



Otsego County Vacant Rental Program (VRP) Policies & Procedures for Owner Reference

Otsego Rural Housing Assistance, Inc. (ORHA) has compiled the following policies and procedures for the Otsego County VRP into a single document for reference by property owners and the public.

The Otsego County VRP is funded by New York State Homes and Community Renewal’s New York State Vacant Rental Program. The New York State Vacant Rental Program’s policies can be found at hcr.ny.gov/vrp.

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Otsego County VRP Application Process and Selection Procedures

Section 1. Application Rounds

A. Initial Round

ORHA will accept applications from property owners for an initial application round during a limited window of 6 weeks.

During this initial round, ORHA will select projects that meet the criteria described in the eligibility and prioritization policies until either 75% of all VRP project funds are allocated or there are no applications with a score of at least 12 points remaining in the applicant pool.

All eligible applications not selected during the initial round will be deferred. Deferred applicants will remain on a list of qualified applicants for future selection.

B. Waiting List and Subsequent Rounds

After the first application round, ORHA will review the remaining deferment/waiting list to determine whether there are sufficient high-quality applications to expend all VRP project funds.

If there are a significant number of high-quality applications remaining, ORHA will remain closed to new applications.

If there are not, ORHA will determine, based on the demand observed during the first application round and staff capacity, whether opening to rolling waiting list applications or conducting a second application round is appropriate. Regardless of approach, new applicants would be added to the waiting list created during the initial application round; applicants already on the list would not need to apply.

As the program continues, ORHA will continue to monitor the volume of applications to determine whether the current strategy is resulting in a sufficient number of applications. When ORHA is reasonably confident that there are more than enough applications on hand to expend all VRP project funds, the waiting list will be closed and/or no subsequent application rounds will be conducted.

Section 2. Application Review

A. Initial Application Round

Applications will be reviewed as they are submitted, first for completeness and threshold eligibility and then for further detail.

1. Incomplete Applications

Incomplete applications will generally not be considered. However, at ORHA's discretion, applicants may be permitted to submit some verification documents later in the selection process, if the applicant is having difficulty obtaining them from third parties or if the document is not required for initial determination/scoring.

Applicants who have submitted incomplete applications will be notified as soon as practicable to allow them time to complete them before the application window closes. Applicants who submit incomplete applications close to the window closing date will be given a 10-day grace period from their initial application date to submit any documents, even if this is beyond the due date. For applicants whose 10-day grace period would have ended prior to the closing date, no additional grace period will generally be given.

Initially incomplete applications will be dated according to the date when ORHA has received all documents needed for initial scoring and review.

2. Applicant Notification

All applicants will be notified within 30 business days from ORHA's receipt of their application whether they have been determined to meet the threshold eligibility requirements and are being considered for an award.

3. Review Process

For those applicants who do meet threshold eligibility requirements, ORHA will then review prioritization criteria and preliminary project details. Each eligible application will be scored according to the prioritization policy.

Proposed projects will then be reviewed in order of initial priority score and date received (i.e., for applications scoring 13 points, earlier applications are reviewed before later ones), until a sufficient number of projects have been selected for funding.

In-depth project review will generally include two initial site visits:

- One will be performed by ORHA staff, for the purposes of documenting the home's vacancy, general condition, and site characteristics.
- The second site visit will be performed by OFO staff, coordinating with the appropriate code enforcement office when possible, and will provide the basis for the project's work scope, from which OFO will then produce an initial cost estimate.

During the review process, priority or eligibility determinations may be revised based on new information. In some cases, this may result in in-depth review being ended or suspended due to a denial or deferment.

Based on the site visits, OFO staff will develop a preliminary work plan and rough cost estimate. ORHA staff, in consultation with OFO staff as necessary, will determine whether it is likely that a) the project will meet the applicable minimum funding threshold and b) the project will be feasible, based on the criteria described in the eligibility policy. (A more detailed work plan and cost estimate will be prepared by OFO as project development continues for feasible projects.)

In order to determine feasibility, owners proposing projects with an estimated cost that exceeds the maximum applicable VRP award for the property must provide documentation confirming the availability of funds prior to initial selection. At this stage, loan pre-approvals are acceptable.

B. Waiting List and Subsequent Rounds

After the first application round, when ORHA is accepting applications, application review procedures will remain largely the same.

However, more in-depth review, such as site visits and scoping, will be conducted only for the highest priority applications and only when preparing for the selection of new projects, as ongoing projects progress. Review may be performed one at a time or in small batches, depending on the anticipated number of projects to be selected and staff capacity.

Section 3. Project Selection

A. First Application Round Selection

After the first application window has closed, ORHA will complete at least threshold eligibility review and prioritization scoring for all remaining unprocessed applications. Applications will then be reviewed in order from highest priority score to lowest, in order of receipt within ties. Working in order, any outstanding site visits, work scoping, and cost estimating will be completed for at least as many applications as need to meet one of the below selection cut-offs, so that eligibility, prioritization scores, and initial feasibility determinations are finalized and confirmed, with additional applications receiving detailed review as necessary as selection continues.

During this round, applications/projects will be selected for an award in order until either a) 75% of project funds are allocated or b) no applications with a priority score of at least 12 points remain.

Remaining applications not selected during this initial round will be deferred. Deferred applicants will be notified that they have not yet been selected for an award but will remain on a waiting list of eligible applicants for future selection.

B. Subsequent Selection (Waiting List)

As awarded projects proceed and estimated project budgets are confirmed through procurement and actual project progress/completion, ORHA will select additional projects from the deferment/waiting list in order. If a project under consideration has not received full scoping and in-depth review, this will take place prior to official selection.

C. Pre-Selection Conditions

ORHA reserves the right to impose reasonable conditional requirements for an application to be considered if ORHA deems it necessary for it to make a determination that the project is feasible for the Otsego County VRP.

Satisfaction of pre-selection conditions does not guarantee an award. If all conditional requirements are met prior to the deadline and ORHA determines that the project is likely to be feasible, ORHA will make a contingent funding commitment to the applicant, provided that funds are available at that time.

1. Conditions

The following pre-selection conditions may be imposed:

- When health/safety issues or other circumstances exist that are preventing ORHA and/or OFO staff from inspecting the site, the owner must correct these issues.
- When architectural or engineering work would be required for the project or if they would be necessary to determine project feasibility, ORHA may require the property owner to hire an architect or engineering professional to complete said work and provide drawings, designs, or reports to ORHA.
- If an applicant has applied for assistance at a property they are in the process of purchasing, they must close on the sale. In such a case, grant funds will be held only if there is reason to believe that the owner would be able to satisfy this condition within 30 days.

If an applicant has obtained a purchase option or other acceptable contractual agreement for the sale that is contingent on the award of VRP funds, ORHA *may* move forward with contingent selection without requiring the applicant to close on the property, with closing instead made a

condition of formal commitment. This requires the current owner's full cooperation with the VRP process and demonstration that it is reasonable to believe the owner will be able to close promptly before formal commitment.

- Owners proposing projects with an estimated cost that exceeds the maximum applicable VRP award for the property must provide documentation confirming the availability of funds. Loan pre-approvals are acceptable at this stage.
- A project must have all approvals in place to receive an award. Therefore, ORHA may require the applicant to receive any outstanding municipal approvals (excluding building permits) prior to selection.
- Other conditions deemed necessary to resolve uncertainty around a project's eligibility and/or feasibility.

2. Notice

When conditions are imposed, ORHA will notify the applicant in writing of said conditions, the due date for meeting them, and whether grant funds are being held for the project.

3. Holding Grant Funds

If ORHA reasonably believes that an owner would be able to satisfy requirements within 30 days, ORHA will hold program funds for the proposed project.

If the owner needs additional time, they may request an extension, which ORHA may grant at its discretion, based on the additional time needed, the reason for the extension, and the overall effect such an extension may have on Otsego County VRP program timelines. Extensions of more than 30 days will not generally be approved.

4. Failing to Meet Conditions

Failing to meet conditions for selection within the required time period will result in application deferral. If funds were being held, ORHA will no longer hold program funds for an applicant.

Applications deferred for these reasons will remain on the waiting list but will be considered "inactive" and cannot undergo further review or be selected until a property owner notifies ORHA that they have satisfied all outstanding conditions. If an owner does notify ORHA that they have satisfied all pre-selection conditions, the application will be considered active again and may again be selected for further review and, eventually, an award, based on the priority score and application date. However, applications "re-activated" in this way will not supersede other applications that are actively under review and nearing initial selection at the time of "re-activation," regardless of waiting list position.

If applicants inform ORHA they are unwilling or unable to meet requirements, applications will instead be denied.

D. Terms of Initial Selection

1. Award Meeting

Upon selection, owners will be invited to meet with ORHA staff to review the project and the program's requirements and ongoing obligations. All property owners must attend, preferably in person, with virtual attendance as an option for owners unable to attend in person.

2. Acceptance

To accept their initial selection, owners must execute an acceptance agreement that describes a program participant's obligations, the conditions for the award, and the requirements for moving forward to full commitment of grant funds. The acceptance agreement must be executed at the award meeting or within a reasonable timeframe thereafter.

3. Commitment Fee

In order to accept their initial selection for an award, owners must pay a refundable commitment fee. The commitment fee must be submitted at the award meeting or within a reasonable timeframe thereafter, generally within 10 days.

The commitment fee is set at \$5,000, based on the costs of environmental testing required for this program.

If the commitment fee presents a barrier to participation for a property owner, ORHA may, at its discretion, waive or reduce the fee. Owners will be required to demonstrate that paying the fee would create a hardship for them. To waive or reduce the fee, ORHA must determine both that the fee presents a barrier to participation for the owner *and* that the circumstances do not indicate that the owner does not have the financial capacity to meet their ongoing VRP obligations.

a. Conditions for Refund of Commitment Fee: Completed Projects

The commitment fee is fully refundable for projects that are successfully completed, provided that all project costs, inclusive of soft costs like environmental testing, incurred by ORHA are within the maximum allowable grant award for the project.

If the total project cost exceeds the maximum allowable grant award, ORHA will refund any portion of the commitment fee that exceeds ORHA's costs beyond the maximum grant award. That is, if a project's total costs are ultimately \$53,000 for a project where the maximum award is \$50,000 and the owner has not provided other gap funding, ORHA will refund the owner \$2,000.

When the total project budget is known to exceed the maximum allowable grant award, ORHA will permit an owner to use the commitment fee as gap funding. For example, if a project's total costs will be \$65,000 for a project where the maximum award is \$50,000, the owner may count the \$5,000 commitment fee as part of their required \$15,000 in gap funding and would need only to make \$10,000 in payments to contractors before ORHA would become responsible for project costs. Upon project completion, the commitment fee would not be refunded.

b. Conditions for Refund of Commitment Fee: Incomplete Projects

If a project is not completed for any reason, ORHA will deduct the total of any project costs already incurred for the project, such as environmental testing costs, from the commitment fee. Any remainder will be refunded to the property owner. Owners will be provided a statement of costs subtracted from the fee along with their refund.

4. Conditions/Contingencies

Awards at initial selection will be contingent upon the outcome of full environmental review (including continued feasibility after all testing), any necessary permits or approvals, continued feasibility and overall eligibility, satisfaction of project-specific priority criteria and/or owner responsibility requirements, and, if applicable, the availability of additional non-VRP funds.

ORHA may impose reasonable time limits in which an owner must satisfy any of these conditions. Failure

to meet the time limit may result in denial or deferral.

E. Final Commitment of Funds

Once project development is complete, all conditions of initial selection are met (including feasibility requirements), and contractors are procured with costs known, the award amount will be finalized. Owners will be invited to execute the Participant Agreement and the Declaration of Interest.

Once these two documents have been executed, funds will be committed.

Otsego County Vacant Rental Program (VRP) Eligibility Policy

ORHA program staff will determine applicants' threshold eligibility, based on the requirements provided in the following sections.

Section 1. Eligible Projects

A. Complete & Ready for Occupancy

A VRP project must lead to a complete rental unit that is ready for occupancy. By the end of the project, the unit must, at minimum, meet all code and other regulatory requirements to be legally occupiable as rental housing *and* be able to pass an inspection based on the VRP Inspection Checklist.

1. Partial Rehabilitation of a Structure

Funding cannot be used for an "initial phase" of construction on a residential unit that would then be completed in a later phase.

However, work can be completed on *part* of a building, leaving another part unfinished as a holdover for future use, provided that all of the following requirements are met:

- The VRP-funded residential units are complete, accessible, and legally able to be occupied.
- The VRP-funded project can be completed in compliance with all applicable codes and ordinances.
- The unfinished space does not present a hazard or nuisance to occupants or users of the building.

2. Project Feasibility

Due to the complete and occupiable requirement, projects must be deemed feasible to be eligible for an award. A proposed project is deemed feasible if both of the following criteria are met:

- It can reasonably be believed that the project can be completed, with the assisted units ready to be occupied, within the term of ORHA's Vacant Rental Program grant agreement.
- It can reasonably be believed that the project can be completed with available funds. This includes Vacant Rental Program funds and any other funding sources. Only additional funding sources that have been verified to be available/committed will be included in feasibility determinations. Owners will not be permitted to perform in-kind work on the project to cover funding gaps.

B. Legally Permissible

The final completed project must be legally permissible at the time grant funds are formally committed.

Projects that include a change in the use of a building are eligible, but all local approvals must be obtained, and all program-required environmental review requirements must be met.

C. Eligible Scopes of Work

All work that is necessary to make the assisted unit(s) habitable and marketable is eligible for VRP funding. Fixtures and materials need not be builder grade, but luxury materials/finishes are not eligible.

In general, site work (such as driveways, walkways, fences, trees/landscaping, etc.) is ineligible, unless the work is deemed necessary for the rehabilitation of the building itself or for accessibility purposes.

Section 2. Eligible Properties & Units

A. Five-Unit Limit

A property is eligible for the VRP if all of the following apply:

- The structure does not contain more than 5 housing units at the time of application.
- The structure will not have more than 5 housing units after the project is completed.
- The structure *will* have at least 1 complete, occupiable rental unit after the project is completed.
- During the 10-year Regulatory Period, additional (non-VRP) units may only be added to the property if the units do not interfere with the regulatory requirements of the VRP units.

In the case of a tax parcel with multiple structures, the property *may* be eligible if there are more than 5 units on the entire parcel but not in any single structure. However, ORHA must receive guidance and approval from OCR regarding such a property. Owners with such a property should therefore contact ORHA prior to applying.

B. Ineligible Properties

The following properties are ineligible for the VRP:

- Mobile and manufactured homes
- Properties in foreclosure
- Detached accessory structures (unless they have previously been used as a legal housing unit, as verified by ORHA)

C. Unit Definition

For the purposes of VRP, “unit” is defined based on the U.S. Census Bureau definition:

A house, an apartment, a group of rooms, or a single room that is occupied, or, if vacant, is intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live separately from any other persons in the building and which have direct access from the outside of the building or through a common hall.

For vacant units, the criteria of separateness and direct access are applied to the intended occupants wherever possible.

ORHA determines what constitutes a unit within a given property, based on the above definition.

D. Vacancy Requirement

Assisted units must be determined to be an eligible vacant unit by ORHA. A unit is an eligible vacant unit if it is unoccupied or not legally rented **because** it is in uninhabitable or unmarketable condition.

Uninhabitable and *unmarketable* are defined as follows:

Uninhabitable: The unit does not meet the typical minimum criteria as a safe and legally occupiable housing unit. If the unit is not fully code compliant for residential use, it is by definition uninhabitable.

Unmarketable: The condition of the unit is generally poor and is undesirable as a housing unit due to its current quality. An unmarketable unit does not meet what would reasonably be considered acceptable conditions for decent and quality housing.

If a project is proposing the conversion of nonresidential vacant space into rental units, a nonresidential vacant space may also be deemed an eligible vacant unit if it is unmarketable because it is functionally obsolete space for which there is no need or demand.

1. Tenant Displacement

An existing tenant cannot be relocated, evicted, or otherwise displaced for the purposes of receiving program funds based on vacancy status. This includes forced displacement by the landlord or voluntary displacement by the tenant (i.e., an existing tenant cannot temporarily move out so that the unit is considered vacant and move back into the unit after it has been rehabilitated).

2. Verification

Owners must sign an attestation confirming that the unit was vacant at application, disclosing when the unit became vacant to the best of their knowledge, and certifying that no tenant was displaced (whether forced or voluntary) in order to qualify the unit for VRP. Program staff will confirm vacancy at early site visits. Should program staff have reservations about whether a unit is or was truly vacant, ORHA may request that property owners provide additional evidence.

E. Types of Eligible Units

Existing vacant rental units or other vacant spaces that will be converted into rental units are eligible for the program.

Additional eligibility criteria are listed by property type:

- **Multi-family Properties:** There can be no more than five (5) residential units in the building at the time of application and upon completion of the project. That is, a property with six (6) current units is not eligible, even if proposing a project that would combine two (2) units and end with a total of five (5) in the building. Likewise, a project proposing to convert a vacant space to add three (3) rental units to a property that already has three (3) other rental units is not eligible.
- **Single-Family Homes:** A vacant single-family home is eligible if it will be used as a long-term rental and not occupied by the owner, or if it will be converted to rental properties of up to five (5) units. In the case of conversion, the owner may not live in any unit assisted with VRP funds during the Regulatory Period.

Occupied single-family homes are ineligible, unless the home includes a legal and eligible vacant housing unit (i.e., an “in-law apartment”) that has previously been used as a separate housing unit. That unit would then be eligible. Vacant space that has never been used as a separate housing unit (i.e., an attic never used as housing) would not be eligible. ORHA will verify any claim that a vacant space was previously used as housing.

- **Mixed-Use Properties:** Existing vacant units are eligible. If proposing a conversion to mixed-use, the vacant space must be a discreet/separate space, and VRP funding may only be used for work completed for the rental units (including egress).
- **Non-residential Properties:** Vacant non-residential properties are eligible for conversion to up to five (5) rental units, if allowable by local regulations. Conversion to a mixed-use building may also be eligible, but compliance with the above requirements for mixed-use properties is required.
- **Accessory Dwelling Units (ADUs):** Projects that would create new ADUs for single-family homes are ineligible. However, existing vacant ADUs in need of rehabilitation are eligible.

Section 3. Owner Eligibility

Only owners who intend to own the property for the duration of the 10-year Regulatory Period are eligible.

Ownership eligibility is subject to the requirements of the program's conflict of interest policies.

Property owners must be legally able to participate at time of participant agreement execution, which includes being able to file the required security instrument and abide by all program policies and procedures. All owners must sign the required program documents including the participant agreement and security instrument.

Examples of eligible property owners include:

- Private individual(s)
- Not-for-profit Organizations
- Public or Quasi-Public Entities
- Eligible Business Entities (e.g., LLCs)
 - Business entities are required to disclose all principals and provide a copy of their operating agreement. Signatures are required from all principals on documents including Participant Agreement and Declaration of Interest.

A. Owner Occupants

Owner-occupation of a property is not required for a property owner to participate in VRP.

An owner-occupant is eligible to participate in VRP, subject to certain conditions as follows:

- The owner may not live in a unit that is rehabilitated with VRP funds for the duration of the 10-year regulatory period.
- The owner may not "rent to themselves" to be able to live in a restricted rental unit.
- Limited work may be completed in an owner-occupied unit if deemed necessary as part of the VRP assisted rehabilitation project. Any work completed in an owner-occupied unit requires a waiver from OCR.
- If a waiver is received for work in the owner's unit, the maximum grant award will still be based only on the number of eligible vacant units (i.e., the owner's unit will not count towards the maximum award amount).

B. Acceptable Forms of Ownership

ORHA will obtain documentation of ownership. The following forms of ownership are permissible:

- Ownership in fee simple title.
- Ownership of unit with long-term land leasehold interest.
- Condo or co-op unit ownership – with condo/co-op board approval.
- Life estate or beneficiary deed ownership whereby two (2) or more people each have an ownership interest in a property. The person holding the life estate ("life tenant") possesses the property during their life. The other owner(s) or future interests ("remainderman") automatically take possession of the property upon the death of the life tenant. The life tenant may qualify for program assistance on the following conditions:
 - Life tenant does not pay rent
 - Application discloses the existence of the life tenancy

- Deed names the life tenant and each remainderman
- Life tenant and remainderman (all owners listed on the deed, or beneficial parties) must sign, witnessed by a Notary Public, the Participant Agreement, and the Declaration of Interest agreeing to repayment obligations placed on the property.
- Inherited property – occupant shares ownership with other non-resident heirs, but pays all costs of ownership; all who share ownership must sign the Declaration of Interest

Right to possession under a contract for deed, installment contract, or land contract (pursuant to which the deed is not given until the final payment is made) is not ownership.

The ownership interest may be subject only to mortgages or other liens or instruments securing debt on the property or any other restrictions or encumbrances that do not impair the good and marketable nature of title to the ownership interest. Note that a property in foreclosure is specifically prohibited from participation. All owners or beneficial parties must sign the Declaration of Interest.

1. Applicants Purchasing Properties

Individuals/entities who are already in the process of purchasing a property may apply, but such a situation will incur the “Significant predevelopment needed” scoring penalty.

Only applicants who can demonstrate that a seller has accepted and committed to their offer and that they will be able to close on the sale and meet all ownership requirements promptly will be considered. Purchase options contingent on the award of grant funds *may* be considered, if there is reason to believe the owner will be able to close promptly. The buyer will be required to close on the property prior to commitment of grant funds.

C. Owner Responsibility Requirements

Eligible owners must meet the following minimum criteria to be considered eligible for the program:

- Owners must be current on mortgage payments (and any other loans secured by the property). For any mortgages or other loans secured by the property, ORHA will require the most recent statement, which must show that the property owner is current on payments. Owners may provide a signed statement on the lender’s letterhead as an alternative, if statements are not available. If a property is not subject to any mortgage or loan, the property owner must sign an attestation of such.
- Owners must be current on all property taxes for the property. Owners must provide paid property tax receipts for the most recent tax bill, a report of their recent (at least 5 years’) billing history from the Otsego County Treasurer’s office, or signed statements from the relevant authorities. ORHA will also cross reference properties with the Otsego County Treasurer’s public records search to confirm that no prior year’s taxes are unpaid prior to the initial site visit.
- Owners must also be current on all property taxes for any other properties under their ownership or control. Owners must provide the same documentation as for the proposed property for each additional property, or they may provide a signed statement from the relevant authority confirming all other properties within a single tax district are not delinquent.
- Owners must be current on all utility payments for the property. Owners must provide the most recent utility statement for all required utilities at the property showing that the owner is current on payments. Or, if statements are not available, the owner may provide a signed statement on the utility company’s letterhead confirming their good standing.
- Owners must have a current comprehensive property insurance policy for the property. At a minimum,

the property must be ensured for the full replacement value, fire insurance, and other appropriate insurance (depending on the makeup of the building).

Flood insurance coverage must be obtained if the scope of work at the premises is classified as a substantial improvement under 6 NYCRR Part 502, Floodplain management Criteria for State Projects. Substantial Improvement is generally defined as a project in which cost of improvements exceeds 50% of the value of the property

Owners must verify that they meet property insurance requirements by providing their current declaration page showing comprehensive coverage at the time of application.

- Owners must **NOT** be in bankruptcy.
- There must be no outstanding federal, state, or local liens on the property.
- The owner must have no history of Fair Housing violations.
- The owner must not currently be under investigation by the Department of Health, EPA, HUD, a state agency, or local government for violation of a law or regulation.
- In jurisdictions where rental properties must be registered with the code enforcement office (e.g., the City of Oneonta), owners must provide evidence of their compliance with registration requirements for all (active) rental properties under their ownership or control in those jurisdictions.
- Owners who are currently renting out any rental unit under their ownership or control must provide references from current tenant households. If owners have only one unit rented, they must provide one (1) reference. If owners have two (2) or more units rented, they must provide at least two (2) references. Failure to submit the minimum number of references will render an application incomplete and therefore not eligible for an award.

If tenant references make verifiable accusations that an owner has violated fair housing or tenants' rights laws or has engaged in other serious misconduct, ORHA staff may deem the project wholly ineligible, based on verification and severity. Outside of these serious cases, the content of tenant references will be used to determine application priority but not threshold eligibility.

Owners must sign an attestation confirming they meet all of the above basic responsibility requirements when applying for an award. Verification documents should be submitted with an application.

In order to screen for undisclosed violations of these criteria, ORHA staff will also do the following prior to an initial site visit:

- Perform a basic online search of otherwise qualified applicants to rule out the possibility of any violations that may be easily discovered in public records or local news coverage
- Perform a search of the Otsego County Clerk's records related to the property and its owner

D. Exceptions to Responsibility Requirements

In limited circumstances, ORHA may make exceptions to the basic responsibility requirements if an owner's failure to meet a requirement is due to a reason other than the applicant not being a responsible owner.

ORHA will follow the following general procedures when considering and allowing an exception to a responsible owner requirement:

- Owners must provide the specific reason they cannot meet a requirement (e.g., the property is not insurable in its current condition and therefore has not been able to obtain the required insurance coverage). ORHA staff will determine whether the provided reason is sufficient to explain why an otherwise responsible owner would not be able to meet the relevant requirement.
- Owners must provide verification of any reason they provide (e.g., a denial letter from an insurance company citing the property's condition as its reason for refusing coverage). If direct documentation does not exist, ORHA may, at its sole discretion, elect to obtain a signed attestation from the property owner for verification.
- ORHA staff will determine whether the violation could be resolved by the proposed VRP project (e.g., the project will improve the property's condition such that it can be insured). This determination must be supported by appropriate verification documents and, if applicable, an owner certification that they will take any necessary action upon project completion.
- ORHA staff will document the approval/rejection of an exception, including the above determinations, using a standard form. This will be maintained in the project file.

The following guidelines will be followed for specific exceptions:

- Lack of Comprehensive Property Insurance: Exceptions may be granted if an owner can demonstrate that the property is uninsured due to its condition or some other issue resulting in denials or cancellation of coverage. Preferred documentation is a denial letter or cancellation notice that states the property's condition is the reason for the insurer's determination.

The VRP project must lead to insurability. Prior to final commitment of grant funds, ORHA must be able to document that the project as planned will lead to the property's insurability. Preferred documentation is a quote or commitment from an insurer to insure the property after rehabilitation. The owner must also certify that they will obtain and maintain comprehensive insurance coverage upon completion of the project.

- Inability to Demonstrate Currency on Utility Bills: Exceptions may be granted if an owner cannot provide the required verification documents because a utility has been disconnected for an extended period of time. Owners must instead provide documentation showing that the disconnection was not caused by non-payment, such as the final bill or a statement from the utility company.

If the owner no longer has the final bill and the utility company is unable to provide confirmation, ORHA may permit a property owner to provide a signed attestation instead. The owner must demonstrate that they have attempted to obtain acceptable documentation in order to be permitted to use an attestation.

The owner must certify that utilities will be reconnected and active prior to or upon completion of the project, depending on the utility/project.

- Property Taxes for Non-VRP Properties: In extremely limited circumstances, ORHA may grant an exception if an owner cannot provide documentation that all property taxes are paid on properties not being considered for a VRP project. Exceptions for unpaid property taxes on any property being

considered for a VRP project will not generally be made.

To be considered for an exception, owners must meet all of the following criteria:

- A payment plan is in place with the Otsego County Treasurer's Office (or other appropriate office, if not an Otsego County property).
- The owner can provide documentation confirming they are current and in good-standing on their payment plan.
- The owner can demonstrate that the need for a payment plan is due to financial hardship or some other unusual circumstance, not a habitual failure to pay some of their properties' taxes.

Owners who are having difficulty documenting paid property taxes on properties outside of Otsego County may also be allowed greater flexibility in acceptable documentation, at ORHA's discretion.

- Inability to Provide Tenant Reference: ORHA may grant an exception if an owner cannot provide the minimum number of tenant references due to circumstances beyond their control. An example of such a circumstance might be a tenant's incapacity during an application window.

Owners must provide documentation of the circumstances preventing them from providing a reference, as they are able to without violating a tenant's privacy. This should at least include evidence of the owner's attempts to contact a tenant to request a reference and an attestation that they made a good faith effort to obtain the minimum number of references.

ORHA will provide an explanatory letter and a reference form to forward to the tenant, with a self-addressed stamped envelope for the tenant to return the form directly to ORHA. Owners must submit evidence that they mailed or hand-delivered these materials to their tenant in order to qualify for an exception. This requirement may be waived if the owner has already submitted documentation that verifies a reference would be impossible to obtain.

E. Owners Seeking Multiple Awards

1. Effect on Eligibility

Owners of multiple properties *may* receive multiple awards of VRP funds if those properties are eligible. Owners must complete a separate application form for each property (i.e., tax parcel), and each property will be scored and considered for selection separately.

2. Applicability

If any one owner of a property with multiple owners (or principals in an owning business entity) has received a VRP award, this section applies.

3. Simultaneous Awards

No more than two projects at any one owner's properties may be in development or underway at a given time. Therefore, ORHA will not consider additional properties for selection if any owner has two projects of higher priority also under consideration, in development, or in progress at that time.

In such cases, at least one project must be successfully completed before ORHA will consider any additional property owned by that program participant for a VRP award.

Otsego County Vacant Rental Program (VRP) Prioritization Policy

Projects will not be selected on a “first come, first served” basis. Applications meeting threshold eligibility requirements will be scored based on priority criteria described in the following sections. Selection of projects will then be made based on overall score, with time of application breaking ties.

Section 1. Minimum Funding Threshold

In order to prioritize projects that may not occur without public investment, ORHA has set an initial minimum funding threshold of \$25,000 in project costs for the first application round.

After the first application round, this threshold will be revised based on a) the types of applications being submitted (i.e., if the threshold does not align with the demonstrated demand in the county, it will be revised) and b) the amount of VRP funding still available as projects progress and are completed.

Section 2. Scored Criteria

ORHA has set certain priority criteria that will be used to score applications. They are as follows:

Priority Criteria:	Local Ownership
Definition:	Property owners whose primary residence is in Otsego County or the surrounding seven counties (Herkimer, Montgomery, Schoharie, Delaware, Chenango, Madison, and Oneida counties) If a property is owned by multiple individuals (including a business entity with multiple principals), at least one owner must meet the above definition and be meaningfully involved in the project/property.
Verification:	<u>Local residence:</u> Valid documentation of primary residence’s address, such as driver’s license, voter registration, tax return, etc. <u>Meaningful involvement:</u> Demonstrated by serving as the primary contact and “point person” for the application, communications with ORHA, project development, and ongoing post-project monitoring.
Scoring:	+5 points, with +1 bonus point if also qualifying for “Small Property Portfolio”
Priority Criteria:	Local Management (Non-local ownership only)
Definition:	Non-local owners who <u>do not</u> use a local person/company to assist with property management and respond to emergencies. If the proposed project will be an owner’s first Otsego County rental property, non-local owners who <u>do not</u> intend to use a local person/company to assist with property management and respond to emergencies.
Verification:	<u>Currently renting property:</u> Documentation of a current relationship with a local person/company, such as a management agreement or letter. <u>First property in the county:</u> Attestation of intent at application. Prior to final commitment, owner must provide documentation of readiness to enter into a relationship with a local person/company (or of having done so). <u>Both:</u> Evidence of the local person’s/company’s address.
Scoring:	-5 points
Priority Criteria:	Small Property Portfolio
Definition:	Property owners do not own or control more than twenty (20) residential units. Owners also do not have a substantial commercial real estate portfolio.
Verification:	All owners (including each principal of a business entity) must disclose all properties (and the number of residential units within) under their ownership or control. Owners will attest to having disclosed all properties as part of their application. ORHA will also

	search the public Otsego County Real Property database for owners' names (and any known business names).
Scoring:	+5 points, with +1 bonus point if also qualifying for "Local Ownership"
Priority Criteria:	Close to transit/Walkable
Definition:	<p>The assisted units will be any of the following:</p> <ul style="list-style-type: none"> • Within a reasonably safe 20-minute walk of a public transit stop • Within a public transit route's maximum route deviation distance • Within a reasonably safe 20-minute walk of basic amenities like grocery stores, pharmacies, or schools <p>A walking route will be considered "reasonably safe" if the route has sidewalks/walking paths available throughout, or if it meets <i>all</i> of the following criteria:</p> <ul style="list-style-type: none"> • Good visibility throughout (no significant curves or hills) • Speed limit along route never exceeds 45 mph • Space for pedestrians throughout (wide shoulders and/or a large amount of room to leave the roadway if needed, no deep ditches or steep drop-offs trapping pedestrians on the road) • No other characteristics that would make ORHA staff feel unsafe walking the route, such as crossing more than 2 lanes of traffic with no pedestrian signal
Verification:	Owners will self-certify qualification at application. Prior to site visits, ORHA will confirm any application benefitting from this priority was correctly scored by reviewing the location of the unit using online mapping tools and cross reference it with the Otsego County and City of Oneonta public transit routes.
Scoring:	+2 points, reduced to +1 point if a walking route does not have sidewalks throughout
Priority Criteria:	Non-isolated Units
Definition:	Any unit located within the boundaries of the City of Oneonta or any of the county's villages will be considered "non-isolated." Properties outside of these boundaries will be considered "non-isolated" if there are more than 5 other buildings, excluding obvious outbuildings, within 500 feet of the unit's building.
Verification:	Owners will self-certify qualification at applications. Prior to site visits, ORHA will confirm any application benefitting from this priority was correctly scored by reviewing units that are not located within a village or the City of Oneonta (as indicated by other verifications like tax receipts) on the Otsego County Tax Parcel Viewer map. For units outside of these municipal boundaries, ORHA staff will use the map's property buffer tool to highlight an area with a 500-foot radius around the building containing the unit and count buildings based on satellite imagery, using other resources, like Google Street View, to clear up any uncertainty about whether a building is an "obvious outbuilding."
Scoring:	+1 point
Priority Criteria:	Minimum Accessibility
Definition:	<p>Units must meet <u>all</u> of the following criteria by the completion of the proposed project:</p> <ul style="list-style-type: none"> • First-floor entry • No interior stairs • Walk-in shower • No site conditions that would make later installation of a ramp impractical or overly costly <p>Units that will also have a ramp serving the unit's entry at project completion will receive an additional point.</p>

Verification:	Photos submitted with application, project proposal and attestation at application, finalized work scope, site visits during review
Scoring:	+1 point, +1 bonus point for ramped entry
Priority Criteria:	Tenant Reference Quality
Definition:	Any property owner who owns or controls residential units with current tenants must submit tenant references. References will be reviewed by ORHA staff and scored based on their content.
Verification:	The program application will ask if the owner is currently renting any unit they own or control. Owners certify the truthfulness of all responses on the application.
Scoring:	-2 to +1 points (see scoring detail below)
Priority Criteria:	Housing Assistance Experience
Definition:	Owners must disclose whether they have rented to tenants who participated in housing assistance programs. ORHA will provide a short reference questionnaire to housing assistance program staff. Points will be assigned based on responses. If an assistance program does not respond, owners with verified experience will be awarded points for an “Average/neutral” response.
Verification:	The program application will ask if the owner has participated in any local housing assistance program. Owners certify the truthfulness of all responses on the application. If an assistance program does not respond, the owner will be given the opportunity to provide their own proof to verify their experience, such as a tax statement from the agency.
Scoring:	-8 to +3 points (see scoring detail below)
Priority Criteria:	Code Enforcement History
Definition:	Owners with notably negative history with the applicable code enforcement office will lose priority points.
Verification:	ORHA will search for public information such as news stories regarding noteworthy incidents related to code enforcement or other property standards. If ORHA finds concerning results, the owner will be given an opportunity to provide additional information.
Scoring:	-8 to 0 points (see scoring detail below)
Priority Criteria:	Project Readiness
Definition:	Applications proposing projects that are “shovel-ready” or further along in predevelopment will receive higher priority. Projects will be divided into the following three categories: <ul style="list-style-type: none"> • <u>Most ready</u>: Projects that have a full and accepted contractor proposal, all necessary architectural/engineering work completed, some amount of pre-project testing completed, and all necessary approvals possible/practical to obtain prior to securing funding already in place. • <u>More ready</u>: Projects that have some, but not all, of the above. At minimum, any necessary architectural/engineering work must be complete or underway. • <u>Average</u>: Projects not meeting any other definition. • <u>Significant predevelopment needed</u>: Projects that have significant predevelopment needs that have not been met, such as proposed projects that require a zoning variance, site plan review, or other approvals that require significant investments of time.
Verification:	Owners must submit all relevant documents.
Scoring:	+4 points (Most ready), +2 points (More ready), 0 points (Average), -6 points (Significant predevelopment needed)

Priority Criteria:	Projects Exceeding VRP Funding
Definition:	Projects that are likely to require additional funding beyond what ORHA can award through the VRP, based on project description, site photos/visits, cost estimates, etc.
Verification:	Determined by program staff, based on any estimates submitted by the owner, photos of the property submitted at application, the project proposed in the application, preliminary site visits, internal cost estimates, etc.
Scoring:	-6 points

Scoring detail:

Tenant Reference Quality	Housing Assistance Experience	Code Enforcement History
<ul style="list-style-type: none"> Strongly negative: -2 Mildly negative: -1 Average/neutral: 0 Strongly positive: +1 	<ul style="list-style-type: none"> Strongly negative: -8 Mildly negative: -2 No experience: 0 Average/neutral: +1 Strongly positive: +3 	<ul style="list-style-type: none"> Significantly concerning results: -8 Concerning results: -4 No evidence of incidents found: 0

Section 3. Scoring

A. Initial Priority Score

Applications will be scored by ORHA staff after threshold eligibility review has confirmed that an applicant is eligible. While scoring applications, ORHA staff will:

- Review submitted application materials
- Review other information sources (e.g., Otsego County Tax Parcel Viewer, Google Maps)
- Submit requests for reference information from other agencies or ORHA departments and review responses
- Request additional information from the applicant, if needed
- Document verifications and rationale for all priority scoring

Each eligible application will be given a preliminary priority score based on this initial scoring. Initial priority scores will determine the order in which projects receive more in-depth review and are selected for an award. The order in which applications are received will break ties within scores.

ORHA staff will also determine whether an application is proposing a project that is clearly unlikely to meet the effective minimum funding threshold. Such applications will not receive more in-depth review, regardless of priority score.

B. Revision to Priority Determinations Prior to Selection

As projects receive more in-depth review, priority determinations, inclusive of scoring and minimum funding threshold satisfaction, may be revised based on new information.

In-depth project review prior to preliminary selection may lead to revisions to priority determinations. Examples of situation when priority determinations may be revised include:

- Based on information gained at site visits, staff may revise priority criteria or deem a project ineligible or clearly infeasible (e.g., if a visit reveals that a home has significantly greater rehabilitation needs than described or is not vacant), which may result in denial or a deferment back to the waiting list (in the case of a lowered priority).
- Based on the internal work scope and cost estimates developed during in-depth review, staff may revise priority criteria or deem a project ineligible or clearly infeasible, which again may result in denial

or a deferment.

- A code enforcement inspection may be performed separately, when it cannot be coordinated with OFO staff. Work scopes and estimate revisions based on code enforcement input could lead staff to revise priority criteria or deem a project ineligible or clearly infeasible.

When an application's priority is revised such that it would either no longer be positioned to be included in the current round of project selection or be estimated to meet the minimum funding threshold, project review will be suspended and the application will be returned to the waiting list.

C. Revision to Priority Determinations After Selection

Once a project has been preliminarily selected for an award, priority determinations will generally not be revised, even when information changes during the final stages of project development prior to full commitment of grant funds.

After initial selection, a change in anticipated project costs (based on internal estimates or contractor procurement) will not trigger any revision of priority determinations related to the minimum funding threshold or scored criteria. However, eligibility determinations may be affected. For instance, if all contractor bids are unexpectedly higher than internal estimates and result in a project cost exceeding the allowable maximum award, the application would not have its priority score decreased, but the owner would need to secure other funding to remain eligible for the program.

Priority determinations after preliminary selection will be revised only in the following circumstances:

- Non-local owners without other Otsego County properties who avoided the penalty for failing to use local management by attesting to an intent to secure local management assistance must submit the satisfactory verification that they have identified a local partner that will be ready to assist upon project completion. Verification must be submitted prior to final commitment of funds. Failure to meet this requirement will result in re-scoring the application, including the penalty, which will likely result in a return to the waiting list.
- Projects that benefitted from the "Minimum Accessibility" priority criterion must continue to meet the work scope requirements despite any post-selection revisions to the scope. If the scope is modified such that requirements are no longer met, the application will be re-scored appropriately, which may result in a return to the waiting list.
- If ORHA discovers that an owner provided inaccurate information that resulted in a more favorable priority determination, ORHA may choose to modify the application score and return it to the waiting list. If the owner did so knowingly, they may instead be deemed ineligible.

If revisions to priority criteria result in a return to the waiting list, commitment fees will not be fully refunded.

Otsego County Vacant Rental Program (VRP) Contractors & Procurement Procedures

Section 1. Qualified Contractors

A. List of Qualified Bidders

ORHA will establish a list of contractors able to work in compliance with applicable standards through a Request for Qualifications (RFQ) process, as required by the New York State VRP.

ORHA will prepare and distribute a RFQ to area contractors according to its approved Contractor Bid Solicitation Plan. Contractors must submit references and proof of insurance to be added to the contractors list.

Contractors who have already qualified with ORHA do not need to repeat the process. They will be included in the list automatically.

Additional contractors may be added to the list at any time, provided they supply the necessary references and proof of proper insurance.

B. Insurance Requirements

All contractors must be adequately insured. Adequate insurance includes:

- Valid worker's compensations. No exceptions are made for sole proprietorships.
- General liability coverage in a minimum amount of \$1 million per occurrence and \$2 million aggregate
 - At least ORHA must be listed as an additional insured, and preferably also the State of New York and the Housing Trust Fund Corporation. If satisfying this requirement would incur a cost for the contractor, they may be placed on the contractor list without fulfilling this requirement. Any selection of their bid for a given project would be contingent upon their providing an updated certificate proving these parties have been added as additional insured.

Section 2. Procurement

A. Bid Solicitation

An appropriate procurement process must be completed for all activities to be reimbursed with program funds. This includes both construction costs and professional service or soft costs. At a minimum, two (2) 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, ORHA must follow Office of Community Renewal (OCR) guidelines on establishing reasonableness of project costs.

B. Project-Level Contractor Selection

Bids or proposals for all activities must be submitted directly to ORHA by the contractor. OFO will assist ORHA in evaluating the acceptability and cost reasonableness of all bids.

ORHA 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 lowest responsible bid.

1. Owner Involvement

The Property Owner may be involved in the contractor solicitation process (and may not be prohibited from

doing so if desired), subject to the following:

- A property owner may select the contractors that are invited to submit bids for a project; however, MWBE requirements will still apply and MWBE firms must be included among the contractors the bid requests go to.
- A property owner may request to have contractors placed on ORHA's pre-qualified bid list. ORHA is still responsible for vetting contractors through a review of references and verifying property insurance.
- ORHA is still required to accept the lowest responsible (qualified) bidder, even if it is not the property owner's preferred contractor.
- The property owner may select a responsible contractor that is not the lowest bidder; however, the grant award will be based on the lower bid amount.

2. General Process for an Otsego County VRP Project

Procurement of project contractors for the Otsego County VRP will follow this general outline:

1. OFO staff will prepare a work scope and specifications for a project, as well as an internal cost estimate, as part of early project review. Owners will have an opportunity to review and approve this scope upon initial award and as a project is developed. ORHA (with OFO's assistance) has final determination of the work scope, but the owner's input will be considered and incorporated as appropriate.
2. Work scopes/specifications may be revised during environmental testing or other project development, in response to new information.
3. Once finalized, the work scope/specifications will be distributed in bidding documents to contractors on ORHA's qualified contractor list. Owners may assist in selection of the contractors who receive these documents. ORHA will ensure that MWBEs are included.
4. OFO staff will host a meeting for all interested bidders at the project site. All bidders are expected to attend. Bidders will be able to inspect the site themselves and ask OFO staff any questions they may have about the work. OFO staff will document attendees and the details of any substantive answers they gave to contractor questions (i.e., answers that provide additional details about the property/project, rather than answers to questions like "when was the due date again?").
5. After this walkthrough, OFO staff will promptly develop any addenda to the RFP that may be required to ensure that all contractors have access to the same information about the project, which ORHA will then distribute.
6. Bids will generally be due four weeks after distribution, though longer may be given if needed to encourage adequate competition. Bids will be reviewed by ORHA and OFO staff.
7. ORHA staff will identify the lowest responsible bid, then review the proposals with the property owner.
8. The selected contractor will be notified, and an agreement between the owner and the contractor will be executed. ORHA will provide the agreement.

3. Work Scope

OFO will develop the scope of work based on their professional evaluation of the project site, formally documenting the rationale for scope items, including photographs of current conditions.

Both ORHA and the property owner must approve the scope of work prior to solicitation for bids. If ORHA and the property owner cannot come to an agreement regarding the scope, the project may be cancelled.

C. Conflicts of Interest in Procurement

The policies and procedures of the Otsego County VRP Conflict of Interest Requirements apply to contractor procurement. A clear, written, scope of work for the project, as outlined 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.

Specific conflicts of interest in the Contractor Procurement Process include:

- A property owner may not act as their own contractor.
- An immediate family member or business partner of the property owner may not serve as a contractor
- Municipal officials, officers, and employees are prohibited from participating as a contractor for grant activities conducted in that community

D. EEO and MWBE Requirements

ORHA will comply with all EEO and MWBE requirements associated with the New York State VRP. The procedures laid out in ORHA's approved Contractor Bid Solicitation Plan and the New York State VRP Manual will be followed.

Otsego County VRP Conflict of Interest Requirements

Section 1. Home Rehabilitation Grants Conflict Of Interest Policy

In addition to the overall requirements of ORHA's organizational conflict of interest policy, no board member, officer, employee, or agent of ORHA or of an ORHA sub-grantee, or any of their immediate family members, shall, directly or indirectly, benefit financially from or be assisted through any home rehabilitation grant program administered by ORHA, including but not limited to RESTORE, Access to Home, MMHR, CDBG, and NYS HOME.

A person receiving assistance through any home rehabilitation grant program, or their immediate family members or business partners, may not be awarded any contract or sub-contract for the project assisting them. Other individuals with close ties to an ORHA client may also be prohibited from being awarded a contract or sub-contract for the associated project, if the award would result in a real or apparent conflict of interest.

ORHA officers, employees, or agents will not solicit or accept any gratuities, favors, or anything of monetary value from contractors, potential contractors, or other parties to sub-agreements.

When a given grant program has additional requirements, said requirements will be incorporated into program-level policies and procedures.

Section 2. Vacant Rental Program (VRP) Conflict of Interest Requirements

The conflict of interest requirements in the NYS Vacant Rental Program Manual apply to this program and must be followed. Conflicts of interest must be avoided both in procurement of supplies, equipment, construction, and services and in non-procurement activities like the selection of program participants.

A conflict of interest is a situation in which an individual's financial, familial, or personal interests come into actual or perceived conflict with their duties and responsibilities with respect to Vacant Rental Program activities or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

If a Covered Person and/or a family member or business associate has a financial or other interest in the VRP activity a conflict of interest may exist.

For these purposes:

- A *Covered Person* is an employee, consultant, officer, board member, or elected official of ORHA and/or of an entity chosen by ORHA to assist in the implementation of VRP program activity.
- A *family member* includes (whether by blood, marriage, or adoption) the spouse, parent (including a stepparent), child (including stepchild), sibling (including a stepsibling), grandparent, grandchild, and in-laws of a Covered Person.
- A *business associate* includes an officer, director, employee, consultant, partner, or individual that directly or indirectly owns or controls any stock in a firm, partnership, association, limited liability corporation, or not-for-profit corporation.

Any Covered Person must notify ORHA's Executive Director as soon as they believe that a *potential* real or perceived conflict may exist.

To screen for conflicts of interest related to program applicants/participants, the VRP application will include

screening questions.

To screen for conflicts of interest related to contractor selection, contractors will be required to complete a conflict of interest certification with their bids.

If a conflict may exist, ORHA will submit the required Conflict of Interest Disclosure Form to the NYS Housing Trust Fund Corporation's Office of Community Renewal (OCR) via the OCR's VRP Project Manager and await further guidance. At no point may project funds be expended prior to receiving OCR guidance and completing any necessary additional steps.

Example Scenarios:

The following scenarios represent real or potential/perceived conflicts of interest that ORHA must submit for review via the Conflict of Interest Disclosure Form. This is not an all-inclusive list.

- An employee of ORHA receiving an award through the program
- A board member of ORHA receiving an award through the program
- An immediate family member of an ORHA employee or board member receiving an award
- An employee of ORHA or immediate family member of the employee living in a housing unit receiving assistance through the program
- A contractor with close ties to an employee of ORHA being selected to perform work that will be paid for with program funds
- A contractor with close ties to a property owner receiving a grant award selected to perform the work
- An employee of ORHA accepting a gift in return for prioritizing an applicant's application for program funding
- An employee of ORHA accepting a gift in return for selecting a contractor to perform work that will be paid for with program funds

Otsego County Vacant Rental Program (VRP) Monitoring Plan

Section 1. Summary of Owner Obligations During Regulatory Period

During the 10-year regulatory period, the owner must:

1. Continue to be the legal owner of the property.
2. Rent only to tenants who meet VRP income qualification requirements when first moving into the unit.
3. Comply with the monthly maximum rent limit provided to them by ORHA.
4. Maintain the unit and the property in good operating order and condition.
5. Execute long-term leases of at least twelve (12) months with tenants. Leases must conform to all applicable local and state laws. After the initial lease term, owners may instead provide a 12-month lease with the *option* for the tenant to terminate the lease during the term, thereby allowing the tenant to rent “month-to-month.” Owners may not have the option to terminate the lease during the term.
6. Not rent the unit as a short-term rental.
7. Comply with all requirements in the Declaration of Interest regarding transfer or sale of the property, including providing advance notice of an intent to sell, disclosing program requirements and obligations to prospective buyers, ensuring the new owner assumes VRP obligations, and obtaining permission to sell the property.
8. Cooperate with ORHA’s monitoring of their compliance.

Section 2. Income Qualification

ORHA will perform income verification of tenants for property owners, to ensure consistency and accuracy of income verifications. Tenant income will be calculated using the 24 CFR Part 5 method.

Property owners will be responsible for communicating income requirements to prospective tenants and for facilitating income verification, either by collecting and then providing to ORHA a simple income reporting form and the associated verification documents or by sending tenants directly to ORHA, depending on their and the tenant’s preference. ORHA staff will calculate income according to standard program procedures and determine whether the prospective tenant is income-eligible. The owner and the prospective tenant will then be notified of the determination.

Section 3. Annual Rent and Income Limits

A. Annual Schedule

ORHA will calculate annual rent limits for each unit at project commitment and in the month of April in each month thereafter throughout the regulatory period. Property owners will be notified of rent limits and income limits at project commitment, project completion, and prior to May 1 each year.

B. Calculation of Rent Limit

Annual rent limits will be calculated using the Novogradac calculator as prescribed in the NYS VRP Manual. ORHA will use the utility allowance schedules it uses for its Section 8 program to calculate the applicable utility allowance for each unit.

Section 3. Annual Re-Certification

For each VRP unit, owners must complete an annual re-certification every year during the regulatory period, which will include a signed attestation that they are complying with obligations 1-4 listed in Section #.03, all fair housing requirements, and VRP lease requirements.

In addition to obtaining the certification, ORHA will verify compliance by:

- Reviewing the property record on the public access Otsego County real property search to confirm that there has been no change in the listed owner.
- Comparing the tenant listed on the certification to the last approved tenant according to ORHA's income verification records.
- Collecting a copy of the effective lease agreement along with the attestation, for review of rent amounts and lease terms.
- If an owner has had compliance issues with the maximum rent requirement previously, ORHA may also require them to submit documentation verifying the actual rent collected.

Re-certification materials will be mailed and/or emailed to the owners of all completed VRP units in February of each year. Owners will be given six weeks to respond. Should an owner fail to respond, a second notice will be sent with an additional six weeks to respond, which will include a stronger warning about the consequences of non-compliance.

ORHA will review all submitted re-certifications, including verifications, to confirm compliance. Where submitted information indicates a landlord may not be in compliance, ORHA may contact them to gather more information if it is unclear from what is currently available to review.

Section 4. Maintenance Inspections

At least 20% of VRP units will be inspected each year, with each unit receiving at least 2 inspections during its 10-year regulatory period.

A. Selection of Inspected Units

Units will be selected for inspection largely based on their completion date, with units picked in order of completion. However, once all unit locations are known, that order may be altered based on location to decrease the amount of travel required for annual inspections. For example, if unit #5 is located in Unadilla, unit #6 is located in Richfield Springs, unit #7 is located in Unadilla, and unit #8 is located in Exeter, ORHA would select units 5 and 7 one year and units 6 and 8 the next.

B. Inspection Standards

Inspections will be performed using a checklist adapted from HUD's NSPIRE Standards. Adaptation include adding some modest cosmetic requirements, to ensure units remain in marketable condition. A sample of the checklist will be provided to all owners so they know what expectations will be for maintenance.

Over the course of the 10-year regulatory period, ORHA may revise inspection standards in response to changes in the NSPIRE Standards, state or local codes, or ORHA's Section 8 inspection standards. Changes in inspection standards will be communicated proactively to property owners.

C. Scheduling

ORHA will schedule inspections so that the 20% minimum is met each calendar year. Inspections will never be scheduled on a Friday or on a day immediately preceding a holiday.

ORHA will send notice to property owners that an inspection has been scheduled at least 10 business days

ahead of the inspection, and property owners will be instructed to give appropriate reasonable notice to their tenant. The property owner, or a representative of the property owner, must attend the inspection.

Property owners may request to reschedule the inspection in the case of scheduling conflicts or other issues (e.g., a tenant has a significant illness). Inspections will be rescheduled to another date within 5 business days of the original date, except in circumstances like an active, ongoing illness, in which case inspections will be rescheduled as close to within 5 business days as possible.

D. Results

1. Notice

Results will be provided to property owners by mail and/or email.

2. Deficiencies

Results notices will include any deficiencies and the timeframe for repairing them. Property owners may have 24 hours, 30 days, or 60 days to address a deficiency, depending on its severity. Failure to meet the due date provided by ORHA will be considered non-compliance with program obligations.

ORHA will not determine whether landlords or tenants are responsible for a deficiency. All issues must be remedied regardless of the cause. Notices will note that property owners may take whatever action they feel is appropriate (provided it is legal) to enforce lease requirements regarding damage/maintenance if tenants are responsible for a deficiency.

Repair of any deficiencies may be confirmed by re-inspection or, alternatively, adequate photo/video proof of the repair or other documentation deemed acceptable by ORHA. It is the owner's responsibility to notify ORHA of completed repairs and schedule re-inspections or provide proof of repair.

3. Extensions

Property owners may request extensions to make repairs if they are unable to meet a deadline for reasons outside of their control, such as a backordered replacement part, schedule availability of local contractors, tenant non-cooperation, or weather conditions.

Extension requests must be submitted in writing and before the repair due date. ORHA may make exceptions to these requirements in extraordinary circumstances or as a reasonable accommodation, at its sole discretion.

ORHA staff will determine a reasonable time period for an extension. In most circumstances, no more than 60 total additional calendar days will be granted. Longer extensions may be approved for weather-related reasons or with other good cause, such as a prolonged shortage of a necessary replacement part. ORHA may require additional documentation to prove the necessity of an extension beyond 60 days.

Section 5. Staff Roles

The Executive Director will be responsible for income verifications and property owner re-certifications at the outset of the program. ORHA's Associate Program Manager will be cross-trained on these two tasks, both to ensure continuity and to assume them in the future during the 10-year monitoring period.

All ORHA staff members qualified as inspection staff for ORHA's Section 8 program may perform VRP inspections. The staff member responsible for property owner re-certifications will be responsible for scheduling and other administrative tasks related to inspections.

Section 6. Non-Compliance

ORHA may determine that an owner is in non-compliance based on the outcome of their re-certification or

maintenance inspection. ORHA may also determine an owner is in non-compliance based on concerns that come to ORHA's attention by other avenues. For these concerns, ORHA will investigate as necessary (based on the issue at hand) and contact the property owner to discuss the concern, then make a determination.

When ORHA determines an owner is in non-compliance, ORHA will notify the property owner by mail and/or email of the issue and may also follow up by phone if an owner does not respond to the notification promptly or if the issue is severe.

Notifications will include ORHA's recommendations for curing the issue and coming back into compliance, as well as clear warnings of the consequences of non-compliance, including the potential of repaying the full grant amount. ORHA will determine and provide an appropriate "due date" for cures, based on the specific issue, and may grant extensions in the case of genuinely extenuating circumstances.

If property owners remain in non-compliance, ORHA will alert OCR and make all reasonable efforts, including taking legal action, to recapture grant funds from the property owner, as required by VRP.

Otsego County VRP Dispute Resolution Plan

Disputes between program participants and contractors may arise from time to time during the life of the rehabilitation project. In those instances where a mutually satisfactory agreement cannot be reached between the parties, this VRP dispute resolution procedure will be followed.

A. Disputes Covered

This process applies to disputes between participants and contractors in the Otsego County VRP arising from the Participant Agreement, contract, or any written agreement related to the program.

Typical disputes may include:

- Delays in construction beyond agreed schedules
- Contractor's failure to start or complete work within the agreed timeline
- Workmanship that does not meet quality and/or compliance standards
- Failure to adhere to local building codes and regulations
- Structural or safety issues resulting from a contractor's work
- Claims that certain work performed falls outside the agreed scope of work
- Disagreements over materials, labor, or additional work
- Either party failing to meet contractual obligations (e.g., contractor not completing work, participant not providing access to property)
- Disagreements over whether work is satisfactorily completed
- Discrepancies in invoicing and approved project costs

Only disputes arising prior to the issuing of a property owner's final approval and ORHA's final payment to the contractor are covered by this plan. After a property owner has signed the Project Completion Form, ORHA is no longer obligated to mediate between parties regarding any subsequent disputes.

B. Notification

1. Written Notice

A party with a complaint must submit a formal, written notice to begin the dispute resolution process. Said notice should include, at minimum:

- The date the issue was identified
- A detailed description of the issue
- Any relevant documents or photos
- Records of previous communication attempts to resolve the issue, if applicable
- The complainant's requested resolution

2. Notice Timing

The required written notice must be submitted to ORHA within 5 business days of identifying the issue. Participants must provide notice of any complaint regarding a contractor **prior** to signing the Project Completion Form.

3. Acknowledgment

ORHA will acknowledge receipt of the complainant's written notice within 5 business days of receiving it.

ORHA will also review the dispute and, if necessary, request any additional documentation or information

from the complainant. ORHA may also request information/documentation from other parties.

C. Resolution Process

1. Informal Resolution

ORHA will attempt to mediate an informal resolution within 10 business days of acknowledging the dispute. Program staff will meet with or otherwise facilitate direct communication between both parties and clarify applicable agreement terms. If corrective action is needed, ORHA will assist with developing a plan.

If an agreement can be reached, ORHA will document the resolution in writing. Both parties must sign this agreement, and it will be maintained in project files.

2. Investigation

If informal resolution does not result in an agreement, ORHA will collect additional information to assist in mediation. This includes conducting a site inspection when applicable and interviewing all parties. Inspections will be documented with photos/videos, and interviews will be documented with notes.

ORHA will attempt to complete investigation within 15 business days of the failed informal resolution. Any delays will be documented.

Findings from ORHA's investigation will be compared with relevant agreements, including the accepted project scope of work, program guidelines, and any other applicable requirements (e.g., local codes).

ORHA will document its findings and attempt to negotiate an agreed-upon resolution. If the parties come to an agreement, it will be documented in writing, signed by both parties, and stored in project files.

3. Formal Mediation

If an agreement has not been reached following investigation, ORHA will schedule a formal meeting with all parties, within 10 business days of a failure to negotiate a resolution based on ORHA's investigation. ORHA or a neutral third-party mediator will moderate. If a third-party is used as the mediator, ORHA will provide them with all existing records related to the dispute resolution process, the project file, and any other pertinent information, such as program requirements.

Both parties will be asked to present their claim, including any documentation or witness to support it, and their proposed resolution. All involved parties have the right to be accompanied by an attorney or other authorized representative.

ORHA or the third-party mediator will attempt to negotiate a fair resolution. If successful, the agreement is documented and signed.

4. ORHA Determination

If formal mediation fails, ORHA will perform a final review of all evidence and issue its determination.

Within 30 business days of a failed mediation, ORHA will provide the parties with a binding resolution that will include the steps ORHA has deemed appropriate for resolving the issue. This may include recommendations for legal action, if needed.

This final determination is binding, unless overturned by NYS Homes and Community Renewal (HCR).

If parties disagree with ORHA's final determination, they must notify ORHA, in writing, within 10 business days of ORHA issuing its determination so that the matter can be escalated to HCR.

D. Notification of HCR

If the dispute cannot be resolved, ORHA will notify HCR according to program guidelines. ORHA will provide OCR with all relevant documentation, ORHA's final determination, and ORHA's recommended course of action.

HCR's final decision, once given, is binding.

E. Resolutions

1. Contractor Fault

If a contractor is at fault, acceptable remedies for the issue will be guided by the contract between the homeowner and the contractor.

If ORHA determines that a contractor's work is substandard or incomplete, the contractor will be required to correct issues at their expense. However, ORHA *may* choose, at its sole discretion, to cover expenses instead in extremely limited circumstances, such as:

- The contractor has gone out of business
- If the contractor cannot or will not correct the issue(s), and either a) legal action is likely to cost more than repairs or b) there are safety risks that require immediate correction
- If poor-quality work is due to faulty materials, not contractor negligence

2. Participant Fault

If the participant is at fault, they may be required to approve the completed work, make certain payments, or otherwise correct the issue at the heart of the dispute. The Participant Agreement and the contract between the participant and the contractor will guide determining acceptable courses of action.

F. Compliance & Enforcement

If either party refuses to participate in the process or comply with any agreed-upon resolution, ORHA may take appropriate action.

For contractors, appropriate action includes withholding payment, removal from the approved bidder list for VRP and other ORHA programs, and legal action.

For participants, appropriate action includes terminating the Participant Agreement and recapture of grant funds. If necessary, legal action may be taken to recover grant funds.

G. Documentation & Record-Keeping

ORHA will maintain detailed records of all steps in the dispute resolution process. This includes all mediation efforts, correspondence and communications, supporting documentation, inspection reports/photos, interview and mediation notes, ORHA determinations, and all proposed and final resolution agreements.

Records will be stored in project files and retained according to VRP requirements.

H. Summary of Timeline

Step	Timeline
Dispute Notice	Within 5 business days of issue being identified
ORHA Acknowledges Receipt	Within 5 business days of receipt of dispute notice
Informal Resolution	Within 10 business days of acknowledgment
Investigation (Complete)	Within 15 business days of failed informal resolution
Formal Mediation	Within 10 business days of failed investigation
ORHA Final Determination	Within 30 business days of failed formal mediation
Request for Escalation to HCR	Within 10 business days of ORHA final determination

I. Post-Project Disputes

As stated in Section A, complaints regarding a rehabilitation contractor must be made **prior** to an owner signing the Project Completion Form.

Once a property owner signs the project completion form and ORHA issues final payment, ORHA's obligation to resolve disputes regarding quality of workmanship or warranty issues between a property owner and a contractor ends.

If such problems arise after project completion and owner approval, the property owner must engage with the contractor directly to resolve the issue. ORHA may, upon request, assist in a limited capacity by providing contractor contact information, project records, other information about the project/program, or resources available for navigating disputes. Any advice or information provided by ORHA in this capacity cannot be considered as legal advice.