

The Draft VRP Administrative Plan represents the administrative requirements for entities entering into a VRP grant agreement with HCR. Additional policy and procedure details will be provided in a Program Manual at time of grant execution. The draft plan represents the intended program requirements but is subject to further refinement prior to the time of grant agreement execution.

Schedule B

Administrative Plan

The term Local Program Administrator (LPA) shall refer to the awardee as the recipient of Housing Trust Fund Corporation (HTFC) NYS Homes & Community Renewal (HCR) funds.

1. Outreach & Coordination

1.a. Marketing & Outreach

The LPA shall conduct and document marketing and outreach in the service area to make property owners aware of the availability of program funds.

- The LPA will develop program and application information through traditional (print, advertisements, etc.) and online outlets (email, social media, etc.).
- The LPA will identify specific marketing channels and approaches to reach the target audience of multi-family property owners, landlords, and other relevant property owners likely to own eligible vacant units.
- Program materials will be distributed to property owners in the service area and made available for distribution to local governments and other local partners.
- Outreach efforts should consider the socioeconomic character of the service area and provide equal opportunity to apply for program resources.
- The LPA must retain distribution lists, public notices, and other documentation of marketing and outreach efforts in program files.

1.b. Service Linkages & Referrals for Service

The LPA is encouraged to make referrals to potential program participants to local service provider(s) for needs that cannot be met through VRP. The LPA should document the number and type of any referrals made to potential program participants.

1.c. Promotion & Media

Recipient shall adhere to the Corporation's requirements related to media and promotion available online, here: <https://hcr.ny.gov/Promotion-Media>. All public facing materials and publications must clearly identify the funding provided by NYS Homes & Community Renewal.

2. Project Selection

2.a. Participant Intake, Eligibility and Selection

The LPA must establish a formal procedure for application intake that documents eligibility confirmation and participant selection. Preparation and documentation of clear and consistent eligibility criteria and procedures are essential to ensuring fairness and avoiding conflicts of interest. See section 2.d for additional detail on determining applicant eligibility. The LPA must advise applicants of the status of an application within 60 days of a completed application.

The LPA must retain documentation of the following and any other required documentation per the program policies and procedures, which is subject to periodic HCR Monitoring Review:

- Completed “Project File Checklist”
- Participant Application
- Verification of Ownership
- Verification of Applicant Eligibility
- Verification of Property and Unit Eligibility
- Verification of Current Comprehensive Property Insurance (policy effective at time of set up)
- Applicant Prioritization Determination
- Award Letter from LPA to Participant

2.b. Eligible Activities

Funding will be used for rehabilitation of existing eligible vacant units and spaces into decent, safe, and affordable rental units. Rehabilitation activities may include health and safety improvements, correction of code violations, access and egress improvements, environmental remediation, and other reasonable improvements determined by the Local Program Administrator as necessary to convert vacant units into habitable and marketable rental units.

The LPA is responsible for determining if a rehabilitation activity is eligible. To determine eligibility, the LPA shall have a clear policy that is consistently applied to applications.

Repairs completed prior to selection and award by a local program administrator are not eligible for reimbursement.

2.c. Award Limits

Two award options will be made available to property owners:

Standard Award: up to \$50,000 per eligible unit. The compliance requirement for this award is to rent to tenants with income up to 80% Area Median Income at a rate affordable to the 80% AMI level.

Enhanced Award: up to \$75,000 per eligible unit. The compliance requirement for this award is to rent to tenants with income up to 60% Area Median Income at a rate affordable to the 60% AMI level.

2.d. Eligible Participants

An eligible participant must meet the following criteria:

- **Property Ownership:** Participant must be legal owner of one of the following:
 - 1- to 5-unit residential property
 - Eligible vacant property that will be converted to a 1- to 5-unit residential property
 - Mixed-use building with 5 or fewer residential units
 - Property must be located in New York State outside of the municipal boundary of New York City
- **Unit Eligibility:**
 - The unit(s) in which work will be completed must currently be vacant because of conditions making the unit uninhabitable or unmarketable, as determined by the LPA.
 - The property owner will be required to provide a signed attestation that the unit is eligible based on vacancy status.
 - An existing tenant may not be temporarily or permanently displaced for the purposes of making a unit eligible for program funds.
 - The LPA is responsible for confirming vacancy status through a site visit inspection. The LPA may establish additional criteria and procedures for confirming vacancy status.
- **Applicant Eligibility:**
 - The LPA shall adopt a clear written policy on applicant eligibility (see 2.a Participant Intake, Eligibility and Selection). The policy must detail procedures to determine eligibility and be consistently applied to all applications. The LPA must document award decisions based on this policy within each Project File.
 - Applicants must be determined by the LPA to be “responsible owners” based on criteria including being current on mortgage payments, property taxes, utilities and any other criteria established by the LPA to determine that participants are likely to serve as fair and responsible landlords in the future.
 - Applicants must be willing to adhere to the following program obligations:
 - Provide a signed certification of required eligibility information
 - Disclose all properties owned and/or under their control
 - Rent units receiving assistance at rents affordable to the appropriate AMI level, per their award type
 - Place a Declaration of Interest on the property for full 10-year Regulatory Period (including in instance of transfer or sale) covering the assisted units
 - Verify income of prospective tenants and rent only to those that are income qualified per the terms of their participant agreement
 - Provide minimum 1-year leases

2.e. Application Prioritization

As part of the formal procedure for application intake, The LPA shall establish a policy that identifies criteria for prioritizing funding awards among applications received. This policy must be formally documented and used through the application and participant selection process.

At a minimum, the policy and criteria must prioritize applicants that meet the following conditions:

Live Locally – participants have a primary permanent residence in the local area, as defined by the LPA.

Small Portfolio – participants do not own or control a portfolio of properties exceeding a combined total of twenty (20) residential units. Participants also do not have a substantial non-residential real estate portfolio.

The LPA is encouraged to adopt additional prioritization criteria that reflect local conditions.

2.f. Conflict of Interest Policy

The LPA shall maintain a conflict-of-interest policy that applies to any person who is an employee, agent, consultant, contractor/subcontractor, officer, participant, or elected official or appointed official of the state, the LPA, or a unit of general local government or any designated public agency. This policy must cover both the program participants selection process and the contractor procurement process. A contractor cannot receive VRP funds for work done on a property that they own, or a property that is owned by an immediate family member.

The LPA is responsible for determining if a conflict of interest exists and reporting it to HCR as necessary.

3. Project Development

3.a. Work Write-up / Scope of Work

Once a project has been determined eligible and has been selected for assistance, the LPA will meet with the property owner to develop a written scope of work and an initial estimate of costs.

A professional evaluation must be conducted to establish and document the scope of rehabilitation activities. LPA must formally document rationale for scope items, including photographs of current conditions. The LPA will prepare an internal cost estimate for the eligible scope of work. All or a portion of the maximum grant amount per unit may be awarded, dependent upon the eligible scope of work and specific program award limitations and requirements.

Both the LPA and the property owner must sign-off on the formal scope of work before the LPA may begin to seek bids for the work.

3.b. Participant Agreement

The LPA must execute a Participant Agreement with the property owner specifying the approved, maximum award amount and outlining roles and responsibilities for the respective parties. At a minimum, the contract must specify:

- Responsibility for payments to contractors (either the Contractor or LPA) and payments made on an incurred cost or reimbursement basis
- Agreed Upon Scope of Work
- Estimated Grant Amount
- Contractor Bidding & Selection Process
- Completion Deadline
- Requirement to insure the premises for the full (100%) replacement value, obtain fire insurance and

other appropriate insurance, and to obtain flood insurance coverage if the premises is in a special flood hazard area.

Securing Permits (work may not begin until all required permits have been issued, or formally confirmed as not required)

Site Inspections (LPA reserves right to inspect at any time to confirm eligibility of work, monitor progress, and inspect quality of work)

Right to Terminate or Withhold Payment (LPA reserves right to terminate contract or withhold payment if work is not completed as agreed, change orders are implemented without approval, ineligible scope of work items are included on invoice, for failing to satisfy contract terms, or for violating program rules)

Compliance Monitoring including cooperating with the LPA requirement to monitor the ongoing maintenance of the property, including the rent limits for assisted residential units (LPA reserves right to share information about participant and project consistent with HCR monitoring)

Dispute Resolution Policy

Requirement to sign and file a security instrument that places use and sale restrictions on the property, including restrictive rental provisions, for the term of the ten (10) year Regulatory Period.

Any exceptions require prior approval of OCR.

3.c. Environmental Review

Project activities are subject to the requirements of the State Environmental Quality Review Act (SEQR) at 6 NYCRR Part 617. The LPA will be required to complete forms and a written scope of work to commit grant funds for a property and receive site-specific environmental review approval from HCR. Rehab activities may not begin prior to site-specific environmental approval from HCR, as this serves as both the preliminary commitment of funds for a project site, and approval to proceed with project activities.

3.d. Contractor Procurement

The LPA can establish a list of contractors able to perform work in compliance with applicable standards. The LPA may choose to develop this list through a formal Request for Qualifications (RFQ) process to provide contractors and professional service providers an equal opportunity for consideration.

All contractors must supply references and proof of proper insurance. Proof of insurance must include general liability coverage in a minimum amount of one million dollars and workers' compensation coverage. The LPA, State of New York and the Housing Trust Fund Corporation must be listed as additional insured.

The LPA, in coordination with the property owner, will use this list to solicit bids or quotes for the project activities. Additional contractors can be added to the list at any time, however, references and proof of proper insurance must be supplied to the LPA and approved.

An appropriate procurement process must be completed for all activities to be reimbursed with program funds. At a minimum, two bids or proposals must be obtained and reviewed for all rehabilitation or professional service activities to establish the reasonableness of project costs. If two bids are not received, the LPA must follow HCR guidelines on establishing reasonableness of project costs.

The procurement process must be free of collusion or intimidation, and the LPA must exercise appropriate oversight over the entire process to ensure that it is fair, efficient, and free of actual and perceived conflicts of interest. A clear, written, scope of work for the project, as outlined in Work Write-up/Scope of Work above, must be the basis for the bids or proposals. All bidders must have equal access to relevant information, including information on the property itself.

The bids or proposals for all activities must be submitted directly to the LPA by the contractor. The LPA will advise the property owner of acceptability of bids and proposed cost. If the property owner chooses other than the lowest bidder, reimbursement will be based on the amount of the lower responsible bid.

3.e. EEO & MWBE Requirements and Procedures

LPAs are required to comply with Articles 15-A and 17-B of the New York State Executive Law. These requirements include equal employment opportunities for minority group members and women (“EEO”), and contracting opportunities for certified minority and women-owned business enterprises (“MWBEs”) and Service-Disabled Veteran-Owned Businesses (“SDVOBs”). LPAs demonstration of “good faith efforts” pursuant to 5 NYCRR §142.8 shall be a part of these requirements. Please visit NYS Empire State Development’s Division of Minority & Women Business Development website for a directory of certified Minority and Women-Owned Businesses: <https://ny.newnycontracts.com/>

LPAs must submit a Contractor Bid Solicitation Plan with the grant agreement. This Plan will identify certified MWBE firms that will be included in the bid solicitation process. Once the contractor/vendor selection process is complete, the LPA must report to HTFC on the use of NYS certified MWBE firms.

4. Construction Monitoring & Quality Control

4.a. Construction Monitoring

The LPA must establish a standard practice for monitoring contractors (including documented periodic inspections) for progress, quality of workmanship, code compliance, adherence to approved scope of work, program rules, environmental compliance, and consistency with the approved construction timeline. Inspection reports must be consistently documented in the LPAs project files. The LPA retains the right to inspect work in progress at any point and visits must be documented in LPA project files.

All requests for progress payments, if allowable, must include photographs of the completed work.

4.b. Final Inspection

A final inspection is required before submitting a final payment request. The LPA, property owner, and other relevant professionals must verify that the work was completed properly and is consistent with the contracted scope of work. A final inspection report must be documented in LPA project files and submitted with the request for reimbursement.

4.c. Dispute Resolution

Primary responsibility for resolving participant and contractor disputes rests with the LPA. The LPA must adopt a Dispute Resolution Plan that establishes a standard practice to administratively resolve disputes related to the Participant Agreement, contract, or written agreement with the contractor. Examples of common issues which may be amenable to conflict resolution include project timeline, quality of work, scope of work, inability, or failure of parties to uphold obligations, final participant completion sign off, or contractor payment.

The LPA should require notice in writing in the event there is a dispute between a participant and contractor, whenever feasible. The LPA must exercise best efforts to resolve the dispute as soon as possible. This may include conducting an inspection to evaluate claims and meeting with the parties in attempt to reach a satisfactory result through negotiation. All efforts must be documented in project files, and whenever possible include photos.

If the Dispute Resolution Plan is applied and documented, but efforts fail, then the LPA shall notify HCR and provide a recommended course of action for consideration.

5. Ongoing Maintenance

5.a. Obligations

Property owners are required to maintain a property assisted with VRP funds for a period of ten (10) years from the date of project completion and final inspection. This requires that any assisted improvements be maintained in a manner that is consistent with the goals of the VRP program for the regulatory term. Assisted residential units, when they become vacant, must be marketed and affordable to the required low- and moderate-income households during the regulatory term. This requirement is met through the owner verifying a prospective tenant's income and a rent limit imposed on each assisted residential unit.

The LPA will require each property owner receiving VRP funds to file a security instrument, in a form

approved by HTFC, with the clerk of the county in which the project is located. In the document, the property owner will declare that he/she has received assistance from VRP and will maintain the property in a manner consistent with the program objectives, rent assisted units to income qualified-tenants, and charge rent for assisted units at the required affordability levels.

Rental restrictions will transfer with the property to the new owner if sold or transferred within the 10-year regulatory period. In the event of non-compliance, the amount of grant funds will be subject to repayment in full during the entire 10-year regulatory period.

5.b. Responsible Parties

The LPA must clearly describe all obligations to the participating property owner prior to beginning the project, including requirements in the Participant Agreement. The LPA will monitor projects assisted under VRP during the ten-year regulatory term. The LPA will ensure maintenance of VRP investments.

To meet its monitoring requirement, the LPA must develop a formal plan for monitoring the assisted properties and ensuring compliance for the ten-year term. The plan must address staff assignment of this responsibility and address continuity of operations. As part of this plan, the LPA will periodically inspect assisted properties and conduct any inspections directed by HTFC. The LPA will require participants to provide an annual re-certification of compliance that is reviewed and verified by the LPA.