company contracts multiplied by the per group award.
- (b) The unmerged company funding shall equal the per group award.
- (c) The merged company funding shall equal the funding modification multiplied by the per group award.
- (d) Merged company funding shall be determined on an individual basis for each neighborhood preservation company. The following tables show the funding modification to be used:

- (i) In the case of two companies merging, the following table shall be used:

Years since Funding merger	Modification
1	200%
2	190%
3	180%
4	170%
5	160%
6	150%

- (ii) In the case of three companies merging, the following table shall be used:

Years since Funding merger	Modification
1	300%
2	290%
3	280%
4	270%
5	260%
6	250%
7	240%
8	230%
9	220%
10	210%
11	200%

- (iii) In the case of four or more companies merging, the following table shall be used:

Years since Funding merger	Modification
1	400%
2	390%
3	380%
4	370%



5	360%
6	350%
7	340%
8	330%
9	320%
10	310%
11	300%
12	290%
13	280%
14	270%
15	260%
16	250%

- (e) If a neighborhood preservation company that has undergone a merger continues to renew their contract beyond the timeframes listed in the above tables, it shall have its funding determined using the last funding modification listed.
- (f) The merged company savings shall be determined on an individual basis for each merged company. It shall be calculated by subtracting the amount of such company's merged company funding from the amount the merged companies would have received if they had maintained separate contracts.
- (g) The per group award shall equal the total funding available minus the amount for the contract with the neighborhood preservation coalition, which shall equal the total unmerged company funding plus the sum of the merged company funding plus the sum of the merged company savings.

§ 906. Technical services and assistance to neighborhood preservation companies.

1. The division is hereby authorized to render to neighborhood preservation companies such technical services and assistance as it may possess or as may be available to it to enable such companies to comply with the intent and provisions of this article. The division is further authorized to take all steps necessary to encourage the formation, organization and growth of new neighborhood preservation companies. The division may also, from funds appropriated for the purposes of this article, contract with municipal and other public agencies and with private persons, firms and corporations for the provision of such technical services and assistance which may include: preparation and submission of proposals for entering into contracts with the commissioner; preparation and submission of reports required under such contracts or regulations issued by the commissioner; internal organization and management of the neighborhood preservation companies; recruitment and training of personnel of the neighborhood preservation companies; preparation of plans and projects, negotiation of agreements and compliance with requirements of programs in which neighborhood preservation companies may become engaged in the course of their neighborhood preservation activities; and other technical advice or assistance relating to the performance or rendition of neighborhood preservation activities.
2. The affordable housing corporation, the housing trust fund corporation or their designee as the case may be, shall provide an incentive grant to each company that is awarded a contract pursuant to article eighteen or nineteen of this chapter. Such incentive grant shall consist of the payment of an additional sum of money equal to three percent of the amount payable to such company pursuant to each contract provided, however, that such payment shall not be counted against the per dwelling unit total imposed by subdivision one of section eleven hundred two of this chapter or the per dwelling unit limitation imposed by subdivision one of section eleven hundred twelve of this chapter, and

provided further that such additional amount shall not exceed forty thousand dollars per contract. Such incentive grant shall be utilized either for purposes consistent with the provisions of this article or for the cost of neighborhood preservation activities related to such contract and shall not be subject to the limitation on the amount of funds which may be received by companies contained in subdivision four of section nine hundred three of this article. Such incentive grant shall be added to and considered a payment under the contract for purposes of allocating funds to any single municipality.

§ 907. Rules and regulations to be promulgated by the commissioner. The commissioner shall issue and promulgate rules and regulations for the administration of this article, which rules and regulations shall include provisions concerning requirements as to eligibility for contracting with the commissioner; the form of applications for contracts; supervision and evaluation of neighborhood preservation companies including standards and performance criteria for continued, increased or decreased funding to insure the companies meet the objectives of this article and the objectives outlined in their neighborhood preservation plans; reporting, budgeting and record keeping requirements; provisions for renegotiation, modification, termination, extension and renewal of contracts, which provisions shall include the bases for funding increases from the preceding contract including, but not be limited to, performance which exceeds minimum performance criteria and provisions for probationary periods where appropriate; provisions for technical services and assistance to neighborhood preservation companies within the limits of available funding; protection of the interests of tenants in buildings owned or managed by neighborhood preservation companies; and such other matters not inconsistent with the purposes and provisions of this article as the commissioner shall deem necessary, proper or appropriate. Such rules and regulations shall prohibit any neighborhood preservation company receiving funds under contracts entered into pursuant to this article (i) from engaging in any activities promoting any political candidate or party or (ii) from expending any such funds in activities the purpose of which is to influence legislation.

§ 908. Applicability of other laws to neighborhood preservation companies. Nothing contained in this article shall be deemed or construed to prevent or deny to any neighborhood preservation company the opportunity to qualify as a developer, sponsor, owner or other participant in accordance with the provisions of any article of this chapter, or pursuant to any other law of the state or to deny to any such company the privileges or immunities of any other provisions of this chapter or other law, nor shall any neighborhood preservation company be precluded from organizing or causing to be organized or from acquiring any other corporation for the purpose of conducting or carrying out any project, program or service authorized by any law of the state.

§ 909. Annual report. The commissioner shall, on or before December thirty-first in each year submit a report to the legislature on the implementation of this article. Such report shall include, but not be limited to, for each company receiving payments under this article: a description of such company's contract amount and cumulative total; the specific neighborhood preservation activities performed by such company; the findings required by the commissioner under subdivision two of section nine hundred three of this article; the amounts of monies received by the company from sources other than payments made pursuant to this article; the value of services rendered for the benefit of the company for which payment is not required to be made; and such other information as the commissioner deems appropriate.

§ 910. Merged company savings fund. The division shall create a fund to hold and shall transfer all funds determined to be merged company savings pursuant to paragraph

(d) of subdivision five of section nine hundred four of this article into such fund. The division shall use such funds, as available, for entering into new contracts, pursuant to section nine hundred three of this article, with neighborhood preservation companies located in areas of the state that are currently unserved by a neighborhood preservation company.

## **2. Conflict of Interest Regulations**

- a) The following are restricted from holding voting board membership, serving as officers of the Company and/or in staff management positions, except where otherwise required by statute:
  - 1. State legislators and members of their staffs who hold policy making positions;
  - 2. commissioners and chairpersons of State departments and their deputies and assistants (including members or directors of public authorities, public benefit corporations, boards, commissions and councils);
  - 3. staff of HCR;
  - 4. statewide elected officials, including the Governor, Lieutenant Governor, Attorney General and Comptroller, and members of their staffs who hold policy making positions;
  - 5. chief executive officials and members of the legislative bodies of counties having a population of 275,000 or more, within which the project is located, or cities, towns and villages having a population of 25,000 or more, within the county in which the project is located, except where board membership for such persons is mandated by other relevant federal or state statutes; and
  - 6. political party chairpersons, party organization leaders and members of their executive committees in the state, counties having a population of 275,000 or more, within which the project is located, or cities, towns and villages having a population of 25,000 or more, within the county in which the project is located.
- b) The following shall not receive any compensation whatsoever from a recipient organization, directly or indirectly, for services or goods rendered to such organization unless the goods or services are provided pursuant to an award or contract let, unless otherwise required, after a good faith effort to obtain competitive prices is made, the results of which were reported in writing prior to the award of the contract and were approved by the Division of Housing and Community Renewal which approval shall be based on comparison to arm's length transactions and the needs of the project:
  - 1. state legislators and members of their staffs who hold policy making positions;
  - 2. commissioners and chairpersons of state departments and their deputies and assistants (including members or directors of public authorities, public benefit corporations, boards, commissions and councils);
  - 3. staff of HCR;
  - 4. statewide elected officials, including the Governor, Lieutenant Governor, Attorney General and Comptroller, and members of their staffs who hold policy making positions;
  - 5. chief executive officials and members of the legislative bodies of counties, cities, towns and villages, in which county the project is located;
  - 6. political party chairmen, party organization leaders and members of their executive committees in the state, counties, cities, towns and villages in which county the project is located;

7. voting board members and officers, except for salary payments of officers which shall require the approval of the commissioner which approval shall be granted if the duties assigned to the officer correspond to duties normally assigned to an executive director
  8. staff members of the recipient organization, except for salary payments
  9. the immediate families of persons in paragraphs (1)-(8) of this subdivision; and
  10. any firm, association, corporation or partnership in which any individual listed in subdivision (a) or (b) of this section holds an interest of ten percent or more.
- c) These provisions apply to all persons and entities whether or not their involvement with, or compensation from, a recipient organization is related to the project funded pursuant to this program.

**APPENDIX C**  
**RURAL PRESERVATION PROGRAM**

- 1. Article XVII - Private Housing Finance Law**
- 2. Conflict of Interest Regulations**

## **1. Article XVII - Private Housing Finance Law**

### **ARTICLE XVII HOUSING AND COMMUNITY PRESERVATION IN RURAL AREAS**

Section 1001. Legislative findings and statement of policy.

1002. Definitions.

1003. Contracts with not-for-profit corporations for housing preservation and community renewal activities.

1004. Payments pursuant to contracts.

1005. Enforcement of standards for contract performance.

1006. Technical services and assistance to corporations and rural areas.

1007. Rules and regulations.

1008. Relationship to other laws.

1009. Annual report.

1010. Rural aging services.

1011. Merged company savings fund.

§ 1001. Legislative findings and statement of policy. The legislature hereby finds and declares that there exist in certain rural areas of the state significant unmet housing needs of persons and families of low or moderate income, numerous housing units which are deteriorating or in need of rehabilitation or improvement, and related factors demonstrating a need for increased attention to housing preservation and community revitalization in such areas. Meeting the housing and community renewal needs of rural areas entails special problems arising from the dispersal of population over wide areas, the existence of substandard areas in the form of small, often isolated, pockets of poverty rather than massive concentrations, the extremely limited resources of the small units of local government involved, and other characteristics of these areas.

Locally based not-for-profit organizations can play a crucial role in housing preservation and community revitalization. The public policy of support for such organizations embodied in article sixteen of this chapter, and the legislative findings set forth in such article, are hereby reaffirmed. The legislature further finds and determines that the needs of rural areas and of existing and potential not-for-profit organizations serving such areas will be best met by a program of support for such organizations and their activities similar to that in article sixteen of this chapter but recognizing the distinctive characteristics of such areas. It is the purpose of this article to establish such a program within the division of housing and community renewal.

It is further declared to be the public policy of the state that all programs of housing and community assistance administered by the division of housing and community renewal or other agencies should be carried out with due regard for the special conditions in and needs of the rural areas of the state.

§ 1002. Definitions. As used in this article, the following terms shall have the following meanings:

1. "Commissioner" shall mean the commissioner of the state division of housing and community renewal.

2. "Division" shall mean the state division of housing and community renewal.

3. "Rural area of the state" shall mean cities, towns and villages having a population of less than twenty-five thousand.

4. "Region" shall mean those portions of the rural area of the state, as specified in the contract entered into pursuant to this article, within which housing and community renewal activities funded in part pursuant to this article are to be carried out.
5. "Housing preservation and community renewal activities" include (a) the new construction or the acquisition, maintenance, preservation, repair, rehabilitation or other improvement of vacant or occupied housing accommodations; demolition or sealing of vacant structures where necessary or appropriate; disposition of housing accommodations to present or potential occupants or co-operative organizations; training or other forms of assistance to occupants of housing accommodations; and management of housing accommodations as agent for the owners, receivers, administrators or municipalities; (b) activities, similar to those specified in paragraph (a) of this subdivision, aimed at accomplishing similar purposes and meeting similar needs with respect to retail and service establishments within a region when carried out in connection with and incidental to a program of housing related activities.
6. "Persons of low income" shall mean individuals and families whose annual incomes do not exceed ninety (90) per cent of the median annual income for all residents of the region in which they reside or a larger area encompassing such region for which median annual income can be determined.
7. "Merged corporation" shall mean a not-for-profit corporation maintaining a contract pursuant to section one thousand three of this article that has undergone a merger with one or more other not-for-profit corporation, which is also maintaining a contract pursuant to section one thousand three of this article, that has led the merged corporations to reduce the number of contracts being maintained with the division pursuant to section one thousand three of this article to a total of one.
8. "Unmerged corporation" shall mean a not-for-profit corporation that is not a merged corporation.

§ 1003. Contracts with not-for-profit corporations for housing preservation and community renewal activities.

1. The commissioner may enter into contracts with corporations incorporated pursuant to the not-for-profit corporation law (or such law together with any other applicable law) for the performance of housing preservation and community renewal activities within a region, subject to the provisions of this article.
2. Prior to entering into a contract with a corporation, the commissioner shall have made a finding that the region in which the activities are proposed to be conducted contains a significant amount of deteriorating or substandard housing which is not being adequately repaired, renovated, upgraded, modernized or rehabilitated under existing programs so as to provide sound housing at costs which the residents of such region can afford; that the corporation which proposes to contract with the commissioner is a bona fide organization which shall have been in existence either as a corporation or as an unincorporated, organized group and performing significant housing preservation and community renewal activities for at least one full year prior to entering into any contract with the commissioner and which shall have demonstrated by its immediate past and current activities that it has the ability to preserve, repair, maintain, renovate, rehabilitate, manage or operate housing accommodations or to engage in other housing preservation and community renewal activities in such region; that the housing preservation and community renewal activities which are to be performed pursuant to the proposed contract are needed by the region; and that the corporation possesses



or will acquire or gain access to the requisite staff, office facilities with direct access to such region, equipment and expertise to enable it to perform the activities which it proposes to undertake pursuant to such contract; provided, however, that merged corporations' office facilities may be located outside such region if they are located in a municipality wholly contained within the merged corporations' region, and provided further, however, that it shall not be a bar to the commissioner's contracting with a corporation that one or more other organizations, are conducting housing preservation and community renewal activities wholly or partially within the same region whether or not pursuant to contract with the commissioner.

3. The commissioner may enter into a contract pursuant to this section only if he determines:
  - (a) that the region proposed to be served by the applicant is an appropriate portion of the rural area of the state for the performance of activities pursuant to this article by a corporation;
  - (b) that such region contains significant unmet housing needs of persons of low income, that a substantial portion of its population consists of such persons, and that the housing stock in the region, because of its age, deterioration, or other factors, requires improvement in order to preserve the communities within the region;
  - (c) that the particular activities to be performed by the corporation will meet one or more needs of the region and are reasonably calculated to have a positive effect on regional preservation, stabilization or improvement;
  - (d) that the corporation's officers, directors and members are fairly representative of the residents and other legitimate interests of the region, that they may be expected to carry out the contract in a responsible manner, and that a majority of the directors of the corporation are residents of the region;
  - (e) that any fees received or proposed to be received by the corporation in connection with its activities pursuant to the contract are fair and reasonable;
  - (f) that the corporation will, to the extent possible, give preference in hiring to residents of the region who are unemployed or underemployed;
  - (g) that the corporation will, to the maximum extent feasible, dispose of residential buildings owned or to be acquired by it to the occupants thereof or to cooperative groups whose members shall be occupants thereof; and
  - (h) that due consideration will be given to the interests of occupants of properties owned or to be acquired by the corporation.
4. Contracts pursuant to this section shall be for a period of no more than one year, but may be renewed or extended from year to year; they shall define with particularity the region or portion thereof within which the housing preservation and community renewal activities shall be performed; they shall specify the nature of the housing preservation and community renewal activities which shall be performed including the approximate number of buildings, residential dwelling units and local retail and service establishments which shall be affected; they shall locate and describe, with as much particularity as is reasonably possible, the buildings with respect to which such activities shall be performed during the contract term; and they shall specify the number of persons, salaries or rates of compensation and a description of duties of those who shall be engaged by the corporation to perform the activities embraced by the contract together with a schedule of other anticipated expenses.
5. Prior to renewing or extending a contract or entering a succeeding contract with a corporation the division shall determine that:
  - (a) the corporation shall have substantially completed the housing preservation and

- community renewal activities specified in the contract to be renewed, extended, or succeeded;
  - (b) the corporation shall have received the sums, services, and funds specified in subdivision four of section one thousand four of this article; and
  - (c) the activities carried out by the corporation pursuant to its contract shall have had a significant impact on the community's needs as specified in the contract.
6. Prior to terminating, not renewing, or not extending a contract the division shall:
- (a) determine that the corporation is in violation of the terms and conditions of the contract or that funds provided pursuant to the contract are being expended in a manner not consistent with the terms of the contract or the provisions of this article; or
  - (b) determine that necessary and appropriate technical assistance has been provided without significant improvement in the activities of the corporation; and
  - (c) provide the corporation with written notice, at least forty-five days in advance, of its intent to terminate, not renew or not extend the contract and provide the corporation with an opportunity to appear and be heard before the division with respect to the reasons for such proposed termination, non-renewal or non-extension. At the same time that the corporation is notified of the division's intent to terminate, not renew or not extend the contract, the division shall likewise inform the senate and assembly members who represent areas within such corporation's geographic boundaries.
7. The division shall establish, for renewal of contracts, a procedure which provides the corporation with at least forty-five days notice of the corporation's obligations and rights in that process, informs the corporation of the amount of the renewal contract, and facilitates the timely execution of the contract and disbursement of funds.
8. The division may temporarily withhold payments and may elect not to renew or extend a contract or enter a succeeding contract with any not-for-profit corporation if the corporation is not in compliance with its contract, has without good cause failed to submit documentation required under contract or requested by the division to make the determinations required under subdivision five of this section or has not satisfied any other conditions consistent with this article for renewing or extending a contract or entering a succeeding contract.

§ 1004. Payments pursuant to contracts.

1. Each contract entered into pursuant to this article shall provide for payment to the corporation for the housing preservation and community renewal activities to be performed by it.
2. Payments pursuant to this section shall be restricted to sums required for the compensation of persons employed by, and consultants retained by, the corporation for the performance of the activities covered by the contract and other costs and expenses directly related to such employees and consultants.
3. No part of any such payment shall be used to defray in whole or in part the cost of acquisition, improvement, rehabilitation, operation or demolition of any building or other structure, but this provision shall not prohibit the use of such funds for planning any such activity or for the expenses of providing office and related facilities for the corporation for use in carrying out its activities pursuant to the contract. Payments shall be made by the division to the corporation at such periods, not less frequently than semi-annually, as shall be provided in the contract. Such payments shall be made at

or prior to the commencement of each such time period, to compensate the corporation for the activities which are to be carried out during such time period provided, that with respect to contracts entered into on or after June thirtieth, nineteen hundred ninety-seven the first such payment shall be made by the division beginning on or after July first of the fiscal year for which an appropriation in support of such payment was made and provided further that the final such payment to the corporation shall be made no later than March thirty-first of such fiscal year, unless such payment has been withheld pursuant to subdivision eight of section one thousand three of this article.

4. In negotiating each contract, the division shall consider and take into account any and all other sums available or anticipated to be made available to the corporation from any and all sources which may be used to defray the costs of the housing preservation and community renewal activities set forth in the contract, including, without limitation, fees generated by the management of housing accommodations, contributions from private foundations, corporations, firms and individuals and funds received under grants and contracts pursuant to any program or programs operated or administered by any governmental agency or instrumentality and shall make a determination that the sums available or anticipated to be made available for the corporation from such other sources, together with the value of services to be rendered for the benefit of the corporation for which payment is not required to be made by such corporation, amount to at least thirty-three and one-third percent of the amount of such contract.
5. When disbursing funds for contracts with not-for-profit corporations, pursuant to section one thousand three of this article, the division shall use the following criteria, formulas, and tables to determine the distribution of funds:
  - (a) The total unmerged corporation funding shall equal the current number of unmerged corporation contracts multiplied by the per group award.
  - (b) The unmerged corporation funding shall equal the per group award.
  - (c) The merged corporation funding shall equal the funding modification multiplied by the per group award.
  - (d) Merged corporation funding shall be determined on an individual basis for each not-for-profit corporation. The following tables show the funding modification to be used:

- (i) In the case of two not-for-profit corporations merging, the following table shall be used:

Years since Funding merger	Modification
1	200%
2	190%
3	180%
4	170%
5	160%
6	150%

- (ii) In the case of three not-for-profit corporations merging, the following table shall be used:

Years since Funding merger	Modification
1	300%
2	290%
3	280%
4	270%
5	260%
6	250%
7	240%

8	230%
9	220%
10	210%
11	200%

(iii) In the case of four or more not-for-profit corporations merging, the following table shall be used:

Years since Funding merger	Modification
1	400%
2	390%
3	380%
4	370%
5	360%
6	350%

Years since Funding merger	Modification
7	340%
8	330%
9	320%
10	310%
11	300%
12	290%
13	280%
14	270%
15	260%
16	250%

- (c) If a not-for-profit corporation that has undergone a merger continues to renew their contract beyond the timeframes listed in the above tables, it shall have its funding determined using the last funding modification listed.
- (d) The merged corporation savings shall be determined on an individual basis for each merged corporation. It shall be calculated by subtracting the amount of such corporation's merged corporation funding from the amount the merged corporations would have received if they had maintained separate contracts.
- (e) The per group award shall equal the total funding available minus the amount for the contract with the rural preservation coalition which shall equal the total unmerged company funding plus the sum of the merged company funding.

§ 1005. Enforcement of standards for contract performance.

1. The division shall by regulation provide for formal evaluation of the performance of a corporation to determine its progress in achieving the objectives outlined in the annual housing preservation and community renewal plan contained in its contract with the division. Such evaluation shall include a review of the efforts of the corporation to execute each of the components of its plan and a consultation between the corporation and the division regarding the findings of the division relative to performance. The division shall provide or cause to be provided technical assistance determined to be necessary by the division to improve the ability of the corporation to execute each of the components of its plan. Such evaluation and determination of the need for technical assistance shall consider the financial and staff resources of the corporation for the period evaluated and any special considerations which may have had an impact on performance during the period.
2. If the division determines that a corporation has not made sufficient progress toward

achieving the objectives of its annual housing preservation and community renewal plan the division shall conduct a site visit to review these findings and, if warranted, shall place the corporation on probation.

3. The division shall terminate or not renew or not extend a contract in accordance with provisions of subdivision seven of section one thousand three of this article if the commissioner determines that the performance of a corporation is not sufficient to merit continued participation in the program.
4. Notwithstanding the foregoing, the commissioner may terminate any contract upon a finding of substantial non-compliance or other substantial breach of the contract.

§ 1006. Technical services and assistance to corporations and rural areas.

1. In accordance with the policy of this article, the division shall encourage the creation, development and strengthening of new not-for-profit corporations to perform housing preservation and community renewal activities in the rural areas of the state and is authorized to take all steps necessary to that end. The division shall provide technical services and assistance to not-for-profit corporations seeking to serve the housing or community renewal needs of rural areas, to better enable such corporations to meet the requirements of, and obtain funding under this article or any other program of governmental assistance, federal, state or local, to carry out their present and proposed activities, and otherwise to further the purposes and policy of this article. Such services and assistance may be provided through the division's own personnel and facilities, through contractual services, or otherwise.
2. The affordable housing corporation or the housing trust fund corporation, as the case may be, shall provide an incentive grant to each corporation that is awarded a contract pursuant to article eighteen or nineteen of this chapter. Such incentive grants shall consist of the payment of an additional sum of money equal to three percent of the amount payable to such corporation pursuant to each contract provided, however, that such payment shall not be counted against the per dwelling unit total imposed by subdivision one of section eleven hundred two of this chapter or the per dwelling unit limitation imposed by subdivision one of section eleven hundred twelve of this chapter, and provided further that such additional amount shall not exceed forty thousand dollars per contract. Such incentive grant shall be utilized either for purposes consistent with the provisions of this article or for the cost of housing preservation and community renewal activities related to such contract and shall not be subject to the limitation on the amount of funds which may be received by corporations contained in subdivision four of section one thousand three of this article. Such incentive grant shall be added to and considered a payment under the contract for purposes of allocating funds to any single municipality.

§ 1007. Rules and regulations. The commissioner shall issue rules and regulations for the administration of this article. Such rules and regulations shall include provisions concerning requirements as to eligibility for contracting with the commissioner; the form of applications for contracts; supervision and evaluation of corporations which contract with the commissioner including standards and performance criteria for continued, increased or decreased funding to insure the corporations meet the objectives of this article and the objectives outlined in their housing preservation and community renewal plans; reporting, budgeting and record keeping requirements; provisions for renegotiation, modification, termination, extension and renewal of contracts, which provisions shall include the bases for funding increases from the preceding contract including, but not be limited to, performance which exceeds

minimum performance criteria and provisions for probationary periods where appropriate; provisions for technical services and assistance to such corporations within the limits of available funding; protection of the interests of tenants in buildings owned or managed by such corporations; and may include any provisions, not inconsistent with the provisions of this article or other applicable law, which the commissioner deems necessary or appropriate to carry out the policy and purposes of this article. Such rules and regulations shall prohibit any corporation receiving funds under contracts entered into pursuant to this article (i) from engaging in any activities promoting any political candidate or party or (ii) from expending any such funds in activities the purpose of which is to influence legislation.

§ 1008. Relationship to other laws. Nothing in this article shall be deemed to deny or limit the right of any corporation to seek or receive assistance under, or otherwise participate in, any other program pursuant to this chapter, or any other governmental program relating to housing or community renewal. Nothing in this article shall be deemed to deny or limit the right of any corporation to carry out any program or service through a subsidiary corporation or other instrumentality.

§ 1009. Annual report. The commissioner shall, on or before December thirty-first in each year submit a report to the legislature on the implementation of this article. Such report shall include, but not be limited to, for each company receiving payments under this article: a description of such company's contract amount and cumulative total; the specific housing and community preservation activities in rural areas performed by such company; the findings required by the commissioner under subdivision two of section one thousand three of this article; the amounts of monies received by the company from sources other than payments made pursuant to this article; the value of services rendered for the benefit of the company for which payment is not required to be made; and such other information as the commissioner deems appropriate.

§ 1010. Rural aging services. Housing preservation and community renewal activities which are otherwise eligible under subdivision five of section one thousand two of this article, but which are or have been funded under the rural aging services program operated jointly by the division and the state office for the aging, shall not be subject to the limitation on the amount of funds which may be received by corporations contained in subdivision four of section one thousand three of this article. All provisions otherwise applicable to funds received under section one thousand three of this article shall also apply to funds received under this section.

§ 1011. Merged company savings fund. The division shall create a fund to hold and shall transfer all funds determined to be merged corporation savings pursuant to paragraph (d) of subdivision five of section one thousand four of this article into such fund. The division shall use such funds, as available, for entering into new contracts, pursuant to section one thousand three of this article, with not-for-profit corporations located in areas of the state that are currently unserved by a not-for-profit corporation that is maintaining a contract pursuant to section one thousand three of this article.

## **2. Rural Preservation Program Conflict of Interest Regulations**

- a) The following are restricted from holding voting board membership, serving as officers of the Company and/or in staff management positions, except where otherwise required by statute:
- (1) state legislators and members of their staffs who hold policy-making positions;
  - (2) commissioners and chairpersons of state departments and their deputies and assistants (including members or directors of public authorities, public benefit corporations, boards, commissions and councils);
  - (3) staff of HCR;
  - (4) statewide elected officials, including the Governor, Lieutenant Governor, Attorney General and Comptroller, and members of their staffs who hold policy-making positions;
  - (5) chief executive officials and members of the legislative bodies of counties having a population of 275,000 or more, within which the project is located, or cities, towns and villages having a population of 25,000 or more, within the county in which the project is located, except where board membership for such persons is mandated by other relevant federal or state statutes; and
  - (6) political party chairpersons, party organization leaders and members of their executive committees in the state, counties having a population of 275,000 or more, within which the project is located, or cities, towns and villages having a population of 25,000 or more, within the county in which the project is located.
- b) The following shall not receive any compensation whatsoever from a recipient organization, directly or indirectly, for services or goods rendered to such organization unless the goods or services are provided pursuant to an award or contract let, unless otherwise required, after a good faith effort to obtain competitive prices is made, the results of which were reported in writing prior to the award of the contract and were approved by the Division of Housing and Community Renewal which approval shall be based on comparison to arm's length transactions and the needs of the project:
- (1) state legislators and members of their staffs who hold policy-making positions;
  - (2) commissioners and chairpersons of state departments and their deputies and assistants (including members or directors of public authorities, public benefit corporations, boards, commissions and councils);
  - (3) staff of HCR;
  - (4) statewide elected officials, including the Governor, Lieutenant Governor, Attorney General and Comptroller, and members of their staffs who hold policy-making positions;
  - (5) chief executive officials and members of the legislative bodies of counties, cities, towns and villages in which county the project is located;

- (6) political party chairpersons, party organization leaders and members of their executive committees in the state, counties, cities, towns and villages in which county the project is located;
  - (7) voting board members and officers, except for salary payments of officers which shall require the approval of the commissioner which approval shall be granted if the duties assigned to the officer correspond to duties normally assigned to an executive director;
  - (8) staff members of the recipient organization, except for salary payments;
  - (9) the immediate families of persons in paragraphs 1 - 8 of this subdivision; and
  - (10) any firm, association, corporation, or partnership in which any individual listed in (a) or
- c) hereof holds an interest of 10 ten percent or more.

These provisions apply to all persons and entities whether or not their involvement with, or compensation from, a recipient organization is related to the project funded pursuant to this program.