Risk Reduction & Insurance Affordability Program Guide

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Housing Trust Fund Corporation
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I. Introduction

The Risk Reduction and Insurance Affordability (RRIA) program is administered by the Office of Housing Preservation (OHP) 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.

HCR contracts with eligible not-for-profit organizations to act as Program Administrators (PAs). Throughout the administration of an RRIA program, a PA must be mindful that it is responsible for compliance with all applicable RRIA program requirements. OHP has developed the following Program Guide to outline RRIA program rules and procedures to assist PAs with the administration of the grant. This manual is one of the main resources for the successful administration of an RRIA program.

OHP staff members are also committed to working with grantees to prevent or correct issues of non-compliance and assist throughout the administration of an RRIA grant.

II. Program Description

Multifamily insurance costs have risen in recent years and New York has been working to address the increase. The $5 million Risk Reduction and Insurance Affordability pilot program was authorized by the 2025-26 Education, Labor and Family Assistance Bill in order to assist non-profit affordable housing owners to assess the risk profile of their properties and ultimately join insurance captives, a form of self-insurance that generally has lower premiums and more transparency into premium levels.

III. Program Eligibility

A. Participant Intake, Eligibility, and Selection

A Program Administrator must establish a written procedure for application intake that documents eligibility confirmation and participant selection, according to criteria developed in conjunction with Corporation staff. The PA will draft a Program Procedures document, subject to Corporation approval, that memorializes the program terms, including:

- Intake procedure and selection criteria for participating properties
- Standards and criteria included in risk assessments
- Priority of risk mitigation efforts based on impact on insurance premiums and captive eligibility
- Reasonable standards for initial capital contributions that should be supported with RRIA funds

B. Eligible Activities

Program funds will be used to assist eligible properties in several ways:

- Undertake a risk analysis and implement risk mitigation measures that will make properties good candidates for participating in an insurance captive.
- Identify insurance captives for owners, assist owners to the degree necessary during the application process.
- To the extent that owners lack the funds to pay any required capital contribution (or other upfront costs) to join a captive, provide RRIA funds to owners to cover these costs.

C. Eligible Properties

An eligible property must meet the following criteria:

- *Currently Regulated or Supervised*: Property is currently subject to a regulatory agreement with, or under the supervision of, the Housing Trust Fund Corporation, the Division of Housing and Community Renewal, or the New York State Housing Finance Agency; AND
- *Not-for-profit Ownership*: Property is owned by a not-for-profit sponsor, as defined in the New York State Not-for-profit Corporation Law.

D. Application Prioritization

As part of the written procedure for application intake, the Recipient shall identify prioritization criteria for making awards. The criteria must align with the stated objectives and purposes of RRIA, which include helping properties which are broadly representative of affordable housing in terms of physical conditions, financial health, and owner capacity across New York State.

E. Conflict of Interest Policy

In the event that the Recipient or any affiliate of the Recipient is the administrator of an insurance captive, the Recipient shall draft a conflict-of-interest policy regarding such captive, subject to the approval of the Corporation. The Recipient shall also 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 Recipient, or a unit of general local government or any designated public agency.

IV. Grant Agreement

The Grant Agreement is the legal document that governs the relationship between the RRIA grant recipient and the Housing Trust Fund Corporation (HTFC). A recipient must ensure it has a clear understanding of all RRIA program rules and regulations. The sole responsibility for compliance lies with the recipient.

A. Exhibits & Schedules

- Awarded Budget & Projected Accomplishments

The first contract schedule is a summary of the proposal included in the PA's application for funding. The proposed activities, target area, budget, and estimated units assisted are included on this schedule.

- Administrative Plan

The Administrative Plan provides an overview of the processes required to administer a RRIA program contract. PAs are required to supplement the identified processes to develop an RRIA program. The supplemental procedures must ensure transparency and compliance with the RRIA contract.

B. Processing

Each Grant Agreement provision is legally enforceable and designed to clearly identify the obligations of both HTFC and the PA. RRIA awardees will receive the Grant Agreement with Schedules and supplemental documents. PAs will be required to prepare and return the following:

- One notarized and signed electronic copy of the Grant Agreement.
- Proof of adequate insurance, including: general liability insurance coverage; automobile insurance; workers compensation and disability benefits coverage.
- Forms related to payments including: Authorized Signatory form and Designation of Depository Forms.
- MWBE Contractor Bid Solicitation Plan
- MWBE & EEO Policy Statement

After the Grant Agreement is fully executed, one signed copy will be returned to the PA.

V. Program Administration

PAs assume responsibility for: ensuring successful completion of all assisted projects; evaluating and selecting activities to be supported; entering into contracts with participating property owners; and assuring compliance with all local, state and federal laws and regulations.

A. First Steps

1. Overall Administrative Structure

The PA must make a formal determination of how the administration of the RRIA program will be integrated into its existing organizational structure. The PA should designate each individual who will be involved in the grant administration process, including any officials who will be authorized to sign requests for RRIA funds. The PA must notify OHP of staffing changes that impact the administration of a RRIA grant.

2. Accessing Funds

Forms

Two forms must be completed and submitted to OHP to establish the procedure for requesting and receiving RRIA funds. Awardees must submit these forms with the signed Grant Agreement and provide updates throughout the term of grant administration in the event of staff changes. The forms and instructions for completing the forms are available on HCR's website.

- Authorized Signature Form

The PA must complete the Authorized Signature Form to designate the representative(s) authorized to sign disbursement requests. For example, a board member may authorize the executive director or fiduciary staff member to sign disbursement requests. To maintain effective internal controls, OHP suggests that the person responsible for preparing paperwork for disbursement requests should not also be authorized to sign disbursement requests. Please contact an OHP representative for additional guidance. The PA must submit a revised Authorized Signature Form if staffing changes impact the signatories identified.

- Direct Deposit Form

PAs must submit the Designation of Depository form to designate a bank account to receive RRIA funds directly from HTFC. Once the PA has completed projects with expenses eligible for reimbursement, and submitted the required paperwork with supporting documentation, HTFC will transfer funds to the PA's designated account through an Automated Clearing House (ACH), i.e. direct deposit, procedure.

B. Project Development

1. Scope of Work

For each selected property, the PA will work with the property owner to develop a project plan which will consist of a physical and/or financial risk assessment, implementation of risk mitigation efforts as identified by the assessment, and application to a suitable insurance captive as identified by program staff, including any recommendation for capital contribution assistance out of program funds.

2. Participant Agreement

The PA must execute a Participant Agreement with each participant specifying the award amount and outlining roles and responsibilities for the respective parties. At a minimum, the contract must specify:

- Agreed scope of work
- Estimated grant amount to be amended after assessment of property, grant amount not to exceed an amount to be established at time of signature
- Contractor selection process and permitting requirements
- Reasonable costs for the risk mitigation measure(s) proposed
- Designate which party is responsible for undertaking the measures
- Expected financial contribution by Participant to the risk mitigation measure(s) proposed
- Right to terminate or withhold payment (Recipient reserves right to terminate contract or withhold payment if work is not completed as agreed, change orders are implemented without approval, ineligible work items are included on invoice, failing to satisfy contract terms, or for violation of program rules.)
- Terms of site inspections and property access (Recipient reserves right to inspect at any time to confirm eligibility of work, monitor progress and inspect quality of work.)
- Compliance Monitoring (Recipient reserves right to share information about participant and project consistent with Corporation monitoring.)
- Dispute Resolution Policy

Any exceptions require prior approval of the Corporation.

C. Financial Management

1. Financial Policies

The Recipient should have a written policy on internal controls and use this policy to determine the process for review and approval of requests for disbursement of RRIA funds. The Authorized Signature Form must be completed to designate the

representative authorized to sign disbursement requests and must reflect the Recipients written policy on internal controls.

2. Disbursement Procedures

The Recipient may make disbursement requests prior to executing contractor agreements or incurring project costs. Such “Advance Funds” requested by Recipient are subject to cap limitations established by the Corporation. The Recipient will be required to provide proof of payment of Advance Funds when payments(s) to contractors are made. Subsequent Advance Funds disbursement will be contingent upon timely submission of proof of payment.

The Recipient may also submit disbursement requests on a reimbursable basis with proof of payment. To receive disbursement, the Recipient will submit a Disbursement Request. Each Disbursement Request must include the Requisition Form signed by an Authorized Signatory on file with the Corporation.

D. Monitoring & Quality Control

1. Contract Monitoring

The Recipient 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 work timeline.

2. Final Inspection

A final inspection is required prior to the release of final payment to ensure the entire scope of work has been satisfactorily completed according to the Participant Agreement.

3. Dispute Resolution

Primary responsibility for resolving participant and contractor disputes rests with the Recipient.

4. Agency Reporting

On a monthly basis, the Recipient will provide in a format approved by the Corporation, a status report for all properties participating in the program, including but not limited to:

- Property Name
- Property Owner
- Building Address
- Number of Units
- Risk Assessment Findings

- Status of Risk Mitigation Work
- Existing Premiums Data & Claims History
- Target Insurance Captive/Application Status
- Capital Contribution Requirements
- Data on Current Premiums (for owners who have joined a captive)

VI. Contract Closeout

The Contract Closeout process will begin when OHP determines that all applicable administrative actions and all work required by the Program Administrator have been completed in accordance with the terms and conditions of its Grant Agreement. A contract is ready for closeout when each of the following stages have been completed:

- All funds have been expended, or deobligation of funds has been requested;
- The recipient has fulfilled all of its contractual obligations as identified in the Grant Agreement;
- The program has been monitored by the Office of Housing Preservation and the recipient has resolved any identified issues.

OHP staff will work with PA staff to confirm buildings and units assisted, and final expenditures. Once all figures are reconciled, both the PA and OHP will sign a Certificate of Completion to document successful completion of a RRIA program contract. Closeout of a RRIA contract does not relieve a PA of the obligation to continue to administer the grant according to the rules, regulations and management practices noted in the HTFC Grant Agreement.