Disbursement Procedures for Local Program Administrators

Office of Community Renewal - Vacant Rental Program (VRP)

The procedures set forth in this document should be followed by organizations administering state programs seeking disbursement of grant funds from the Housing Trust Fund Corporation (HTFC). Local Program Administrators (LPAs) must follow these procedures to report on program activities and receive disbursement of funds.

This document provides LPAs with instructions on commitment and disbursement procedures established by HTFC and the Office of Community Renewal (OCR). <u>All disbursement forms are embedded in the LPA's program trackers as separate tabs.</u>

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2. Project Detail Sheet
3. Invoices & Proof of Payment
4. Progress Photos (for any progress payments)

If project is reported as complete then:

5. Completion Photos
6. Lead clearance report (if applicable)
7. Declaration of Interest Copy

**** All progress/completion photos must be labelled with the corresponding property address. ****

1. Overview of Disbursement Requests for Projects

LPAs must complete the fields in the Program Tracker to commit funds for a building prior to requesting disbursement of funds.

Disbursements for projects are provided by OCR on a <u>cost-incurred, reimbursement, or advance</u> basis. As such, the LPA may choose any of the following approaches:

- **Reimbursement of Property Owners:** Require property owners to pay contractors using own funds (e.g., cash on hand or construction financing). LPA will submit invoices and proof of payment documentation to HTFC for reimbursement. LPA will reimburse property owners after receiving the disbursement.
- **Reimbursement of LPA:** Pay contractors directly from LPA funds. LPA will submit invoices and proof of payment documentation to HTFC for reimbursement.
- **Pay Contractors from Disbursed Funds (Cost-incurred):** Submit <u>unpaid</u> invoices for completed work to HTFC for payment (funds will be disbursed to LPA to pay contractors). Note that processing times must be acceptable to contractor. Processing times are typically 10-20 business days but may be longer.
- **Receive Advance Funds and Pay Contractors from Advance Funds Balance Sitting with LPA:** Request up to $200,000 in project costs (based on executed property owner contracts and accepted contractor bids) and use funds to pay contractors as invoices are received. Funds must be spent within a reasonable time period and cannot sit with the LPA for an extended period of time. An LPA may not make reimbursement requests if it has a significant amount of unspent advance funds in its possession.

Disbursement Requests are made by submitting the required forms and applicable supporting documentation to OCR. A disbursement request must be submitted in its entirety including all the documentation listed under Section B of this document. Progress payments may be made (i.e., projects do not have to fully complete for disbursement requests).

2. Overview Disbursement Requests for Program Delivery Funds

LPAs may make a disbursement request for Program Delivery Funds at the time of request for Project Funds or separately as independent requests. LPAs are permitted to request an initial disbursement of up to $30,000 of the budgeted program delivery funds prior to making progress on projects to assist with program start up activities.

LPAs will make disbursement requests for Program Delivery Funds beyond the initial $30,000 as progress is made on completing projects. LPAs may not request all Program Delivery funds upfront.

OCR will approve program delivery disbursements requests at its sole discretion based on its determination that adequate progress has been made on VRP projects. OCR may pause, deny, or approve Program Delivery requests based on this determination. OCR may issue “warnings” to LPAs if significantly more progress is required on projects before a subsequent program delivery disbursement request will be accepted.

3. Submission Instructions for Disbursement Requests

Disbursement request forms and supporting documents must be packaged as a **single PDF** in the order identified above and submitted electronically to Disbursements@hcr.ny.gov. with a copy to TargetedPrograms@hcr.ny.gov. A request will not be accepted, formally reviewed, or processed until a fully compiled and complete request is submitted.

When submitting disbursement requests vi email, provide the following information:

- Original submission Subject Line: *SHARS ID# - Organization Name*
- Resubmitted Subject Line: *Revision – SHARS ID# - Organization Name*

In the body of the email, provide contact information including:

- Name
- Telephone
- Email

If the LPA has concerns that the disbursement is too large or complicated to submit electronically, please contact OCR staff for instructions.

A single disbursement request package may include reimbursement requests for multiple buildings. To do this, complete a single Disbursement Request Form and enter expenses for multiple properties on the Project Detail Sheet. Attach supporting documentation in the order identified on the Project Detail Sheet.

Any updates, corrections, modifications, etc. should be sent directly to the VRP Project Manager only at TargetedPrograms@hcr.ny.gov

There is no minimum or maximum request amount or minimum frequently of requests; however, LPAs must receive approval of a disbursement request from the VRP Project Manager prior to submitting a new disbursement request.

OCR will make payments to LPA through an automated deposit system, which is usually completed within 10-20 business days from the time of receipt of a complete and accurate request. Incomplete paperwork or insufficient supporting documentation will delay payments.

Funds disbursed to the LPA must be spent as expeditiously as possible.

B. Disbursement Request Forms and Documents

1. Disbursement Request Form (all requests)

- **Name of LPA:** Enter the name of the Local Program Administrator (LPA). The LPA is the recipient not-for-profit organization or municipality.
- **SHARS ID:** Enter the eight-digit identification number that is available on the grant agreement and award materials.
- **Name and phone number of the person completing this form:** Provide the name and contact information for the person completing form, or the person OCR should contact with questions related to the disbursement paperwork.
- **Date:** Enter the date that the disbursement request paperwork is prepared.
- **Mailing Address:** Enter the complete mailing address of the LPA.
- **Project funds requested:** Enter the full amount of projects funds being requested (if any). The amount must match what is provided on the attached Project Detail Sheet(s).
- **Program delivery funds requested:** Enter the full amount of program delivery funds being requested (if any). The amount requested must be in alignment with program policies and procedures for the initial request and subsequent requests based on progress on projects.
- **Total amount of this request:** Enter the full amount of the attached disbursement request, including both project funds and program delivery funds.
- **Project Detail Sheet(s):** Indicate if a Project Detail Sheet is included with the request (required for all project funds requests).
- **Program Delivery Invoice:** Indicate if a Program Delivery invoice is included with the request (required for all program delivery requests)
- **Supporting Documentation:** Indicate if the required supporting documentation is attached. Refer to Section A.1 of this instruction document for required documentation for VRP Disbursement Requests for project funds.
- **Payee Certification:** Enter the name(s) and title(s) of the LPA representative(s) indicated on the Authorized Signatory Form. Once the request is prepared and reviewed, the Authorized Signatories must sign and date the form. In signing the certification on the Disbursement Request form, the LPA is certifying that the reimbursement requested: complies with the requirements of the Grant Agreement between HTFC and the LPA; contains eligible expenses; and does not duplicate reimbursement or disbursement of costs and/or expenses from any other source.

2. Disbursement Request Worksheet *(complete only if requesting Advance Funds)*

The purpose of this form is to assist LPA's in determining the amount of advance funds that it is eligible to request, based on the current status of projects (as entered into the Project Log).

The form automatically calculates the maximum balance of Advance Funds the LPA is eligible to have based on:

- Total Funds Committed in Property Owner Contracts
- Total Amount to Disbursed to LPA to-date from HTFC
- Total Funds Paid to Contractors to-date
- Balance (under contract) still owed to contractors
- Balance of advance funds for projects already disbursed by HTFC that are now sitting with the LPA

Note that the Disbursement Log (Tab 2C in the Program Tracker) must be fully up to date for the worksheet to calculate the correct maximum request amount. The current disbursement request amount should not be entered into the Disbursement Log. Advance Funds requests may not be processed if the Disbursement Log is not up to date.

Under Section B. Advance Funds Eligibility, "Initial" or "Subsequent" must be selected. "Initial" will be selected only for the first time the LPA is requesting Advance Funds for projects. There are two special disbursement rules for initial requests:

- Up to 50% of the total funds committed in property owner contracts can be requested up to $200,000 (subsequent requests allow up to 100% with a $200,000 maximum)
- 30% of the received advance funds must be paid out to contractors prior to making a subsequent disbursement request

The total amount of Advance Funds being requested should be entered in Section C. LPA Disbursement Request. The LPA may request any amount up to the maximum as calculated by the worksheet.

3. Advance Funds Project Payments Report *(complete only if LPA has paid out any previously disbursed advance funds since previous Advance Funds Project Payments Report completed)*

This form is used to report to OCR how advance funds previously disbursed to the LPA were used. All expenditures of advance funds must be documented on this form.

Each row on the form should be for one project. If multiple payments were made for one project, the project will still have one row and the combined total amount of payments will be indicated.

Only VRP funds should be documented on this form. There should be no external grant funds or property owner payments included on this form.

Complete each field of the form:

Project ID: Enter the project ID exactly as it is in the Program Tracker

Total VRP Committed Funds in Property Owner Contract: Enter the total project amount matching the property owner contract (accepted contractor bid). Note that no program delivery costs should be included in the total committed funds for a project. This should only be VRP funds committed to the project.

VRP Expenditures Since Last Request: The amount of advance funds paid out for each project since the last Advance Funds Project Payments Report was submitted should be entered. If it is the first Advance Funds Project Payments Report being submitted, the expenditures should be from the initial advance funds request.

Total VRP Expenditure to Date: Indicate the total amount of VRP project costs that have been paid out for each project over the entire life of the project. This should include both payments made for a project out of advance funds and payments made with LPA funds that were reimbursed through VRP.

Final Payment Made and Project is Now Complete: Select the checkmark for any projects for which advance funds were used to make a final payment for and for which are now complete. When this is marked, you will need to provide completion photos, all VRP invoices and proof of payment, a copy of the declaration of interest, and lead clearance documentation (if applicable) for a project.

4. Project Detail Sheet (project cost requests)

The purpose of the project detail sheet is to organize supporting documentation for a disbursement request. It must be used for any reimbursement requests for project costs. For Advance Funds requests this will only be needed when reporting a project as completed. The fields in the table are used to identify the attached invoices and proof of payment. Note that the form will have one row per invoice. If there are multiple invoices for a property, use multiple lines.

- **Building Address:** Enter the building address as confirmed and entered into the Program Tracker
- **Invoice Date or Number:** Provide the date or number for each invoice or receipt included in the disbursement request. One row should be completed for each invoice. Multiple check numbers may be entered on one row to support one invoice.
- **Proof of Payment/Check #:** Proof of payment must be included for all supporting documentation. Provide the check number(s) used to pay the invoice.
- **Certified M/WBE:** Select Yes or No to identify if the contractor or vendor is a NYS Certified M/WBE. If yes, additional information will be requested.
- **Contractor/Vendor Name:** Use this field to identify the contractor or vendor that issued the receipt or invoice. The contractor or vendor name listed must match the supporting invoice(s) provided.
- **Trade or Work Performed:** Indicate the general type of construction activities provided by contractor, e.g. install windows, repoint brick façade. Brief responses only.
- **Full Invoice Amount:** Enter the amount charged by the contractor or vendor indicated. This amount should generally match the invoice(s) provided.
- **VRP Portion of Invoice (Requested/Spent):** Enter the portion of the full invoice amount that VRP funds are being requested for/have been spent. In a reimbursement request, the sum of the amount requested column in all project detail sheets should match the project funds requested line in the request form. In an advance request, the sum of the amount requested column in all detail sheets should match the total expenditures to date and total committed amount for all projects being reported as complete.
- **Soft Cost:** Check the box to indicate if the invoice is documentation for a Soft Cost, i.e. filing fees, environmental testing, architectural or engineering. Note that reimbursement of soft costs will be made only after construction progress is demonstrated for a project.
- **Contractor Not Yet Paid:** Check to indicate the cost has been incurred but not yet paid (the disbursement will be used to pay the contractor directly). Note that proof of payment is required to be submitted within 45 days.
- **100% Complete:** Check to indicate if the contract with the specified contractor or vendor described is complete.

5. Supporting Documentation for Disbursement Requests

Disbursement requests must be accompanied by appropriate and legible supporting documentation to substantiate expenses. The documentation required will depend on the request type (see overview graphic on page 2 of these instructions).

Guidance for each of the documentation types is provided below:

Invoices: Invoices must include a detailed description of work completed. Invoices included should only be for work paid with VRP funds but may include additional scope items in addition to VRP scope items (invoices with non-VRP work items only should not be included).

Copies of invoices from contractors must support the information provided on the Project Detail Sheet(s). If formal invoices are not available, required information must be provided on the letterhead of the contractor, containing at **minimum** the following information:

- The contractor's name, business address, contact information, and signature
- The building address where the work was completed;
- The date(s) the work was done;
- A description of the work completed; and
- The dollar amount of the work

Please note: <u>Cash payments will not be reimbursed.</u> Material purchases separate from contractor invoices are not eligible for reimbursement.

Proof of Payment: Proof of payment must be provided in the form of cancelled checks and lien releases or other form deemed acceptable to OCR.

Progress Photos: High resolution photos of work for which progress payments are or have been made

Project Completion Photos: High resolution photos of all project components are required.

Lead Clearance Report (if applicable): If the property is subject to the program lead policy then a full and final lead clearance testing report is required to be submitted showing that the project passed required thresholds.

Declaration of Interest: A copy of the filed signed and notarized Declaration of Interest must be provided for any completed projects. LPA's have a 45-day grace period after the final inspection of a project to file the Declaration of Interest. Copy of Declaration of Interest does not need to include the filing receipt if submission of disbursement is prior to 45-day deadline. Once the Declaration is filed the filing date must be recorded in the LPA's program tracker and a copy of the filing receipt must be added to the project file.

OCR may request additional documentation, such as bids and the full scope of work, to maintain effective internal controls. LPAs must clearly communicate the necessity of this documentation to the participating building owners and contractors prior to the start of construction.

C. Program Tracker Requirements for Disbursement Requests

<u>All Projects Included in Disbursement:</u> The following fields in the Program Tracker must be complete at a minimum when a project is included in a disbursement request:

- All of Section A
- Owner Name (B1, B2, B3, B4)
- Property Address (C1, C2, C3)
- Total Number of Units Receiving VRP Assistance (C11)
- Award Type (C120)
- Description of Scope of Work (E2)
- All of Environmental Review Section (D1-D7)
- Date Participant Agreement Executed (E1)
- Total Amount of Accepted Bid (F2)

<u>All Completed Projects Included in Disbursement:</u> All fields in the Program Tracker must be complete when a project is reported as complete before a final disbursement for the project will be made.

- There is a 45-day grace period after the final inspection where the LPA may file the Declaration of Interest for a completed project. A final disbursement can be approved for a project marked as complete without the Declaration being filed, but the Declaration must be filed and sent with a filing receipt to HCR within 45 days after the final inspection. If the Declaration is not filed within the grace period for a project where the final payment has been disbursed, then the LPA must contact HCR for further guidance.