

# **NYS Vacant Rental Program (VRP)**

## **Onondaga County Community Development**

Onondaga County Community Development was awarded \$2,000,000.00 from the HCR Office of Community Renewal (OCR) to facilitate a program that is intended to support repairs and rehabilitation of vacant rental units and other vacant spaces to increase the supply of critically needed apartments for low- and moderate-income renters in Onondaga County. The program aims to help owners of rental properties bring vacant units and spaces in small-scale properties back into productive use to create safe, quality, and affordable long-term rental units.

### **Award Limits**

Two award options will be made available to eligible property owners:

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

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

### **Match/Leverage of Funds**

Grant assistance does not require matching funds from a participating property owner as a condition for receiving an award.

However, using VRP funds must produce a finished residential unit or units ready for occupancy. Therefore, there must be available or committed funds, or an acceptable plan, to cover any work that a VRP award will not be sufficient to cover for the project to result in a complete and occupiable unit. Therefore, funds from other sources may be used to match or supplement VRP funds when costs will exceed the VRP award

When multiple sources of funds are utilized, all sources of funds must be itemized to confirm there is no duplication of expenses. Owner must be able to show documentation that VRP funds were used for VRP eligible expenses. Under no circumstance shall VRP funds go a property owner for work that the owner completes. This includes the prohibition of VRP funds being used for materials only for work completed by the owner.

### **Eligible Activities**

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

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The following guidelines will apply with respect to eligibility of activities:

**Project Construction Costs (Hard Costs)** include rehabilitation work up to either \$50,000 or \$75,000 per unit. All hard costs (construction labor and materials) for the repairs and improvements are eligible project costs.

**Site work:** site work is generally ineligible but may be considered if It is specifically required for the repair or ongoing maintenance of the structure itself (e.g., re-grading around foundation to fix basement flooding issues) It is required for building accessibility purposes

**Fixtures:** Permanent fixtures are allowed as an eligible use of funds (e.g., built-in cabinets, bathtub, etc.) Removable fixtures and appliances are an eligible use of funds if necessary for the rental and occupancy of assisted units.

**Soft Costs:** Professional service costs, or “soft costs,” that can be attributed directly to the delivery of the rehabilitation activities may be eligible project expenses. These expenses must be reasonable and necessary for the completion of a rehabilitation project.

## **Ineligible Activities:**

- The following activities are expressly prohibited using VRP Funds:
- Landscaping,
- Pool or pool repairs,
- Luxury improvements that are not consistent with the standard of “non-luxury housing” with suitable amenities,
- Additions or new construction,
- Decks (allowed if existing structure is a safety hazard/not code compliant),
- New outbuildings, Electronics (security cameras, smart home devices, etc.),
- Regular property maintenance and operating costs,
- Property insurance, property taxes, and debt payments

Repairs completed prior to selection and award by OCCD are not eligible for reimbursement.

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## Eligible Applicants

### Applicants must meet the following criteria:

1. Property Ownership: Applicant must be legal owner of one of the following:
  - One to 5-unit residential property
  - Eligible vacant property that will be converted to a 1- to 5-unit residential property
  - Mixed-use building with 5 or fewer residential units
  
2. Applicants must be determined by OCCD to be “responsible owners” based on the following criteria:

Applicants will be required to sign an *Eligibility Attestation Form (Attachment 1)* of the program application attesting to the following:

  - Not in bankruptcy
  - No outstanding federal, state, or local liens on the property
  - No history of Fair Housing violations
  - Not under current investigation by: Dept. of Health, EPA, HUD, state agency or local government for law or regulation violation
  - Current on mortgage payments
  - Current on property taxes
  - Having comprehensive property insurance
  
3. Applicants must be willing to adhere to the following program obligations:
  - Provide a signed attestation of required eligibility information and vacancy status and *supporting documentation as requested by OCCD including tax and mortgage receipts, and copies of insurance documentation*
  - Disclose all properties owned and/or under their control
  - Rent units receiving assistance at rents affordable to the appropriate AMI level, per their award type (provide copies of new leases to OCCD)
  - Place a Declaration of Interest on the property for full 10-year Regulatory Period (including in instance of transfer or sale) covering the assisted units
  - Verify income of prospective tenants and rent only to those that are income qualified per the terms of their participant agreement (provide copies of these relevant documents to OCCD)
  - Provide minimum 1-year leases

**REQUIRED SUPPORTING DOCUMENTS** Copy of the recorded deed to your home with legal description attached (Schedule A) Copy of current mortgage statement (and statements for any other liens on the property) Proof that utilities on property are current Copy of picture I.D. (e.g., driver’s license) Copy of declarations page of your homeowner’s insurance policy stating current policy period, amount of coverage & listing of all mortgages against the property \*Please Note: Your mortgage, taxes and water bills must be current to participate in this program.

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**Ready for Occupancy Requirement Projects** using VRP funds must produce a finished residential unit or units ready for occupancy. As such, funds cannot be used to complete an initial phase of work on residential units that will then be completed at a later date. However, work can be completed on part of a building, leaving another part unfinished as a holdover for future use, provided that:

The residential units are complete and accessible;

The 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;

The unfinished space is not developed into additional housing units that will result in more than a total of five (5) units in the building within the 10-year regulatory period (exceeding the 5-unit limit during the regulatory period will be considered non-compliance and the grant may be subject to repayment in full).

### **Eligible Properties/ Units:**

1. Property must be located in Onondaga County
2. 1-5 unit residential building
3. Mixed-use building with up to five (5) residential units
4. Any building that will be converted to a 1-5 unit residential building or mixed use building with up to five (5) residential units
5. The unit(s) in which work will be completed must currently be vacant because of conditions making the unit uninhabitable or unmarketable, as determined by the OCCD.

A “unit” shall be 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

**Five-Unit Limit:** The five-unit limit applies to all housing units in a property and not just the assisted units. The unit limit applies to both the before-construction and after-construction condition of the property. That is, a building that currently has more than 5 units is not eligible for assistance and a building with five units or fewer cannot be converted to a building with more than five units with VRP funds.

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### The following are examples of eligible units by property type:

**Multi-family Property Units:** Vacant units in multi-family properties (5 units or fewer) are eligible.

**Single-family Property Units:** A vacant single-family home is eligible if it will be used as a long-term rental (non-owner-occupied). Vacant single-family homes may also be converted to rental properties of up to five (5) units. In this scenario, the owner may not live in any unit that was assisted with VRP funds.

Occupied single-family homes are generally ineligible unless the home includes a separate legal and eligible vacant housing unit such as an “in-law apartment.” Owner must verify the unit has previously been used as a separate housing unit.

*As an example, the owner of a single-family home may not convert a vacant attic into a rental unit using VRP funds unless the attic was previously used as a separate and legal housing unit.*

**Non-residential Properties:** Vacant non-residential properties are eligible for conversion to up to five rental units, if allowable by code. Vacant nonresidential properties may also be eligible if being converted to a mixed-use building, provided that VRP funds are strictly limited to work completed for the rental units alone (see section below).

**Mixed-use Properties:** Vacant units in mixed-use properties are eligible. Vacant spaces in a property that will become a mixed-use property may be eligible if the owner verifies that;

- The vacant space is a discreet/separate space
- The space is uninhabitable or unmarketable due to its current condition OR because it is now functionally obsolete space for which there is no need or demand.

*For example, a vacant Class C second floor office suite for which there is no demand, and is therefore “unmarketable”, would be eligible for conversion to rental units if all other VRP requirements are met.*

### Vacancy Status

A unit receiving VRP assistance must be determined by OCCD to be an eligible vacant unit. A unit is considered an eligible vacant unit if it is unoccupied or not legally rented at the time grant funds are committed specifically because the unit is in **uninhabitable OR unmarketable** condition (as determined by OCCD).

For the VRP program, the following definitions of uninhabitable and unmarketable will apply:

**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.

*Examples include (but are not limited to): Water leak and presence of mold, Lack of plumbing/bathroom/kitchen facilities, Lack of adequate heat, unsafe structural condition(s), does not meet code for fire suppression system and/or access/egress*

**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.

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Examples include but are not limited to: Extensive peeling paint, Old/stained carpets, damaged walls/ceiling, inadequate kitchen/bathroom facilities, Poor light and/or ventilation

**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).

**Vacancy Verification:** OCCD will determine that a unit is eligible based on vacancy status using the above guidelines. A signed attestation from the Property Owner is required. OCCD may require a property owner to provide additional verification of vacancy status as is determined necessary for determining vacancy status. There is no minimum time period that a unit must have been vacant for to be eligible for VRP funding. However, it is strongly encouraged to determine length of vacancy as part of verifying vacancy status and that no tenant displacement has occurred.

### **Ineligible Properties:**

The following properties are expressly ineligible for participation in VRP:

1. Mobile and manufactured homes
2. Properties in foreclosure Vacant Rental Program
3. Detached accessory structures (unless previously used as a legal housing unit, as verified by the LPA)

### **Legally Permissible Requirement:**

The final completed project must be legally permissible at the time grant funds are formally committed through a participant agreement. Projects that include a proposed change in the use of a building are an eligible use of VRP funds as long as all local approvals are obtained, and the appropriate site-specific environmental review documents are submitted prior to the start of construction.

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## Application Prioritization

### APPLICATION PRIORITIZATION

The Onondaga County Department of Community Development will be prioritizing applications based on the following criteria.

OCCD will prioritize applicants that meet the following conditions:

1. Live Locally – Application priority is given to local landlords who live in Central New York (Onondaga, Madison, Oswego, Cortland, Cayuga, Oneida and Jefferson Counties)
2. Small Portfolio – participants do not own or control a portfolio of properties exceeding a combined total of twenty (20) residential units.  
Applicants also do not have a substantial non-residential real estate portfolio. Applicants will be required to provide a list of properties (residential and commercial) that are owned or managed by them to confirm their prioritization as a small landlord. Addresses will be checked with the Syracuse Code violations website to confirm that the landlord does not have outstanding, unresolved code violations to confirm that they are in good standing with the community.
3. Location: Priority will be given to applications for properties located in Onondaga County Towns and Villages
4. Project readiness –requirement of special permits, zoning changes or use variances
5. Quality of plan to address costs above award amount

Applications will be accepted on a rolling basis and reviewed in batches on the last Thursday of each month by the Project Manager and Program Manager. All program priorities will be equally weighted. Priority determination will be evaluated using the attached form for each application. Applications ranked Priority 1 will be moved forward first, followed by Priority 2, and 3. Applications receiving scores of 4 or 5 will be sent back for more information and documentation or denied.

**Conflict of Interest Policy OCCD** maintains 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 County, or a unit of general local government or any designated public agency. This policy covers both the program participants' selection process and the contractor procurement process. A contractor cannot receive VRP funds for work done on a property that they own, or a property that is owned by an immediate family member. OCCD is responsible for determining if a conflict of interest exists and reporting it to HCR as necessary.

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### **Work Write-up / Scope of Work**

Once a project has been determined eligible and has been selected for assistance, OCCD Inspectors will meet with the property owner to develop a written scope of work and an initial estimate of costs. A professional evaluation will be conducted to establish and document the scope of rehabilitation activities. OCCD will prepare an internal cost estimate for the eligible scope of work. All or a portion of the maximum grant amount per unit may be awarded, dependent upon the eligible scope of work and specific program award limitations and requirements. Both OCCD and the property owner will sign-off on the formal scope of work before OCCD may begin to seek bids for the work.

### **Participant Agreement**

OCCD will execute a Participant Agreement with the property owner specifying the approved, maximum award amount and outlining roles and responsibilities for the respective parties.

The contract will specify:

- Responsibility for payments to contractors and payments made on an incurred cost or reimbursement basis
- Agreed Upon Scope of Work
- Estimated Grant Amount
- Contractor Bidding & Selection Process
- Completion Deadline
- Requirement to insure the premises for the full (100%) replacement value, obtain fire insurance and other appropriate insurance, and to obtain flood insurance coverage if the premises is in a special flood hazard area.
- Securing Permits (work may not begin until all required permits have been issued, or formally confirmed as not required)
- Site Inspections (OCCD reserves right to inspect at any time to confirm eligibility of work, monitor progress, and inspect quality of work)
- Right to Terminate or Withhold Payment (OCCD reserves right to terminate contract or withhold payment if work is not completed as agreed, change orders are implemented without approval, ineligible scope of work items are included on invoice, for failing to satisfy contract terms, or for violating program rules)
- Compliance Monitoring including cooperating with the OCCD requirement to monitor the ongoing maintenance of the property, including the rent limits for assisted residential units (OCCD reserves right to share information about participant and project consistent with HCR monitoring)
- Dispute Resolution Policy
- Requirement to sign and file a security instrument that places use and sale restrictions on the property, including restrictive rental provisions, for the term of the ten (10) year Regulatory Period.



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## Environmental Review

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

## Contractor Procurement

OCCD maintains a list of contractors able to perform work in compliance with applicable standards. All contractors are required to supply references and proof of proper insurance. Proof of insurance must include general liability coverage in a minimum amount of one million dollars and workers' compensation coverage. Onondaga County, the State of New York and the Housing Trust Fund Corporation must be listed as additional insured. **OCCD, in coordination with the property owner, will use this list to solicit bids or quotes for the project activities.** Additional contractors can be added to the list at any time, however, references and proof of proper insurance must be supplied and approved. An appropriate procurement process will be completed for all activities using program funds. **At a minimum, two bids or proposals will be obtained and reviewed for all rehabilitation or professional service activities to establish the reasonableness of project costs.** The procurement process will be free of collusion or intimidation, and OCCD will exercise appropriate oversight over the entire process to ensure that it is fair, efficient, and free of actual and perceived conflicts of interest. A clear, written, scope of work for the project will be the basis for the bids or proposals. All bidders will have equal access to relevant information, including information on the property itself. The bids or proposals for all activities must be submitted directly to OCCD by the contractor. OCCD will advise the property owner of acceptability of bids and proposed cost. **If the property owner chooses other than the lowest bidder, reimbursement will be based on the amount of the lower responsible bid.**

## EEO & MWBE Requirements and Procedures

OCCD will comply with Articles 15-A and 17-B of the New York State Executive Law. These requirements include equal employment opportunities for minority group members and women ("EEO"), and contracting opportunities for certified minority and women-owned business enterprises ("MWBEs") and VRP Administrative Plan November 2024 Page 6 of 8 Service-Disabled Veteran-Owned Businesses ("SDVOBs"). The department's demonstration of "good faith efforts" pursuant to 5 NYCRR §142.8 shall be a part of these requirements. Once the contractor/vendor selection process is complete, OCCD will report to HTFC on the use of NYS certified MWBE firms.

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### **Construction Monitoring**

OCCD standard practice for monitoring contractors (including documented periodic inspections) for progress, quality of workmanship, code compliance, adherence to approved scope of work, program rules, environmental compliance, and consistency with the approved construction timeline.

Inspection reports will be consistently documented in the project files. OCCD retains the right to inspect work in progress at any point and visits will be documented in project files. All requests for progress payments, if allowable, will include photographs of the completed work.

### **Final Inspection**

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

### **Dispute Resolution**

Primary responsibility for resolving participant and contractor disputes rests with OCCD Project Manager. The OCCD Dispute Resolution Plan establishes a standard practice to administratively resolve disputes related to the Participant Agreement, contract, or written agreement with the contractor.

Examples of common issues which may be amenable to conflict resolution include project timeline, quality of work, and scope of work, inability, or failure of parties to uphold obligations, final participant completion sign off, or contractor payment. OCCD requires notice in writing in the event there is a dispute between a participant and contractor, whenever feasible. The OCCD Project manager will exercise best efforts to resolve the dispute as soon as possible. This may include conducting an inspection to evaluate claims and meeting with the parties in attempt to reach a satisfactory result through negotiation. All efforts will be documented in project files, and whenever possible include photos. If the Dispute Resolution Plan is applied and documented, but efforts fail, then the Project manager will notify HCR and provide a recommended course of action for consideration.

### **Ongoing Maintenance**

Property owners are required to maintain a property assisted with VRP funds for a period of ten (10) years from the date of project completion and final inspection. This requires that any assisted improvements be maintained in a manner that is consistent with the goals of the VRP program for the regulatory term. Annual recertification forms will be mailed to the owner for completion by the Program Manager.

Rental restrictions will transfer with the property to the new owner if sold or transferred within the 10-year regulatory period.

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In the event of non-compliance, the amount of grant funds will be subject to repayment in full during the entire 10-year regulatory period.

Assisted residential units, when they become vacant, must be marketed and affordable to the required low- and moderate-income households during the regulatory term. This requirement is met through the owner verifying a prospective tenant's income and a rent limit imposed on each assisted residential unit.

Property owners may select their own tenants for program units. All Fair Housing Laws must be adhered to when selecting tenants.

Income verification forms will be required to be completed and submitted to OCCD only when: 1. First tenant moves into unit after it is completed 2. Tenant turnover (new tenant moves in) Tenant that is originally found income eligible and leases unit is eligible to remain in unit until they decide to leave. They have the right to renew lease without recertification of income eligibility and the right to stay in apartment if income or household size changes

### **Responsible Parties**

OCCD will clearly describe all obligations to the participating property owner prior to beginning the project, including requirements in the Participant Agreement. The Department will monitor projects assisted under VRP during the ten-year regulatory term. OCCD will ensure maintenance of VRP investments. To meet its monitoring requirement, OCCD has developed a formal plan for monitoring the assisted properties and ensuring compliance for the ten-year term. The plan addresses staff assignment of this responsibility and continuity of operations. As part of this plan, OCCD will periodically inspect assisted properties and conduct any inspections directed by HTFC. The Department requires participants to provide an annual re-certification of compliance that is reviewed and verified by the Department.

For information about this program throughout NYS, visit <https://hcr.ny.gov/vrp>