



2009
Preservation Program Manual

New York State
Division of Housing and Community
Renewal

Andrew M. Cuomo, Governor

Darryl C. Towns, Commissioner/CEO

Community Development Regional Offices

Capital District Regional Office

Hampton Plaza
38-40 State St., 9th Floor
Albany, NY 12207
Phone: 518-474-2057
Fax: 518-474-9907

Buffalo Regional Office

Electric Tower, Suite 105
535 Washington Street
Buffalo, NY 14203
Phone: 716-847-7955
Fax: 716-847-3244

New York City Regional Office

25 Beaver St.
New York, New York 10004
Phone: 212-480-7644
Fax: 212-480-7164

Syracuse Regional Office

620 Erie Blvd. West, Suite 312
Syracuse, NY 13204
Phone: 315-478-7179
Fax: 315-478-7188

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Section: 1.00 Introduction

1.01 Purpose of the Manual

The Preservation Program Manual (the Manual), is designed to provide Preservation Program participants and Division of Housing and Community Renewal (DHCR) staff with a handbook that explains the requirements, processes and procedures of the Neighborhood Preservation Program (NPP) and the Rural Preservation Program (RPP).

The Manual describes the Preservation Program under the following headings:

Section	1.00	Introduction
Section	2.00	Definitions
Section	3.00	Preservation Program Administration
Section	4.00	Preservation Program Requirements
Section	5.00	Application and Review Process
Section	6.00	Contract and Compliance
Section	7.00	Reporting Requirements
Section	8.00	Technical Assistance

1.02 Purpose of the Preservation Program

The NPP was created in 1977 by Article XVI of the Private Housing Finance Law (PHFL) of New York State to support community based not-for-profit organizations involved in neighborhood preservation activities. The enactment of Article XVI was based on the specific finding of the Legislature that:

- a. there had been an increase in the number of community based, not-for-profit organizations established by low-income residents of neighborhoods with deteriorated or sub-standard housing;
- b. the involvement of community residents in neighborhood preservation activities through not-for-profit organizations could be expected to produce improved housing;
- c. the efficient and effective use of federal and state funds for neighborhood improvement would be promoted by the active involvement of not-for-profit neighborhood organizations; and
- d. such organizations rely heavily on voluntary services or short range funding which causes them to be inadequately financed and unable to plan long range activities or retain necessary professionals for assistance in implementing the Neighborhood Preservation Program.

The Legislature further found that it is a proper and necessary public purpose for the State to assure the adequate funding of not-for-profit organizations engaged in such neighborhood preservation activities.

Finding that similar issues and needs existed in rural areas, the RPP was established in 1980 by Article XVII of the PHFL of New York State. Article XVII gives DHCR authority to contract with rural not-for-profit organizations to perform housing preservation and community renewal activities.

The Legislature further recognized that organizations engaged in preservation activities were lacking a specific type of funding: the administrative and planning costs necessary to run a broad-based program of housing and community renewal. Consequently, Preservation Program funding is limited to administrative and planning expenses necessary to undertake eligible Preservation Program activities.

1.03 Preservation Program Summary

Current preservation companies must submit applications on a schedule provided by DHCR documenting the eligibility of the company and the neighborhood or region. The initial application must contain a work plan and budget setting forth the company's goals and the preservation activities it proposes to undertake during the first program year of the contract. Companies develop their activities based on a needs assessment and strategic plan developed prior to submitting their application. The Annual Renewal of Funds form will outline the work plans and budgets for subsequent program years. Each application or Annual Renewal of Funds must also indicate that the applicant will receive annual revenues (cash or in-kind services) equal to at least one-third of the Preservation Program award, and include an assurance that the company will comply with all non-discrimination laws.

Preservation Program awards may be renewed if all prior contractual obligations have been met; the company proposes a reasonable plan for continued funding; sufficient funds exist for such a purpose; and DHCR has determined that with respect to its last-completed Preservation Program award, the company:

1. substantially completed the contract work plan;
2. expended matching funds representing at least one-third of the contract amount in support of contract work plan activities;
3. accomplished significant impact on the conditions of the contract service area; and

4. the company's board of directors have no fewer than seven members for a NPC and no fewer than five members for a RPC, and a majority of the board of directors are residents of the company's service area.

Based on the availability of funds or other considerations, DHCR may seek additional companies for the Preservation Program through the issuance of a Notice of Funding Availability (NOFA) and will review applicants based upon the following criteria:

- a. the extent to which the proposed activities address the housing and community revitalization needs of the neighborhood or region;
- b. the past achievements of the applicant;
- c. the experience and competence of the program staff, board members, and organization as a whole;
- d. the capacity of the applicant to implement the proposed activities in a timely manner;
- e. documentation of support from financial institutions, government agencies and other sources of funding necessary for implementation of proposed activities;
- f. the quality of a strategic plan or the ability to create one; and,
- g. the reasonableness of the proposed budget in relation to the impact that the proposed activities would have on the neighborhood or region.

DHCR enters into contracts that may be renewed, extended, or succeeded at the discretion of the Commissioner with the companies awarded funding under the Preservation Program. Awards are subject to a limitation of \$100,000 per year until a cumulative total of \$300,000 is reached. Subsequent awards are subject, by statute, to a limitation of \$97,500 per year until the program cap is reached.

1.04 Division of Housing and Community Renewal

The Preservation Program is administered by DHCR's Office of Community Development (OCD) under the direction of the Assistant Commissioner for Local Programs. One function of OCD is to formulate policy and set programmatic objectives for Community Development programs. The Preservation Program is managed by the Community Services Bureau under the direction of the Assistant Commissioner for Local Programs. The day-to-day implementation of the Preservation Program is the responsibility of the regional offices, supervised by the Deputy Commissioner for Community Development.

In addition, primary Preservation Program functions are undertaken by the following DHCR units:

- Office of Financial Administration; and
- Management Systems and Research Unit.

The administration of the Preservation Program is presented in full detail in Section 3.00 of this manual.

DHCR maintains a website containing information on the agency, funding availability, as well as other pertinent information. You can access this information and/or contact us at: www.nysdhcr.gov

Section: 2.00 Definitions

The following terms appear throughout this Manual:

Affordable Housing Directory (AHD): the page on DHCR's internet site that provides users with a simple way to locate affordable rental apartments by allowing them to search for rental developments funded by DHCR programs, and to produce maps pinpointing these apartments. The AHD also refers users to DHCR funded preservation companies and Weatherization Program subgrantees operating throughout the State. The AHD allows users to search for and locate these organizations by county, municipality, or street address based on their actual service areas. Information displayed includes: the organization's name and address; contact name and phone number; e-mail address; a description of the organization's service area; and, the type of services that they provide. The AHD will also provide a link to a preservation company's web site, where available.

Commissioner: the Commissioner of the Division of Housing and Community Renewal.

Contract Term: the full term of a multi-year contract

DHCR: the New York State Division of Housing and Community Renewal.

Eligible Area: a neighborhood or rural area for which there is documentation that the area has sustained physical deterioration, decay, neglect, or disinvestment and that the area contains a significant number of deteriorating or substandard buildings not being adequately repaired, renovated, upgraded, modernized, or rehabilitated under existing programs. This documentation may take the form of census data; federal; state or local designation; or, other statistically valid sources.

Eligible Neighborhood Preservation Activities: activities engaged in by a neighborhood preservation company within a geographically defined neighborhood designed to:

1. construct, maintain, preserve, repair, renovate, upgrade, improve, modernize, rehabilitate or otherwise prolong the useful life and to manage and coordinate the rehabilitation of housing within such neighborhood;
2. restore abandoned and vacant, as well as occupied, housing to habitable condition;
3. demolish structurally unsound or unsafe or otherwise unsightly or unhealthy structures which no longer serve or can economically be made to serve a useful purpose consistent with stabilizing or improving a neighborhood;

4. seal and maintain vacant but structurally sound structures which are capable of being rehabilitated at a future time and used for housing purposes;
5. acquire, where appropriate, buildings which contain housing;
6. facilitate the disposition of buildings containing housing to individual occupants thereof or to cooperative groups whose members shall be occupants thereof;
7. assist owners, occupants and tenants of housing to obtain improvements in the physical conditions thereof and in the maintenance and management thereof; and
8. to manage housing accommodations as agents for the owners thereof or administrators or receivers appointed or designated pursuant to any law of the state; and,
9. community revitalization and economic development within such neighborhoods when carried out in support of local housing-related activities.

Eligible Rural Preservation Activities include:

1. new construction or the acquisition, maintenance, preservation, repair, rehabilitation, or other improvement of vacant or occupied housing;
2. demolition or sealing of vacant structures where necessary or appropriate;
3. disposition of housing to present or potential occupants or cooperative organizations;
4. training or other forms of assistance to occupants of housing;
5. management of housing as agent for the owners, receivers, administrators or municipalities; and
6. community revitalization and economic development within a region when carried out in support of local housing-related activities.

In-Kind Services: personal services and other-than-personal services or goods that are used to offset the cost of preservation activities, but are not paid for with preservation funds. Examples include the services of volunteers or unpaid student interns or the value of donated items used to accomplish program activities.

Leverage: resources brought to the community through the work of a company that do not go through the company's books.

Match: funds that support a company's efforts in their administration of the Neighborhood or Rural Preservation Program and go through the company's books. These funds can be in the form of administrative, capital, or in-kind funds.

Municipality: any city, town, or village within the State.

Needs Assessment: a community planning tool to analyze service area strengths and weaknesses.

Neighborhood Preservation Company (NPC) or company: a corporation organized under the provisions of the not-for-profit corporation law which has engaged in one or more of the Neighborhood Preservation activities specified in subdivision 5 of Section 902 of Article XVI of the PHFL and which has received funding pursuant to Article XVI.

OmniForm: most of the major documents that preservation companies must submit, including the Application, Annual Renewal of Funds, Work Plan Modification, and Annual Performance Report, must be completed electronically through use of OmniForm software. Each preservation company is provided a copy of the software (OmniFiller) for its use in completion of the appropriate forms.

One-Third Match: the cash or in-kind contributions or services equal to one-third of the Preservation Program contract, and used for preservation activities as required by Articles XVI or XVII of the Private Housing Finance Law.

Persons of Low Income: individuals and families whose annual incomes do not exceed 90 % of the median annual income for all residents of the municipality within which they reside (NPP), or

individuals and families whose annual incomes do not exceed 90 % of the median annual income for all residents of the region within which they reside (RPP).

Program Year: the one-year period: July 1 through June 30, of any contract term for which a work plan and budget must be prepared and accounted for in the Annual Performance Report.

Rural Areas: cities, towns and villages within the State having a population of less than 25,000.

Rural Preservation Company (RPC) or company: a corporation organized under the provisions of the not-for-profit corporation law that has been engaged primarily in one or more housing preservation and community renewal activities specified in subdivision 5 of Section 1002 of Article XVII of the PHFL that has received funding pursuant to Article XVII.

Service Areas: the DHCR-identified geographically identified boundaries within which a NPC carries out its DHCR-sponsored neighborhood preservation activities or those portions of the region within which a RPP carries out its DHCR-sponsored rural preservation activities.

Significant Impact: the substantial completion (see definition below) of a work plan that is based on a local needs assessment and strategic plan which has been approved by the appropriate regional office.

Statewide Housing Activity Reporting System (SHARS): DHCR's automated system for tracking, reporting and monitoring housing projects and organizations receiving DHCR funds. SHARS tracks the processing of applications, contracts, transmittals, and disbursements. It also provides for consistency of information among DHCR programs.

Strategic Plan: an organizational planning tool to determine what community needs the neighborhood or rural preservation company will meet, what strategies it will pursue, and what resources are necessary to pursue those strategies.

Substantial Completion: the completion of 80% of the company's work plan tasks. If the company completes less than 80% but more than 60% of their tasks, they will be placed on one year of programmatic probation. During this year, the company will receive technical assistance to help them bring their percentage of completion up to the minimum standard of 80%. If after one year of programmatic probation the company still cannot meet the minimum standards, they will be terminated from the Preservation Program. Companies that do not meet the minimum standard of 60% will be immediately terminated from the program.

Urban Areas: cities, towns and villages within the State having a population of 25,000 or more.

Section: 3.00 Preservation Program Administration

In this Section, Administration of the Preservation Program is described under the following headings:

Section 3.01 Community Development
Section 3.02 Other DHCR Units

3.01 Community Development

The Assistant Commissioner for Local Programs is responsible for the administration of the Preservation Program. Specific responsibilities for the Preservation Program reside in the Community Services Bureau and the Regional Offices.

3.01.01 Community Services Bureau

The Community Services Bureau (CSB) is responsible for the overall management of the Preservation Program. These central responsibilities are carried out under the supervision of the CSB Director. Its functions include:

- establishment of policy and interpretation of statute;
- oversight of Preservation Program expenditures;
- design and dissemination of the application, annual renewal documents and reporting forms as well as contract performance, compliance evaluation and measurement tools;
- examination of all contracts, annual renewal documents, and work plan modifications prior to execution to:
 - ✓ ensure that a uniform, quality standard of work plan development is maintained on a statewide basis;
 - ✓ ensure that individual work plans and budgets are sufficiently comprehensive, appropriate, and relate to the goals set in the company's strategic plan;
 - ✓ ensure the clarity and uniform application of policies and procedures;
 - ✓ in consultation with the regional offices, determine when the need for policy clarification exists;

- ✓ adjust Application for Funding, Annual Renewal of Funds forms, and reporting documents to address evolving Program needs; and
 - ✓ identify training needs to improve work plan, completion of Application for Funding, Annual Renewal of Funds, reporting documents, and application of policy.
- design of Notices of Funding Availability (NOFA) based on statewide needs as necessary and subject to the availability of funds;
 - design and application of ranking criteria and methods to review Application for Funding available outside of base preservation contracts;
 - in consultation with the regional offices, development of and revision of policies and procedures manuals for the program.

3.01.02 Regional Offices

The Regional Offices in Albany, Buffalo, New York City, and Syracuse are responsible for the day-to-day implementation of the Preservation Program. These offices are managed by regional directors who are responsible for the implementation of Preservation Program policies and the operation of the program in the region.

The primary points of contact between neighborhood and rural preservation companies and DHCR are the Regional Offices. These offices are the links with the preservation companies under contract to DHCR and are responsible for ensuring that DHCR's policies are followed. The functions of the Regional Offices are to:

- review and approve applications, needs assessments, strategic plans, renewal documents, and work plan modifications;
- complete the certification process;
- prepare materials for contract processing;
- monitor activities during the contract period;
- review and approve Annual Performance Reports;
- conduct field visits as required;
- review and determine, in consultation with CSB, and the Assistant Commissioner for Local Programs, the approval or denial of time extensions for required submissions;

- provide technical assistance to preservation companies.

3.02 Other DHCR Units

In addition to CSB and regional offices, there are a number of other units within DHCR that are essential to the implementation of the Preservation Program including the Office of Financial Administration and the Management Systems and Research Unit.

3.02.01 Office of Financial Administration

The primary functions of the Office of Financial Administration (OFA) include:

- processing contracts and contract payments;
- requesting a budget certificate;
- logging contract data and contract payments on DHCR databases;
- maintaining contract approval and payment records, including pertinent contract-related documents (e.g., board resolutions, work plan modifications, etc.);
- providing information to CSB on the status of processing of contract and payment approvals; and
- confirming contract payment amounts for company audit purposes.

3.02.02 Management Systems and Research Unit

The primary functions of the Management Systems and Research unit include:

- the implementation and maintenance of the Statewide Housing Activity Reporting System (SHARS);
- the development and maintenance of the Affordable Housing Directory (AHD). The AHD refers users to DHCR funded preservation companies and Weatherization Program subgrantees operating throughout the state and assists in locating affordable rental apartments by allowing users to search for rental developments funded by DHCR's largest programs and to produce maps pinpointing these apartments;
- the mapping of service areas, including those of preservation companies; and

- the statistical analysis of US Census Bureau data to assure the continuing eligibility of preservation company services areas with regards to housing conditions, population income, and need for services.

Section: 4.00 Preservation Program Requirements

In this Section, the following Preservation Program requirements are discussed:

Section 4.01	Eligible Organizations
Section 4.02	Eligible Areas
Section 4.03	Eligible Activities
Section 4.04	Eligible Population
Section 4.05	Conflicts of Interest
Section 4.06	Disclosure
Section 4.07	Required Record Keeping
Section 4.08	Minority/Women Business Utilization

4.01 Eligible Organizations

A Neighborhood Preservation Company (NPC) is a corporation organized under the provisions of the not-for-profit corporation law which has engaged primarily in one or more of the neighborhood preservation activities specified in subdivision 5 of Section 902 of Article XVI of the PHFL and which has received funding pursuant to Article XVI.

A Rural Preservation Company (RPC) is a corporation organized under the provisions of the not-for-profit corporation law that has been engaged primarily in one or more housing preservation and community renewal activities specified in subdivision 5 of Section 1002 of Article XVII of the PHFL that has received funding pursuant to Article XVII.

In order to contract with the Division of Housing and Community Renewal (DHCR) a company must submit the following documentation to the appropriate regional office: charitable registration number, employer federal identification number, incorporation papers, by-laws and the IRS form 1023 [Application for Recognition of Exemption under 501 (C)(3)] or Letter of Determination for Federal Tax Exemption. The Regional Office will keep these forms on file.

4.01.01 Determining Initial Eligibility

Prior to entering into a contract under the Preservation Program, a company must demonstrate that:

- a. it has been in existence either as a corporation or an unincorporated organized group and performed significant preservation activities for at least one full year;
- b. it possesses or will acquire or gain access to: the requisite staff and office facilities within the NPC service area or with direct access to the RPC

service area; and the equipment and expertise necessary to undertake proposed activities as demonstrated by its immediate past or current activities;

- c. the activities proposed are needed in the service area;
- d. the board of directors has no fewer than seven members for a NPC and no fewer than five members for a RPC; and
- e. a majority of its board of directors are residents of the service area.

4.01.02 Successor Company

A company currently receiving Preservation Program funds may request approval of a successor organization that would qualify for funding as a preservation company based on the predecessor organization experience with housing and community renewal activities. The formation and funding of the successor organization will be permitted only if the company maintains their identity and continues their leadership, function and service area with the predecessor entity. In addition, the predecessor organization must demonstrate a compelling reason for such an arrangement. The successor company should substantially assume the housing related responsibilities of the predecessor organization to ensure continuity and should meet the following minimum conditions:

4.01.02.01 Minimum Conditions

- a. There are compelling documented reasons to designate a successor company;
- b. The current company is in compliance (good standing) with all requirements for funding pursuant to Article XVI or XVII and the successor company meets all initial eligibility criteria. This includes:
 - 1. the two companies are independently incorporated under Section 402 of the not-for-profit law (not a subsidiary) and have submitted their incorporation papers and by-laws. The successor company must demonstrate that it is not or will not be controlled by the current company. In addition, the successor company must also obtain and submit its own charitable registration number, employer federal identification number, and the IRS form 1023 [Application for Recognition of Exemption under 501(C)(3)] or Letter of Determination for Federal Tax Exemption;

2. there is or will be qualified staff to carry out the work plan, and all job descriptions and resumes have been submitted as well as an organizational chart;
 3. both companies are capable of meeting DHCR fiscal requirements (no outstanding fiscal issues and the successor company will be independent and therefore have its own books and records);
 4. all DHCR insurance requirements are met (the successor company must submit proof of insurance with its first request for funds); and
 5. the one-third match has been met by the current company and can be demonstrated for the successor company.
- c. The board of directors of the current company has submitted a resolution authorizing the creation or recognition of a successor company to which it substantially transfers its housing preservation and community development activities and service area;
 - d. The initial composition of the board of directors of the successor company includes less than a majority, but no less than 33% of the directors from the current company to ensure the initial continuity of leadership and purpose;
 - e. The board of directors of the successor company adopts and submits a formal resolution accepting the transfer of the housing preservation and community development functions of the current company and assuming the Preservation Program cap funding history of the current company; and
 - f. The Housing Trust Fund Corporation (HTFC) has approved transfer of any properties managed by the current company under HTFC to the successor company.

4.01.02.02 Review Procedures

- a. All requests for a successor company will be reviewed by a committee representing the Assistant Commissioner for Local Programs, the Regional Office, and CSB to determine whether it is in the State's best interest to approve a successor company. This review must take place during the preliminary planning stages;
- b. Upon approval of the Assistant Commissioner for Local Programs, the Regional Office in consultation with CSB will assist with the necessary paperwork for both companies; and

- c. The Regional Office or CSB will notify the current company and successor company regarding the final determination and/or recommended modifications or the reason for a delay in the determination and the date when the determination will be issued.

4.02 Eligible Areas

An eligible area is a neighborhood or rural area for which there is documentation that the area has sustained physical deterioration, decay, neglect, or disinvestment and that the area contains a significant number of deteriorating or substandard buildings not being adequately repaired, renovated, upgraded, modernized, or rehabilitated under existing programs. This documentation may take the form of census data; federal; state or local designation or, other statistically valid sources.

4.02.01 Determining Eligibility

A determination of service area eligibility is made before initial funding. The proposed service area must be an eligible area as defined in Section 2.00 of this manual and the service area boundaries must meet the following:

- a. **Neighborhood Preservation Program**
The area proposed to be served must be recognized or established as a neighborhood or area within a municipality, or be generally known by an accepted designated name. Any such area or neighborhood must be wholly located within a single municipality.
- b. **Rural Preservation Program**
The region proposed to be served must be defined by precise boundaries and be a rural area of the state. Rural area of the state will mean cities, towns and villages within the state having a population of less than 25,000.

4.02.02 Boundary Changes

If a preservation company requests a change of boundaries for any approved service area, a re-certification of the service area must be submitted based upon data from the most recent census. The new service area must also meet the criteria described in 4.02 Eligible Areas above. All requests for boundary changes must be submitted to the Regional Office and may not be submitted as part of an application for funding.

4.02.02.01 Boundary Change Documentation

- a. a needs statement for the proposed new service area;

- b. census or other demographic data for the proposed new service area;
- c. justification for change which details whether the existing service area:
 - 1. has been adequately served;
 - 2. cannot be served due to geographic, economic, political, etc. conditions; or
 - 3. can only be served within a more limited scope citing the reason(s) necessary to carry out the activities or meet the immediate needs.
- d. a statement of the impact of the new service area on board composition and timeframes for a re-composition of the board if such is necessary; and
- e. letters of community support such as those required to be submitted with the original application (e.g. from other community groups, funding agencies or elected officials).

4.02.02.02 Boundary Change Review

The Regional Office will notify all other preservation companies within the service area regarding the proposed boundary change. These preservation companies will have 30 calendar days to comment on how the proposed change will affect their service delivery. The Regional Office will review all boundary change submissions and make a recommendation, including re-certification of area eligibility, to CSB. The Regional Office review will indicate:

- a. if there are any other preservation companies currently serving the proposed new area, whether that preservation company is unwilling or unable to carry out the proposed activities or whether the activities of the companies complement each other;
- b. if the company has the capacity to serve the new area;
- c. if the area is not served or under-served and whether there are other preservation company service areas that are contiguous to the proposed new area;
- d. if the service area meets program eligibility criteria; and
- e. what response, if any, was received from other preservation companies within the proposed service area.

If the boundary change is requested during the contract period, an authorization for a contract amendment must be included with the submission. The Regional

Office and CSB will submit their findings to the Assistant Commissioner for Local Programs for final approval.

4.03 Eligible Activities

Eligible neighborhood preservation activities, as defined in Section 2.00 of this manual, are activities engaged in by a neighborhood preservation company within a geographically defined neighborhood within a municipality.

Eligible rural preservation activities, as defined in Section 2.00 of this manual, are activities engaged in by a rural preservation company within a geographically defined region.

Only those housing preservation and community renewal activities for which administrative costs are not paid in full by other sources shall be eligible for reimbursement by Preservation Program funds.

4.03.01 Housing Management

In general, the revenue of the project should cover the costs of managing housing. Management costs include those administrative expenses associated with the collection of rent, tenant screening and recertification of tenant income eligibility, and scheduling of maintenance and marketing.

If management activities are covered in full by the project's revenue stream or other sources, they cannot be included in the work plan of a preservation company.

If services are above and beyond the management agreement you may charge those fees to this contract.

Housing management excludes:

- maintenance and operations [caretaker, superintendent, maintenance supplies, painting/decorating, ground expenses (i.e. landscaping, parking areas, snow removal), pest control, furniture, utilities, elevator, garbage and trash removal, security, advertising, taxes, insurance, project specific accounting/audit/legal, etc.]; and
- ancillary service costs borne by the preservation company personnel to provide additional housing-related services to tenants that are not normally provided under a management contract. These expenses should be reported under the separate category, tenant assistance. They are, like other activities in that category, eligible, essential services undertaken on behalf of low-income tenants of a property in which conditions or need require intervention

or assistance. Such ancillary services remain eligible even when the management of a building is self-supporting.

A company may act as an agent for the owners, receivers, administrators or municipalities or may own and manage its own portfolio. In the case where the company is acting as an agent, the fee negotiated for management should, to the extent possible, cover the cost of the management activities. In the case where the company is managing its own portfolio that consists of state and/or federally funded projects (e.g. HUD, FmHA, HTFC), the state or federal underwriting should ensure that sufficient dollars are available to manage the units without outside support.

During the initial rent-up, a goal of the preservation company should be to have an allocation of funds (working capital) that ensures that sufficient dollars are available to manage the units without outside support. However, if the revenue from the project or other outside sources does not cover the cost of management, the preservation company can include these projects in their work plan to protect the affordability of the rents. The company must be prepared to demonstrate to DHCR that the following support the inclusion of housing management activities:

- a. the need of the neighborhood/region;
- b. expenses for management activities defined as eligible under this policy;
- c. expenses which exceed income for the project(s);
- d. the majority of the rental units managed are for the benefit of persons below 90% of median income for the municipality/area; and
- e. a written management agreement including fees payable to the company for management services for other than preservation company owned and managed buildings.

4.03.02 Community Revitalization

Work conducted on retail (commercial) and service establishments, and infrastructure and light manufacturing may be an eligible activity. These activities may also include efforts that will directly serve as an inducement for housing reinvestment in a service area such as crime prevention programs, graffiti elimination and neighborhood clean-up projects, streetscapes, and assistance to other organizations involved in the revitalization of an area.

4.04 Eligible Population

A substantial portion of the residential population that the company proposes to assist through its activities must be persons of low-income, which means that more than 50% of those served have incomes which do not exceed 90% of the median annual income for all residents of the municipality (for NPCs) or region (for RPCs) within which they reside as detailed in the most recently published HUD Section 8 income data adjusted 90% of median.

4.05 Conflict of Interest

The Regional Office is responsible for making initial determinations regarding conflicts of interest as specified in Appendices A or B of this manual as appropriate. If the Regional Office cannot make determination, all information is transmitted to the Assistant Commissioner for Local Programs for referral to DHCR's Office of Legal Affairs. A conflict of interest is a violation of the terms of the contract. If a conflict of interest is discovered, the Regional Office will mail a Notice of Default letter to the company.

4.06 Disclosures

All consultants/contractors (e.g. accountants, architects, attorneys, engineers and other professional persons) receiving funds under the preservation company contract are required to certify that they have read, and are in compliance with, the conflict of interest provisions as a part of their agreement with the organization. This certification may be integrated into their consultant agreement and must be kept on file by the preservation company. Voting members of the board of directors and executive directors are required to have individual certification forms on file at the company, and they are bound by the preservation company contract to comply with those conflicts of interest provisions.

4.07 Required Record Keeping

Preservation companies must maintain records that shall be available for inspection and review by DHCR during normal business hours. These contract-related records and documents must be maintained in the company's office and shall include, but not be limited to, the following:

- housing and community renewal records;
- current needs assessment and strategic plan;
- accounting records and supporting backup;
- time records of all employees and consultants receiving salaries, wages or compensation;
- client assistance profiles which document the eligibility of clients who receive assistance pursuant to Articles XVI or XVII;

- documentation of funded activities performed such as announcements, letters of commitment, letters of support, and sign-in-sheets;
- financial records to verify the required one-third match;
- the identification of sites or persons who are affected by the preservation activity;
- insurance documentation;
- conflict of interest forms, and
- consultant agreements.

Accounting/audit files must be maintained for a period of **seven** years. Other contract related files must be maintained for a period of **five** years.

4.08 Minority/Women Business Utilization

It is DHCR’s policy, pursuant to Article 15-A of Executive Law, that Minority and Women-Owned Businesses (M/WBEs) be encouraged to participate in the performance of contracts to let for goods and services. Such goods and services shall include: the purchase of supplies, equipment, and materials, or any combination of the above; professional services such as architectural, engineering, legal services or other consultants. DHCR may set goals for M/WBE participation in relation to contracts in excess of \$25,000 for labor, services, supplies, equipment, materials or any combination of the foregoing, and contracts in excess of \$100,000 for real property renovation or construction. DHCR shall take into account the scope of the work, the region in which the work is to take place, and the ability of M/WBEs qualified to perform such work within the region.

4.09 Affirmative Action

Affirmative action is generally defined as any positive action that is intended to:

- correct the effects of past discrimination (whether such actions were intentional or unintentional);
- identify and seek to eliminate current discriminatory practices; and
- seek to prevent discrimination by actively initiating and implementing policies and procedures designed to promote greater employment opportunities for protected class individuals in the work force.

Affirmative action plans are written documents outlining the specific steps to be taken by an employer to accomplish the aforementioned objectives; though they may vary in content and design, they must be consistent with federal and state EEO laws. The following will be required of all preservation companies:

- a. a policy statement signed by the organization’s president or board chairperson stating that:

1. the organization is an equal opportunity employer and does not discriminate on the basis of race, creed, color, national origin, age, sex, disability, marital status or arrest record;
 2. the organization will comply with all relevant federal and state EEO and nondiscrimination laws, regulations and executive orders with respect to employment opportunities; and
 3. the organization will adopt and implement affirmative action policies designed to promote employment opportunities for women, minority groups, Vietnam-era veterans, and disabled persons in the work force, at all levels of employment, and that a policy-level executive of the organization will be designated to ensure that such policies are properly implemented.
- b. a description of the organization's personnel policies and practices for recruitment, hiring, promotion, separations, training and grievance procedures with assurances that such are consistent with applicable laws and affirmative action policies; and
- c. a description of how the organization will communicate its affirmative action and non-discriminatory policy to contractors, subcontractors, vendors, and suppliers.

While companies are encouraged by statute to give preference to residents of the service area that are unemployed or underemployed, precautions must be taken to ensure that such priorities do not result in qualified persons being denied employment opportunities because of sexual orientation, race, creed, color, national origin, age, sex, disability, marital status, or arrest record.

Section: 5.00 Application and Review Process

In this Section, the following application, renewal, and review processes are discussed:

Section 5.01	Application and Annual Renewal of Funds
Section 5.02	The Certification Process
Section 5.03	Effects of Default
Section 5.04	Time Extensions
Section 5.05	Non-Submission
Section 5.06	Site Visits
Section 5.07	Site Visit Follow-Up

5.01 Application or Annual Renewal of Funds

A company must submit an application or renewal documents for Preservation Program funds each year. Prior to entering into a new or renewal contract with a company, DHCR will determine whether the company is in compliance with all the requirements of Articles XVI or XVII and the Program Rules and Regulations. The review will address, among other considerations, the following with respect to its last-completed Preservation Program work plan:

- a. did the company substantially complete the activities specified in the contract work plan;
- b. did the company meet the one-third match requirement for the past contract term and use this match to defray the cost of the housing activities in the contract, as well as demonstrate that the one-third match will be met in the new contract;
- c. did the activities carried out by the company pursuant to its contract have a significant impact on the community's needs; and
- d. does the board of directors have no fewer than seven members for a NPC and no fewer than five members for a RPC, and are a majority of the board of directors residents of the service area?

In evaluating whether the level of services to be rendered under the proposed contract justifies the requested contract amount, DHCR will consider, among other things, the following criteria:

- a. past contract achievements;
- b. staff capacity to implement the projected activity;

- c. availability of other financial resources and human resources in an area or region;
- d. local conditions (socio-economic characteristics, condition of housing stock, etc.); and
- e. extraordinary circumstances, i.e., conditions beyond the company's control.
- f. service area needs identified by the company, how the activities proposed in the work plan address those needs, and how the activities relate to the company's strategic plan; and

In evaluating the Annual Renewal of Funds, the regional representative will consider many of the same criteria: past achievements, capacity, impact, and activities that meet the need of the community.

5.02 The Certification Process

Part of the application review process will include the completion of the certification checklist. This checklist is composed of three parts: Policy Standards, Program Standards, and Best Practices. The regional representative completes this checklist every three years prior to entering into a new contract.

The Policy Standards section of the checklist includes items that are required by statute, the rules and regulations, the contract with DHCR, or this manual. If a company fails to meet all requirements of the Policy Standards section of the checklist, it will receive a default letter and the regional representative will discontinue processing the application until the default is cured (see Section 5.03 below).

The Program Standards section represents areas deemed important by DHCR for the operation of an effective Preservation Program. In order to remain in compliance, a company must meet 80% or more of the standards.

Best Practices are not scored, but are those practices that should be incorporated into a company's business practices in order to improve organizational capacity.

5.03 Effects of Default

No application or Annual Renewal of Funds will be processed for a company with an outstanding notice of contract default.

5.04 Time Extensions

A request for an extension of the submission date for an application or renewal documents must be received by the Regional Office no later than 10 days before the date on which the application or renewal documents are due.

The Regional Office may grant an extension of up to 15 days for an application or renewal documents submission. A delay in the company's receipt of funds may result due to a submission.

5.05 Non-Submission

If an application or renewal documents have not been received by the due date, and an extension has not been requested, the company will receive notice of default from the Regional Office that is has 10 calendar days to submit an application/renewal documents or it will not be renewed as a preservation company.

If a company does not submit an application for funds or renewal documents within the 10 days, a default letter will be mailed advising the company of the filing dates for all final reports.

5.06 Site Visits

Site visits are tools that should be used to assist preservation companies. Regional representatives typically conduct one site visit per year plus a site visit to complete the certification checklist (every three years). More site visits may be conducted when appropriate and some companies may not require an annual site visit. Site visits may include the following:

Application/Renewal Site Visit (January through May)

This visit is for the purpose of reviewing the company's performance under the current program year and its application/renewal for the subsequent year. Any issue or problems with current contract activities will be addressed at this visit.

Annual Performance Site Visit (September, October)

This site visit is for the purpose of reviewing the company's work plan performance under the last completed program year. At this visit, performance level will be assessed, and the funds generated reviewed to ensure that statutory requirements have been met. Satisfactory performance at this review will permit the release of a company's second semi-annual payment in January.

Site visit with the board (during a regularly scheduled board meeting) or technical assistance visit (as appropriate)

These visits provide DHCR and the company's board of directors and staff an opportunity to discuss service area needs, potential future activities, contract compliance and procedures, fund raising, staff training needs, and technical assistance needs.

5.07 Site Visits Follow-Up

One of the following letters will be mailed by the Regional Office within 30 days of each site visit:

- a. Satisfactory Compliance Letter: the site visit verified compliance with program requirements;
- b. Deficiency Letter: the completion of the Administrative Performance Checklist revealed weaknesses in record keeping, but not a lack of records; the required reports are incomplete; or the application for funds or renewal documents are not in satisfactory condition to be authorized;
- c. Notice of Default Letter: the completion of the site visit identified a statutory, regulatory, or contractual non-compliance (e.g., did not meet one-third match based on the Annual Performance Report, no or inadequate records are being maintained, a majority of those served are not below 90% of median, conflict of interest, did not pass certification etc.) or reports are not filed (Annual Performance Report or Annual Renewal Form). A Notice of Default may result in suspension of contract payments if the default is not cured within the stated time period.

Section: 6.00 Contract and Compliance

In this Section, the following contract and compliance requirements are discussed:

Section 6.01	The Multi-Year Contract and DHCR
Section 6.02	Contract Timeline
Section 6.03	Contract Defaults
Section 6.04	Probation
Section 6.05	Holds on the Release of Funds/Suspension of Payments
Section 6.06	Terminations
Section 6.07	Appeals
Section 6.08	Automatic Withdrawal
Section 6.09	Work Plan Modifications
Section 6.10	Closeouts

6.01 The Multi-Year Contract and DHCR

One of the most significant elements in expediting the execution of a contract is the timely submission of a preservation company application to application mailbox (csbapp@nysdhcr.gov) at CSB with a copy to the company's regional representative. Applications describe the activities and budget of the first year of a multi-year contract. The application is required to provide additional information on service area needs, strategic planning, and other statutorily required information.

Filing a complete application, coupled with the company's compliance with requisite reporting procedures and policies can ensure the timely disbursement of funds to the company without a disruption of preservation activities. Applications must be submitted electronically.

Once received by CSB, the application is forwarded to the appropriate regional office and reviewed by the regional representative. During the review period, the Regional Office will:

- a. review the application;
- b. schedule and conduct a site visit, complete the certification checklist, and provide a written report of identified issues to the company;
- c. send all application deficiency letters as appropriate;
- d. send contract default letter as appropriate;

- e. address policy issues with the Assistant Commissioner for Local Programs, and the Community Services Bureau; and
- f. prepare the award letter with appropriate conditions for signature by the Assistant Commissioner for Local Programs.

In the event that a company fails to submit an application by the due date and an extension has not been requested, the Regional Office will send a notice of default to the company stating that it has 10 calendar days to submit an application or the contract will not be renewed.

The budget and work plan pages from the approved application along with:

- ✓ the prepared award letter;
- ✓ a board resolution from the company authorizing the contract;
- ✓ the contract signature page; and
- ✓ a signed Master Contract Form (MCF)

will constitute a completed contract package that will then be forwarded by the Regional Office to CSB. CSB will:

- a. ensure that all information critical to the development of the contract is included in the package and obtain clarifications and additional information, as needed, from the regional offices to ensure that the contract package will be approved; and
- b. prepare transmittal documents to the Office of Financial Administration (OFA).

The contract package sets forth the requirements of the multi-year term of a company's contract. Annually, however, each company will be required to submit an Annual Renewal of Funds to describe the activities and budget for each additional year of the multi-year term.

6.01.01 Annual Renewal of Funds and DHCR

In order to ensure timely disbursement of funds to the company during the balance of the contract term, it is necessary to submit an Annual Renewal of Funds form. These forms are similar to the application in that they outline the proposed activities and budget for the next fiscal year. Filing a complete package and complying with all policies and procedures will assist the regional representative in processing this package. The Annual Renewal of Funds form must be submitted electronically with a copy to the company's regional representative.

Once received by CSB, the renewal forms are forwarded to the appropriate regional office and reviewed by the regional representative. During the review period, the Regional Office will:

- a. review the application;
- b. schedule and conduct a site visit and provide a written report of identified issues to the company;
- c. send all deficiency letters as appropriate;
- d. send default letter as appropriate; and
- e. address policy issues with the Assistant Commissioner for Local Programs, and the Community services Bureau.

In the event that a company fails to submit an Annual Renewal of Funds form by the due date and an extension has not been requested, the Regional Office will send a notice of default to the company stating that it has 10 calendar days to submit a renewal form or the contract will be terminated.

The budget and work plan pages from the approved renewal form and a signed master Contract form will be forwarded by the Regional Office to CSB. CSB will:

- a. ensure that all information critical to the development of the contract is included in the package and obtain clarifications and additional information, as needed, from the regional offices to ensure that the package will be approved; and
- b. prepare transmittal documents to the OFA.

6.01.02 Office of Financial Administration

Once OFA has been notified of the approval of a contract and has received the authorization from CSB, the first request for funds is sent to the Office of the State Comptroller. The check or direct deposit authorization is then prepared and disbursed by the State Treasurer.

To ensure timely disbursements it is important that the OFA be notified of any change of address as soon as it occurs. In the absence of such notification, disbursements sent to the company's previous address will be returned to the Treasurer unless directions are in force for forwarding mail. **Companies must send a notice of address change on company letterhead to the appropriate regional office. The Regional Office will then forward the change to OFA and CSB.**

6.02 Work Plan Modifications

Requests to change approved contract activities must be made on a Work Plan Modification form. This form can be found on the DHCR website and must be submitted no later than March 31st of the program year. Work plan modifications must be submitted electronically to CSBWorkplan@nysdhcr.gov. A copy should also be forwarded to the appropriate regional office.

Work plan modifications are to be utilized only in cases of drastic, unforeseen problems. Since the company will choose their own goals, they must provide justification for any deletions and/or the substitution of activities. Substitutions must show equal effort and relate to the company's strategic plan, their needs assessment, or an unforeseen need in the community. For example: needs and related activities may have changed due to unforeseeable events such as a major fire or storm affecting numerous units and displacing resident families. New program activities had to be undertaken in order to address what may have become a priority need in the community. Documentation supported by data explaining the need, the proposed activity to address such need, and the projected outcome would constitute a justification.

The Regional Office will review the work plan modification and notify the company of approval or denial within 30 calendar days. The Regional Office review will consider such issues as whether the company has provided a reasonable justification.

6.03 Contract Timeline

In order to comply with Article XI-B of the State Finance Law, "Prompt Contracting and Interest Payments for Not-for-Profit Organizations," which requires that all renewal contracts be processed by the start date of the new term of the contract, the following timetable has been established by DHCR:

Contract Timeline:

April/May	Application due electronically to CSB; contract signature page and board resolution due to regional offices (application will be available after January 1 and regional reps will begin working with companies soon after)
January - May	Application site visits (if deemed appropriate)
March 31	Deadline for submission of Work Plan Modifications for current program year

April/May	Annual Renewal of Funds forms (ARF) due to CSB (application will be available after January 1 and regional reps will begin working with companies soon after)
July 1	Preservation Program contracts/renewals start and six-month payment released if state funds appropriated ; if company is in compliance with program requirements; and if contract conditions are met
August 29	Deadline for submission of Annual Performance Report
September/ October January 1	Annual performance site visits (if deemed appropriate) Second six-month payment released if company is in compliance with program requirements

6.04 Contract Defaults

If a company is found to be in non-compliance with any terms in its preservation contract (e.g. submissions Annual Performance Report, insurance, consultant agreements, board composition, record keeping, work plan completion, applicable state and federal laws, conflicts of interest, etc.), the Regional Office will issue a default letter within 10 calendar days after the company is found to be in non-compliance. The company will normally have 30 calendar days to cure the default. DHCR reserves the right to authorize other cure periods as deemed appropriate.

The issuance of a default letter will place funds on hold for those items cited in Section 6.05 of this manual.

6.04.01 Fiscal Defaults

Fiscal defaults include failure to use monies in compliance with the contract; unresolved internal control issues; failure to repay funds due to DHCR; failure to pay taxes; and failure to meet any other fiscal contract requirements.

The Regional Office will issue the default letter within 10 calendar days after the company is found to be in non-compliance. The default letter will provide 30 calendar days to cure and may place funds on immediate hold (see Section 6.05).

If the company submits the information within the cure period, the default will not be released until the Regional Office has reviewed the submission in consultation with CSB and/or the Assistant Commissioner for Local Programs and determined that the default has been satisfied. This review will be completed within 15 calendar days of receipt. If the review will not be completed within 15 calendar

days, the company will receive written notification outlining the reason for the delay; establishing a new date for completion; and indicating whether any funds will be released during this extended review period.

A fiscal default will be considered satisfied once all matters relating to the default have been addressed to DHCR's satisfaction.

If the company fails to submit the information within the cure period or submits an incomplete or unsatisfactory reply to the default, the Regional Office will proceed with the intent to terminate process (see Section 6.06, Terminations).

6.04.02 Other Than Fiscal Defaults

Defaults for other than fiscal issues may include but are not limited to such items as: failure to comply with the terms of probation; failure to comply with award conditions; failure to submit programmatic reports; failure to maintain required insurances or charities registration; conflict of interest issues; failure to substantially complete a contract work plan; substantial non-compliance with other DHCR programs; and other contract requirements.

Substantial completion is the completion of 80% of the company's work plan tasks. If the company completes less than 80% but more than 60% of their tasks, they will be placed on one year of programmatic probation. During this year, the company will receive technical assistance to help them bring their percentage of completion up to the minimum standard of 80%. If after one year of programmatic probation the company still cannot meet the minimum standards, they will be terminated from the Preservation Program. Companies that do not meet the minimum standard of 60% will be immediately terminated from the program. All work plan activities must be well documented and in compliance with statutory and reporting requirements.

The Regional Office will issue the default letter within 10 calendar days after the company is found to be in non-compliance. The default letter will normally provide 30 calendar days to cure the default and may place funds on immediate hold or in the case of award conditions, funds will remain on hold (see Section 6.06). DHCR reserves the right to authorize other cure periods as deemed appropriate.

If the company submits the information within the cure period, the default will not be released until the Regional Office has reviewed the submission in consultation with CSB and/or the Assistant Commissioner for Local Programs and determined that the default has been satisfied. This review will be completed within 15 calendar days of receipt. If the review will not be completed within 15 calendar days, the company will receive written notification outlining the reason for the delay; establishing a new date for completion; and indicating whether any funds will be released during this extended review period. If the company fails to

submit the information within the cure period or submits an incomplete or unsatisfactory reply to the default, the Regional Office will proceed with the intent to terminate process (see Section 6.06, Terminations).

6.05 Probation

A company may be placed on probation if the work plan is considered substantially completed but does not reach the 80% target, when a company has a non-fiscal issue, such as a board compliance issue, which the Regional Office wishes to monitor, or when a company has had serious fiscal problems currently being addressed, for which a correction is in process. A company that is placed on probation will be notified in writing by the Regional Office.

6.05.01 Performance Probation

A company will be placed on performance probation if it is determined that they have completed more than 60% of their approved work plan but have not met the minimum requirement of 80% of the tasks listed in their approved work plan.

A company that is placed on probation will be notified in writing by the Regional Office. Regional office and CSB staff will work together to prepare a plan for probation and draft a probation letter that will provide the term of probation and the specific expectations for performance during the probationary period. Concurrently, staff will draft a technical assistance plan to provide the company with the tools needed to succeed in meeting the terms of probation. Technical assistance will be provided by DHCR, or DHCR may request assistance to be provided by the Rural Housing Coalition or the Neighborhood Preservation Coalition. If after one year of technical assistance, the company fails to bring their performance up to the minimum completion level of 80% of their work plan activities, they will be terminated from the program.

6.05.02 Fiscal Probation

If a site visit identifies a fiscal issue and results in the issuance of a default letter which is subsequently satisfied by the company's submission of a corrective plan of action, the Regional Office, in consultation with CSB, may place a company on probation to increase monitoring and to determine that the plan is implemented and has addressed the issues which led to the default. In addition, the company may be placed on probation if increased monitoring is warranted to ensure compliance with fiscal requirements, record keeping and/or reporting.

A company that is placed on fiscal probation will be notified in writing by the Regional Office. Regional office and CSB staff will work together to prepare a plan for probation and draft a probation letter that will provide the term of probation and the specific expectations for performance during the probationary period. Concurrently, regional staff will draft a technical assistance plan to

provide the company with the tools needed to succeed in meeting the terms of probation. Probation conditions may include, but are not limited to, attendance by board and staff members at an audit clinic and submission of monthly fiscal reports.

6.05.03 Non-Fiscal Probation

Companies that have had non-fiscal issues such as board compliance, work plan issues, or conflict-of-interest issues may be placed on non-fiscal probation. The company that is placed on probation will be notified in writing by the Regional Office. Regional office and CSB staff will work together to prepare a plan for probation and draft a probation letter that will provide the term of probation and the specific expectations for performance during the probationary period. Concurrently, regional staff will draft a technical assistance plan to provide the company with the tools needed to succeed in meeting the terms of probation. Probation conditions may include, but are not limited to, submission of monthly goals, submission of board meeting minutes, etc.

6.06 Holds on the Release of Funds/Suspension of Payments

The payment timeframe of the preservation contract shall be suspended when DHCR:

- a. receives notice that the Attorney General or Comptroller disapproved a renewal contract;
- b. receives notice from the Inspector General's Office or the Office of the State Comptroller to suspend payments;
- c. determines there are serious default issues such as evidence of fraud and abuse, no books and records, or noncompliance with other federal or state requirements;
- d. determines there are serious internal control problems;
- e. determines that the company is not current on all federal, state, or local taxes;
- f. determines that a company has not satisfied a contract default or contract condition within the required timeframe;
- g. has notified a company that funds are due on either a prior preservation contract or other DHCR contract and the funds have not been repaid within the required timeframe; or

- h. determines that a company has not complied with other DHCR program requirements within the required timeframe.

A company will receive written notification from the Regional Office when the payment timeframe has been suspended for a renewal contract or when a hold has been placed on the release of funds on current contracts. The notice will state reason(s) for the suspension or hold and if there is any action necessary to reinstate payments.

The Regional Office reserves the rights to, in consultation with CSB, authorize partial payment of funds to a company whose funds are on hold.

Suspension notices, notices of holds, and reinstatements will be sent to the Assistant Commissioner for Local Programs, CSB, and any other DHCR unit also providing funds to the Company.

The Assistant Commissioner for Local Programs must concur with the Regional Office to reinstate payments which are suspended or placed "on hold" for any reason; including an Inspector General or State Comptroller notice, or serious fiscal or programmatic default issues.

All suspensions/holds will be reviewed by the Regional Office on a monthly basis in cooperation with CSB and the Assistant Commissioner, as appropriate.

6.07 Terminations

Grounds for termination or non-renewal under the Preservation Program include but are not limited to:

- a. failure to satisfy a contract default;
- b. failure to satisfy the terms of probation;
- c. failure to submit a renewal application/renewal documents acceptable to DHCR or
- d. failure to satisfactorily pass the certification checklist.

A company may also voluntarily withdraw from the Preservation Program and will be responsible for the submission of closeout documents (see Section 6.09).

Termination letters will be issued according to the following timelines:

- a. for failure to satisfy a contract default, comply with the terms of probation, or submit an acceptable renewal application/renewal documents, the termination letter will be issued immediately after the contract default letter

was to have been responded to, or within 20 calendar days after the appeals board decision if the termination is upheld; or

- b. within 20 calendar days after receipt of a voluntary withdrawal letter.

Termination letters are sent via certified mail to all board officers as listed in the most recent board roster or as known to DHCR with a copy to the executive director. Termination letters include the procedures for the submission of closeout documents.

A company terminated or not renewed under any one of these grounds has the right to request an appeal.

6.07.01 Notice of Termination

The notice of termination will always be preceded by the Regional Office's determination that the company has not satisfactorily addressed a contract default; met the terms of its probation; or submitted a satisfactory Application for Funding or Annual Renewal of Funds. In all instances, such a determination shall be based upon the Regional Office's review and a policy evaluation by CSB. Prior to termination, representatives of the board of directors may request a meeting with regional office staff.

The termination notice is sent certified mail to all board officers as listed in the most recent board roster or as known to DHCR with a copy to the executive director. The intent to terminate notice will include, at a minimum:

- a. the reason for the recommendation;
- b. a summary of major events leading to the recommendation;
- c. the process for filing an appeal;
- d. the purpose of the Appeals Board;
- e. an explanation regarding the type of information the company will be invited to present for consideration by the Appeals Board, submitted to the Assistant Commissioner at least 10 days prior to the hearing;
- f. the possible outcomes of an Appeals Board hearing; and
- g. a notice not to incur costs.

In the event that a notice of termination has been issued for failure to satisfy a fiscal default, submission of those documents after the date of the notice of termination will not be considered a cure of the default.

Once a notice of termination has been issued the processing of an Application for Funding, Annual Renewal of Funds, or notice of other contract defaults will be delayed pending final determination of the Appeals Board if an appeal is requested.

6.08 Appeals

The Appeals Board consists of DHCR representatives and provides a company with an opportunity to appeal a regional director's recommendation to terminate the contract. An appeal will be decided on the facts and documents in existence at the time the recommendation to terminate was made. Documentation submitted to the Division by a company for the first time during the appeal may be considered only at the discretion of the Appeals Board. A company may also request to appear before the Appeals Board.

6.08.01 Appeals Board

The Appeals Board consists of three members: the Assistant Commissioner for Local Programs as chair and two other members selected by the Assistant Commissioner. The Rural Housing Coalition and the Neighborhood Preservation Coalition may serve in an advisory capacity for the Appeals Board but will not be voting members of the board. The Appeals Board is advised by the Office of Legal Affairs.

6.08.02 Request for Appeal

Companies have 10 calendar days following their receipt of the DHCR's written notice of the termination to notify the Division of their intent to appeal the recommendation by certified mail to the Regional Director. Within 45 days of receipt of DHCR's written notice of the termination, the company shall submit its complete appeal, via certified mail, return receipt requested to the Regional Director. No documents or information will be accepted after the expiration of the 45 days. With the submission of the appeal, the company may request to appear before the board.

The appeal must clearly demonstrate that:

- a. the termination is inconsistent with the statute, the Rules and Regulations, this manual or the contract; and/or
- b. DHCR has inappropriately discharged its duties in this matter.

The Regional Office will refer the appeal and request to appear before the board to CSB with all relevant documentation. CSB will develop and forward a recommendation to the Assistant Commissioner for Local Programs regarding

whether or not an appeal is warranted based upon the date of receipt and adequacy of grounds.

If it is determined that an appeal has merit and a request to appear has been submitted, the Assistant Commissioner acting in the capacity of the chair of the Appeals Board will notify the company that an appeals board hearing has been scheduled. This notice will be provided to the company at least five calendar days (unless otherwise waived by the company) prior to the date of the Appeals Board hearing.

6.08.03 Appeals Hearing

After reviewing all documents submitted by the company, the Appeals Board will determine if the recommendation to terminate is consistent with Statute, Rules and Regulations, this manual and/or the contract. Based on these findings, the Appeals Board will make an advisory recommendation to the Deputy Commissioner for Community Development with copies to CSB and the Regional Office. The final decision will be made within approximately 20 calendar days of receipt of the appeal or the date of the Appeals Board hearing, whichever is later. The decision of the Appeals Board may be a recommendation to the Deputy Commissioner for Community Development that:

- a. the appeal be dismissed;
- b. the recommendation to terminate was inconsistent with the Statute, the Rules and Regulations, this manual and/or the contract.

The Deputy Commissioner for Community Development may accept, reject, or modify the recommendation of the Appeals Board. DHCR shall inform the company, in writing, of the final decision.

At any time after receipt of a notice of termination, but prior to the issuance of a final determination, a company may elect to voluntarily withdraw from the Preservation Program by sending a written notice to the Regional Office (see Section 6.06, Terminations).

6.09 Automatic Withdrawals

If a company cannot proceed to contract within a one-year timeframe, CSB will send the company notification of the issue(s) and give them 45 calendar days to satisfactorily address them. If the company fails to satisfactorily address the issue(s) and proceed to contract, the Division will consider that company as having withdrawn from the Neighborhood/Rural Preservation Program.

6.10 Closeouts

Preservation companies must close out their contracts. If a company no longer receives Preservation Program funds due to a voluntary withdrawal, automatic withdrawal, or termination, the closeout procedure will include:

- a. notification by DHCR that the company has 30 calendar days to contact DHCR and arrange a closeout meeting;
- b. submission by the company of a final programmatic/fiscal report utilizing the Annual Performance Report Form;
- c. submission by the company of a list of any properties constructed or improved with state funds which remain under the company's control or under the control of a subsidiary/affiliated corporation, and/or a list of equipment which was purchased in whole or part with state funds. In addition, an analysis of any issues which the closeout of the Preservation Program contract may have on these properties, including any proposed disposition in accordance with Article 10 or 11 of the Not-for-Profit Corporation Law of said properties (if applicable).

After the Regional Office has held the closeout meeting with the company, a letter will be mailed to the company that details the timetable for the submission of all required documents. The Regional Office will also review the list of properties and/or equipment submitted by the company, make any necessary additions and forward to the Office of Legal Affairs, CSB, OFA, and Assistant Commissioner for Local Programs for any additional action.

The financial information reported in the budget-to-actual portion of the Annual Performance Report (APR) will determine the recapture of unspent and disallowed funds for the contract. Once the APR review is complete, the company will work with DHCR to resolve any property and equipment issues and repayments required and then the contract will be considered closed.

If funds are due to DHCR, a letter will be sent notifying the company and giving them 30 days to:

- a. submit a check payable to DHCR for the full amount owed;
- b. submit revised budget-to-actual information;
- c. propose a reasonable repayment plan; or
- d. request additional time to respond.

Failure to respond to the notification of funds due within the 30 days may result in legal action including referral to the State Attorney General. If a company has documentation that may not have been taken into consideration in the preparation of the analysis, the company should send this information within the 30 calendar days. Documents that may affect the analysis could include an agency-wide audit, or missing or revised supplemental schedules.

If the company complies with all reporting requirements, the Regional Office will then proceed with notification to the company of the appropriate actions regarding funds due to DHCR, which may include:

- directions to return monies owed to DHCR within 30 calendar days. Upon return of the funds the contract will be considered closed; or,
- directions to submit request for payment documents. Depending on the circumstances, DHCR may monitor or control the payment of expenses, through the use of two-party checks and supervised final payments to vendors.

If the company either fails to schedule and/or attend a closeout meeting or does not submit the required closeout documents, the Regional Office will notify the Assistant Commissioner for Local Programs for referral to the Office of Legal Affairs. The notice will also be forwarded to CSB and OFA. The Office of Legal Affairs will refer the company to the NYS Office of the Attorney General or other appropriate office for any additional action. Failure to comply with closeout procedures may have a negative impact on future awards from other local, state and federal agencies.

Section: 7.00 Reporting Requirements

In this Section, the following reporting requirements are discussed:

Section 7.01	Document Submissions
Section 7.02	Annual Performance Report
Section 7.03	Agency-Wide Audit
Section 7.04	Disbursements
Section 7.05	Document Schedule

7.01 Document Submissions

All preservation companies must submit the following documents to satisfy their contractual obligations:

- a. The Application for Funding (or Annual Renewal of Funds) which is due after funds have been allocated to the programs. The application is normally available after January 1st with the official due date sometime after April 1st (concurrent with the approval of the state budget). Regional reps will begin work with companies prior to the April 1 date. The application is based upon a needs assessment and strategic plan that must be completed prior to its submission;
- b. The Annual Performance Report (including programmatic information) is due no later than August 29 annually;
- c. A copy of the Opinion Letter and Management Letter (if any) from the agency-wide audit (kept on file in company's office);
- d. Completion of a needs assessment for the company's service area and strategic plan to guide the company in developing its work plan; and
- e. Other contract-related reporting requests may be made by the Assistant Commissioner for Local Programs at any time during the contract term.

All reports must be submitted within the established timeframes and be completed as required to ensure the timely release of funds.

7.02 Annual Performance Report

The Annual Performance Report (APR), which includes programmatic, budget and match information, is due August 29 annually.

The Annual Performance Report includes:

- a. detailed report on completion of all work plan activities;
- b. detailed report on the company's status on meeting their goals as set forth in their strategic plan;
- c. detailed explanation providing substantial documentation on extenuating circumstances as to why a contract activity was not completed;
- d. summary tables of budgeted and actual expenditures of Preservation Program funds;
- e. summary tables of amounts and sources of funds leveraged and used as match;
- f. a current board roster; and
- g. Company Certification of Annual Performance Report (sent directly to the Regional Office).

7.03 Agency-Wide Audit

Each company must have an agency-wide audit completed by a certified public accountant or a licensed public accountant. The audit must contain a schedule that details Preservation Program funds. This audit must be kept on file in the company's office and be available for review by their regional representative. In addition to keeping the audit on file, the company must submit to their regional office a copy of the auditor's Opinion Letter and the Management Letter (if any). The audit should follow the company's fiscal year and be available for review no later than 120 days after the close of their fiscal year. The cost of the agency-wide audit is an eligible expense in the preservation contract budget.

7.04 Disbursements

Disbursements are released biannually to companies if they are in compliance with all Program requirements as well as in compliance with the requirements of all other DHCR programs in which the company participates. The first payment shall be due on or about July 1, with the second payment on or about January 1. If not in compliance with the Preservation Program and other DHCR requirements, payments will be held or may be released on a quarterly basis where necessary.

If the company's address or designated signatory changes during the contract term, notice on company letterhead detailing the changes must be submitted to the Regional Office.

7.05 Document Schedule

DOCUMENT	SUBMIT NO LATER THAN	SUBMIT TO:
Application/Annual Renewal Form	Date stipulated in notification letter	csbapp@nysdhcr.gov
Annual Performance Report	August 29	annualreport@nysdhcr.gov
Contract Conditions Satisfaction Documentation	Date stipulated in Award Letter	Regional Office
Work Plan Modification	March 31	CSBWorkplan@nysdhcr.gov
Notice of Board Changes	Five days after change	Regional Office
Staffing Changes	Within 30 days after change	Regional Office
Change of Address/E-mail Address/Signatory	Five days after change	Regional Office
Audit Opinion Letter and Management Letter (if any)	120 days after close of company's fiscal year	Regional Office

Section: 8.00 Technical Assistance

In this Section, the following technical assistance issues are discussed:

Section 8.01	General Technical Assistance
Section 8.02	When Technical Assistance is Appropriate
Section 8.03	Using Outside Sources

8.01 General Technical Assistance

A company may request assistance from its regional representative, or the Regional Office may decide to recommend a particular company for increased technical assistance. Technical assistance is available to all companies for assistance with preparation of their needs assessment and strategic plans. While the needs assessments and strategic plans must be completed every three years, technical assistance to complete this task is available as needed. This technical assistance can be provided through their regional representative, other DHCR staff, or Neighborhood or Rural Coalition staff.

8.02 When Technical Assistance is Appropriate

8.02.01 Companies in Routine Situations

DHCR continually provides technical assistance to the preservation companies; however, there are some circumstances which merit a focused and structured technical assistance effort. For example: a company requests technical assistance to carry out a specific project; or, the Regional Office might recommend a particular company for increased technical assistance because it has just hired a new executive director.

8.02.02 Companies Placed on Probation

A company placed on probation will be offered technical assistance if resources are available. The Regional Office, in consultation with CSB, will determine the technical assistance provider. Possible providers include regional office staff, other DHCR staff, another preservation company, the Coalitions, or other contracted sources. The technical assistance provided should be documented and placed on file in the Regional Office.

8.02.03 Companies with Deficiency/Default/Non-Compliance Problems

The Regional Office, in consultation with CSB, should consider what type of technical assistance is appropriate for companies with Deficiency/Default/Non-Compliance Problems.

There may be cases when additional technical assistance should be provided to a company after it has cleared up a contractual compliance deficiency. The Regional Office will assess whether similar deficiencies are likely to reoccur if additional assistance and/or training is not provided to the company. The Regional Office may request the services of another company or the coalitions, although in many cases the Regional Office or other DHCR staff may provide the assistance.

8.03 Using Outside Sources

In most cases, the regional representative will act as the technical assistance provider; however, in some cases the Regional Office may decide that technical assistance should be provided by a peer-to peer exchange, one of the coalitions, or a consultant. In general, the use of another source should be considered only when the required expertise is not available through DHCR staff, the Coalitions, or the technical assistance project requires more time than DHCR staff can make available.

8.03.01 Requesting Technical Assistance

In requesting technical assistance, the Regional Office should designate the principal contact person from the Regional Office for the technical assistance. The Regional Office should also document any background information that could be useful. The request should outline and specify the situation(s) requiring the assistance and the anticipated outcomes for the company.

The request for technical assistance and the background information should be sent to CSB and the Assistant Commissioner for Local Programs. CSB will verify the availability of assistance and the appropriate source.

APPENDIX A
NEIGHBORHOOD PRESERVATION PROGRAM

- 1. Article XVI - Private Housing Finance Law**
- 2. Conflict of Interest Regulations**

Andrew M. Cuomo, Governor

Darryl C. Towns, Commissioner/CEO

Article XVI - Private Housing Finance Law

ARTICLE XVI

NEIGHBORHOOD PRESERVATION COMPANIES

- Section 901. Declaration of legislative findings.
902. Definitions.
903. Contracts with neighborhood preservation companies.
904. Payments to neighborhood preservation companies for neighborhood preservation activities.
905. Periodic review of contract performance; renegotiation and termination of contract.
906. Technical services and assistance to neighborhood preservation companies.
907. Rules and regulations to be promulgated by the commissioner.
908. Applicability of other laws to neighborhood preservation companies.
909. Annual report.

S 901. Declaration of legislative findings. The legislature hereby finds and declares that there has developed in recent years, in various municipalities of the state, a growth of community-based not-for-profit organizations, originating for the most part within and organized by residents of neighborhoods which are characterized by a predominance of residents of low income and a residential housing stock which is largely old, deteriorating and substandard.

The legislature further finds that the involvement of the residents of various municipalities of the state in neighborhood preservation activities in their respective neighborhoods, through the media of locally-based, not-for-profit organizations responsive to the needs of the residents, is in the public interest and may be expected to produce increased renovation and rehabilitation of existing but deteriorating housing accommodations, improvement in housing code enforcement and the correction, removal and repair of substandard housing and housing conditions dangerous to life, safety or health. Such involvement in neighborhood preservation activities may also be expected to produce reduced abandonment of housing, which the legislature finds to be increasing in many neighborhoods of the state and to be continuing to cause shortages of housing accommodations for persons and families of low income and the relocation of such families from neighborhoods to which they have developed strong emotional as well as economic attachments.

The legislature further finds that many municipalities throughout the state are now receiving or will receive monies under federal programs, that such funds may be used and applied by such municipalities for the neighborhood preservation activities referred to in this article and that an efficient and effective use of such funds and the public interest will be promoted by the active involvement of various not-for-profit organizations.

The legislature further finds that numerous not-for-profit organizations which have arisen throughout the state are heavily

dependent upon voluntary services of neighborhood residents; that such organizations are dependent in part for operating funds upon fees generated by the management of housing accommodations; that such organizations are dependent for the remainder of their operating funds, to a significant extent, upon gifts and grants from private individuals, corporations and foundations; that such financial assistance is inherently uncertain and covers expenses only over short periods of time, thereby causing such organizations to be inadequately financed, unable to plan any long range housing activities and unable to attract, employ or contract with needed experts and technicians for assistance to implementing neighborhood preservation programs; and that it is a proper and necessary public purpose and activity of the state to assure the adequate funding of not-for-profit organizations which are active in neighborhood preservation activities.

The necessity in the public interest for the provisions hereinafter enacted is hereby declared as a matter of legislative determination.

§ 902. Definitions. As used in this article, the following words and phrases shall have the following meanings:

1. "Commissioner" shall mean the commissioner of the state division of housing and community renewal.
2. "Division" shall mean the state division of housing and community renewal.
3. "Municipality" shall mean any city, town or village within the state.
4. "Neighborhood preservation company" shall mean a corporation organized under the provisions of the not-for-profit corporation law which has been engaged primarily in one or more of the neighborhood preservation activities specified in subdivision five of this section.
5. "Neighborhood preservation activities" shall mean activities engaged in by a neighborhood preservation company within a geographically defined neighborhood of a municipality designed (a) to construct, maintain, preserve, repair, renovate, upgrade, improve, modernize, rehabilitate or otherwise prolong the useful life and to manage and coordinate the rehabilitation of residential dwelling accommodations within such neighborhood, to restore abandoned and vacant as well as occupied housing accommodations to habitable condition; to demolish structurally unsound or unsafe or otherwise unsightly or unhealthy structures which no longer serve or can economically be made to serve a useful purpose consistent with stabilizing or improving a neighborhood; to seal and maintain vacant but structurally sound structures which are capable of being rehabilitated at a future time and used for housing purposes; to acquire, where appropriate, buildings which contain housing accommodations; to facilitate the disposition of buildings containing housing accommodations to individual occupants thereof or to cooperative groups whose members shall be occupants thereof; to assist owners, occupants and tenants of housing accommodations to obtain improvements in the physical conditions thereof and in the maintenance and management thereof; and to manage housing accommodations as agents for the owners thereof or administrators or

receivers appointed or designated pursuant to any law of the state; and (b) to accomplish similar purposes and meet similar needs with respect to retail and service establishments within such neighborhoods when carried out in connection with and incidental to a program of housing related activities.

6. "Persons of low income" shall mean individuals and families whose annual incomes do not exceed ninety per cent of the median annual income for all residents of the municipality within which they reside.

S 903. Contracts with neighborhood preservation companies. 1. The commissioner may enter into contracts with neighborhood preservation companies for the performance of neighborhood preservation activities. Such contracts shall be entered into, however, only after appropriate findings by the commissioner and shall be subject to the limitations hereinafter set forth.

2. Prior to entering into a contract with a neighborhood preservation company, the commissioner shall have made a finding that the neighborhood in which the activities are proposed to be conducted contains a significant amount of deteriorating or substandard housing which is not being adequately repaired, renovated, upgraded, modernized or rehabilitated under existing programs so as to provide sound housing at costs which the residents of such neighborhoods can afford; that the neighborhood preservation company which proposes to contract with the commissioner is a bona fide organization which shall have been in existence either as a corporation or as an unincorporated, organized group and performing significant neighborhood preservation activities for at least one full year prior to entering into any contract with the commissioner and which shall have demonstrated by its immediate past and current activities that it has the ability to preserve, repair, maintain, renovate, rehabilitate, manage or operate housing accommodations or to engage in other neighborhood preservation activities in such neighborhood; that the neighborhood preservation activities which are to be performed pursuant to the proposed contract are needed by the neighborhood; and that the neighborhood preservation company possesses or will acquire or gain access to the requisite staff, office facilities within such neighborhood, equipment and expertise to enable it to perform the activities which it proposes to undertake pursuant to such contract; provided, however, that it shall not be a bar to the commissioner's contracting with a neighborhood preservation company that one or more organizations, whether pursuant to contract with the commissioner or not, are conducting neighborhood preservation activities wholly or partially within the same neighborhood.

3. In determining to enter into a contract with a neighborhood preservation company pursuant to this article, the commissioner shall investigate, to the extent which he shall deem necessary or appropriate, and determine;

(a) that the geographic boundaries proposed by the applicant for such a contract define a recognized or established neighborhood or area within the municipality;

(b) that the demographic and other relevant data pertaining to such neighborhood indicate that the neighborhood has sustained physical deterioration, decay, neglect or disinvestment, that a substantial

proportion of the residential population that the neighborhood preservation company proposes to assist through its activities is of low

income and that such neighborhood is in need of active intervention to effect its preservation, stabilization or improvement;

(c) that the activities proposed to be conducted by the neighborhood preservation company are reasonably calculated to have a positive effect

on the preservation, stabilization or improvement of the neighborhood;

(d) that the neighborhood preservation company's officers, directors and members are fairly representative of the residents and other legitimate interests of the neighborhood, that they will carry out such a contract in a responsible manner and that a majority of the directors of the neighborhood preservation company are residents of the neighborhood;

(f) that the fees received or proposed to be received by the neighborhood preservation company from the management of housing accommodations are fair and reasonable;

(g) that the plan submitted by the neighborhood preservation company demonstrates that such company will, to the extent possible, give priority when hiring new employees to residents of the neighborhood who are either unemployed or not fully employed;

(h) that the neighborhood preservation company has a plan to facilitate, to the maximum extent feasible, the disposition of any buildings containing housing accommodations owned by the company to individual occupants thereof or to cooperative groups whose members shall be occupants thereof; and

(i) that the interests of occupants of any buildings containing housing accommodations owned by the neighborhood preservation company are adequately represented.

4. Contracts entered into hereunder with neighborhood preservation companies shall be limited in duration to periods of one year, but may thereafter be renewed, extended or succeeded by new contracts from year to year in the discretion of the commissioner; they shall be limited in amount to the sum of one hundred thousand dollars in a single year and to the aggregate sum of one million seven hundred sixty thousand dollars

for a single neighborhood preservation company, provided that in any year in which the aggregate sum of three hundred thousand dollars shall have been reached and all succeeding years, the annual contract amount shall be subject to a limit of eighty thousand dollars per year; they shall define with particularity the neighborhood or portion thereof within which the neighborhood preservation activities shall be performed; they shall specify the nature of the neighborhood preservation activities which shall be performed including the approximate number of buildings, residential dwelling units and local retail and service establishments which shall be affected; they shall locate and describe, with as much particularity as is reasonably possible, the buildings with respect to which such activities shall be performed during the contract term; and they shall specify the number of

persons, salaries or rates of compensation and a description of duties of those who shall be engaged by the neighborhood preservation company to perform the activities embraced by the contract together with a schedule of other anticipated expenses.

5. Prior to renewing or extending a contract or entering a succeeding contract with a neighborhood preservation company the division shall

determine that:

(a) the company shall have substantially completed the neighborhood preservation activities specified in the contract to be renewed, extended, or succeeded;

(b) the company shall have received the sums, services, and funds specified in subdivision four of section nine hundred four of this article; and

(c) the activities carried out by the company pursuant to its contract shall have had a significant impact on the community's needs as specified in the contract.

6. Prior to terminating, not renewing or not extending a contract the division shall:

(a) determine that the company is in violation of the terms and conditions of the contract or that funds provided pursuant to the contract are being expended in a manner not consistent with the terms of

the contract or the provisions of this article; or

(b) determine that necessary and appropriate technical assistance has been provided without significant improvement in the activities of the company; and

(c) provide the company with written notice, at least forty-five days in advance, of its intent to terminate, not renew or not extend the contract and provide the company with an opportunity to appear and be heard before the division with respect to the reasons for such proposed termination, non-renewal or non-extension. At the same time that a company is notified of the division's intent to terminate, not renew or not extend the contract, the division shall likewise inform the senate and assembly members who represent areas within such company's geographic boundaries.

7. The division shall establish, for renewal of contracts, a procedure which provides the company with at least forty-five days notice of the company's obligations and rights in that process, informs the company of the amount of the renewal contract, and facilitates the timely execution of the contract and disbursement of funds.

8. The division may temporarily withhold payments and may elect not to renew or extend a contract or enter a succeeding contract with any neighborhood preservation company if the company is not in compliance with its contract, has without good cause failed to submit documentation required under its contract or requested by the division to make the determinations required under subdivision five of this section or has not satisfied any other conditions consistent with this article for renewing or extending a contract or entering a succeeding contract.

S 904. Payments to neighborhood preservation companies for neighborhood preservation activities. 1. Each contract entered into with a neighborhood preservation company shall provide for payment to the neighborhood preservation company for neighborhood preservation activities to be performed by it.

2. Payment to neighborhood preservation companies pursuant to this article shall be restricted to sums required for the payment of salaries

and wages to employees of such companies who are engaged in rendering neighborhood preservation activities, fees to consultants and professionals retained by them for planning and performing such activities and other costs and expenses directly related to such employees, consultants and professionals.

3. In no event shall any contract or payment be made, nor shall any payments be used, to defray the costs of the construction, repair, renovation, rehabilitation, operation, demolition, clearance or sealing of any building or other structure, except that such funds may be used for planning any such activity and for renovating, repairing, furnishing, equipping and operating an office facility to be used in connection with the conduct of neighborhood preservation activities by the neighborhood preservation company. Payments shall be made by the division to the neighborhood preservation company, not less frequently than semi-annually, at or prior to the commencement of each such time period, to compensate such company for the neighborhood preservation activities which it shall undertake to perform provided, that with respect to contracts entered into on or after June thirtieth, nineteen hundred ninety-seven the first such payment shall be made by the division beginning on or after July first of the fiscal year for which an appropriation in support of such payment was made and provided further that the final such payment to the neighborhood preservation company shall be made no later than March thirty-first of such fiscal year, unless such payment has been withheld pursuant to subdivision eight of section nine hundred three of this article.

4. In negotiating each contract, the division shall consider and take into account any and all other sums available or anticipated to be made available to the neighborhood preservation company from any and all sources which may be used to defray the costs of the neighborhood preservation activities set forth in the contract, including, without limitation, fees generated by the management of housing accommodations, contributions from private foundations, corporations, firms and individuals and funds received under grants and contracts pursuant to any program or programs operated or administered by any governmental agency or instrumentality and shall make a determination that the sums available or anticipated to be made available for the neighborhood preservation company from such other sources, together with the value of services to be rendered for the benefit of the neighborhood preservation company for which payment is not required to be made by such company, amount to at least thirty-three and one-third percent of the amount of such contract.

S 905. Periodic review of contract performance; renegotiation and termination of contract. 1. The division shall, by regulation as hereinafter provided, provide for formal evaluation of the performance of a company to determine its progress in achieving the objectives outlined in the annual neighborhood preservation plan contained in its contract with the division. Such evaluation shall include a review of the efforts of the company to execute each of the components of its plan and a consultation between the company and the division regarding the findings of the division relative to performance. The division shall provide or cause to be provided technical assistance determined to be necessary by the division to improve the ability of the company to execute each of the components of its plan. Such evaluation and

determination of the need for technical assistance shall consider the financial and staff resources of the company for the period evaluated and any special considerations which may have had an impact on performance during the period.

2. If the division determines that a company has not made sufficient progress toward achieving the objectives of its annual neighborhood preservation plan the division shall conduct a site visit to review these findings and, if warranted, shall place the company on probation.

3. The division shall terminate or not renew or not extend a contract in accordance with provisions of subdivision six of section nine hundred

three of this article if the commissioner determines that the performance of a company is not sufficient to merit continued participation in the program.

4. Notwithstanding the foregoing, the commissioner may terminate any contract upon a finding of substantial non-compliance or other substantial breach of the contract.

S 906. Technical services and assistance to neighborhood preservation companies. 1. The division is hereby authorized to render to neighborhood preservation companies such technical services and assistance as it may possess or as may be available to it to enable such

companies to comply with the intent and provisions of this article. The division is further authorized to take all steps necessary to encourage the formation, organization and growth of new neighborhood preservation companies. The division may also, from funds appropriated for the purposes of this article, contract with municipal and other public agencies and with private persons, firms and corporations for the provision of such technical services and assistance which may include: preparation and submission of proposals for entering into contracts with

the commissioner; preparation and submission of reports required under such contracts or regulations issued by the commissioner; internal organization and management of the neighborhood preservation companies; recruitment and training of personnel of the neighborhood preservation companies; preparation of plans and projects, negotiation of agreements and compliance with requirements of programs in which neighborhood preservation companies may become engaged in the course of their neighborhood preservation activities; and other technical advice or assistance relating to the performance or rendition of neighborhood preservation activities.

2. The affordable housing corporation, the housing trust fund corporation or their designee as the case may be, shall provide an incentive grant to each company that is awarded a contract pursuant to article eighteen or nineteen of this chapter. Such incentive grant shall

consist of the payment of an additional sum of money equal to three percent of the amount payable to such company pursuant to each contract provided, however, that such payment shall not be counted against the per dwelling unit total imposed by subdivision one of section eleven hundred two of this chapter or the per dwelling unit limitation imposed by subdivision one of section eleven hundred twelve of this chapter, and

provided further that such additional amount shall not exceed forty thousand dollars per contract. Such incentive grant shall be utilized either for purposes consistent with the provisions of this article or

for the cost of neighborhood preservation activities related to such contract and shall not be subject to the limitation on the amount of funds which may be received by companies contained in subdivision four of section nine hundred three of this article. Such incentive grant shall be added to and considered a payment under the contract for purposes of allocating funds to any single municipality.

S 907. Rules and regulations to be promulgated by the commissioner. The commissioner shall issue and promulgate rules and regulations for the administration of this article, which rules and regulations shall include provisions concerning requirements as to eligibility for contracting with the commissioner; the form of applications for contracts; supervision and evaluation of neighborhood preservation companies including standards and performance criteria for continued, increased or decreased funding to insure the companies meet the objectives of this article and the objectives outlined in their neighborhood preservation plans; reporting, budgeting and record keeping requirements; provisions for renegotiation, modification, termination, extension and renewal of contracts, which provisions shall include the bases for funding increases from the preceding contract including, but not be limited to, performance which exceeds minimum performance criteria and provisions for probationary periods where appropriate; provisions for technical services and assistance to neighborhood preservation companies within the limits of available funding; protection of the interests of tenants in buildings owned or managed by neighborhood preservation companies; and such other matters not inconsistent with the purposes and provisions of this article as the commissioner shall deem necessary, proper or appropriate. Such rules and regulations shall prohibit any neighborhood preservation company receiving funds under contracts entered into pursuant to this article (i) from engaging in any activities promoting any political candidate or party or (ii) from expending any such funds in activities the purpose of which is to influence legislation.

S 908. Applicability of other laws to neighborhood preservation companies. Nothing contained in this article shall be deemed or construed to prevent or deny to any neighborhood preservation company the opportunity to qualify as a developer, sponsor, owner or other participant in accordance with the provisions of any article of this chapter, or pursuant to any other law of the state or to deny to any such company the privileges or immunities of any other provisions of this chapter or other law, nor shall any neighborhood preservation company be precluded from organizing or causing to be organized or from acquiring any other corporation for the purpose of conducting or carrying out any project, program or service authorized by any law of the state.

S 909. Annual report. The commissioner shall, on or before December thirty-first in each year submit a report to the legislature on the implementation of this article. Such report shall include, but not be limited to, for each company receiving payments under this article: a description of such company's contract amount and cumulative total; the

specific neighborhood preservation activities performed by such company;
the findings required by the commissioner under subdivision two of section nine hundred three of this article; the amounts of monies received by the company from sources other than payments made pursuant to this article; the value of services rendered for the benefit of the company for which payment is not required to be made; and such other information as the commissioner deems appropriate.

2. Neighborhood Preservation Program Conflict of Interest Regulations

(a) The following are restricted from holding voting board membership, serving as officers of the Company and/or in staff management positions, except where otherwise required by statute:

(1) State legislators and members of their staffs who hold policy making positions;

(2) commissioners and chairpersons of State departments and their deputies and assistants (including members or directors of public authorities, public benefit corporations, boards, commissions and councils);

(3) staff of the Division of Housing and Community Renewal;

(4) statewide elected officials, including the Governor, Lieutenant Governor, Attorney General and Comptroller, and members of their staffs who hold policy making positions;

(5) chief executive officials and members of the legislative bodies of counties having a population of 275,000 or more, within which the project is located, or cities, towns and villages having a population of 25,000 or more, within the county in which the project is located, except where board membership for such persons is mandated by other relevant federal or state statutes; and

(6) political party chairpersons, party organization leaders and members of their executive committees in the state, counties having a population of 275,000 or more, within which the project is located, or cities, towns and villages having a population of 25,000 or more, within the county in which the project is located.

(b) The following shall not receive any compensation whatsoever from a recipient organization, directly or indirectly, for services or goods rendered to such organization unless the goods or services are provided pursuant to an award or contract let, unless otherwise required, after a good faith effort to obtain competitive prices is made, the results of which were reported in writing prior to the award of the contract and were approved by the Division of Housing and Community Renewal which approval shall be based on comparison to arm's length transactions and the needs of the project:

(1) state legislators and members of their staffs who hold policy making positions;

(2) commissioners and chairpersons of state departments and their deputies and assistants (including members or directors of public authorities, public benefit corporations, boards, commissions and councils);

(3) staff of the Division of Housing and Community Renewal;

(4) statewide elected officials, including the Governor, Lieutenant Governor, Attorney General and Comptroller, and members of their staffs who hold policy making positions;

(5) chief executive officials and members of the legislative bodies of counties, cities, towns and villages, in which county the project is located;

(6) political party chairmen, party organization leaders and members of their executive committees in the state, counties, cities, towns and villages in which county the project is located;

(7) voting board members and officers, except for salary payments of officers which shall require the approval of the commissioner which approval shall be granted if the duties assigned to the officer correspond to duties normally assigned to an executive director;

(8) staff members of the recipient organization, except for salary payments;

(9) the immediate families of persons in paragraphs (1)-(8) of this subdivision; and

(10) any firm, association, corporation or partnership in which any individual listed in subdivision (a) or (b) of this section holds an interest of ten percent or more.

(c) These provisions apply to all persons and entities whether or not their involvement with, or compensation from, a recipient organization is related to the project funded pursuant to this program.

**APPENDIX B
RURAL PRESERVATION PROGRAM**

- 1. Article XVII - Private Housing Finance Law**
- 2. Conflict of Interest Regulations**

Article XVII - Private Housing Finance Law

ARTICLE XVII HOUSING AND COMMUNITY PRESERVATION IN RURAL AREAS

- Section 1001. Legislative findings and statement of policy.
1002. Definitions.
1003. Contracts with not-for-profit corporations for housing preservation and community renewal activities.
1004. Payments pursuant to contracts.
1005. Enforcement of standards for contract performance.
1006. Technical services and assistance to corporations and rural areas.
1007. Rules and regulations.
1008. Relationship to other laws.
1009. Annual report.
1010. Rural aging services.

S 1001. Legislative findings and statement of policy. The legislature hereby finds and declares that there exist in certain rural areas of the state significant unmet housing needs of persons and families of low or moderate income, numerous housing units which are deteriorating or in need of rehabilitation or improvement, and related factors demonstrating a need for increased attention to housing preservation and community revitalization in such areas. Meeting the housing and community renewal needs of rural areas entails special problems arising from the dispersal of population over wide areas, the existence of substandard areas in the form of small, often isolated, pockets of poverty rather than massive concentrations, the extremely limited resources of the small units of local government involved, and other characteristics of these areas.

Locally based not-for-profit organizations can play a crucial role in housing preservation and community revitalization. The public policy of support for such organizations embodied in article sixteen of this chapter, and the legislative findings set forth in such article, are hereby reaffirmed. The legislature further finds and determines that the needs of rural areas and of existing and potential not-for-profit organizations serving such areas will be best met by a program of support for such organizations and their activities similar to that in article sixteen of this chapter but recognizing the distinctive characteristics of such areas. It is the purpose of this article to establish such a program within the division of housing and community renewal.

It is further declared to be the public policy of the state that all programs of housing and community assistance administered by the division of housing and community renewal or other agencies should be carried out with due regard for the special conditions in and needs of the rural areas of the state.

S 1002. Definitions. As used in this article, the following terms

shall have the following meanings:

1. "Commissioner" shall mean the commissioner of the state division of housing and community renewal.
2. "Division" shall mean the state division of housing and community renewal.
3. "Rural area of the state" shall mean cities, towns and villages having a population of less than twenty-five thousand.
4. "Region" shall mean those portions of the rural area of the state, as specified in the contract entered into pursuant to this article, within which housing and community renewal activities funded in part pursuant to this article are to be carried out.
5. "Housing preservation and community renewal activities" include (a) the new construction or the acquisition, maintenance, preservation, repair, rehabilitation or other improvement of vacant or occupied housing accommodations; demolition or sealing of vacant structures where necessary or appropriate; disposition of housing accommodations to present or potential occupants or co-operative organizations; training or other forms of assistance to occupants of housing accommodations; and management of housing accommodations as agent for the owners, receivers, administrators or municipalities; (b) activities, similar to those specified in paragraph (a) of this subdivision, aimed at accomplishing similar purposes and meeting similar needs with respect to retail and service establishments within a region when carried out in connection with and incidental to a program of housing related activities.
6. "Persons of low income" shall mean individuals and families whose annual incomes do not exceed ninety per cent of the median annual income for all residents of the region within which they reside or a larger area encompassing such region for which median annual income can be determined.

S 1003. Contracts with not-for-profit corporations for housing preservation and community renewal activities. 1. The commissioner may enter into contracts with corporations incorporated pursuant to the not-for-profit corporation law (or such law together with any other applicable law) for the performance of housing preservation and community renewal activities within a region, subject to the provisions of this article.

2. Prior to entering into a contract with a corporation, the commissioner shall have made a finding that the region in which the activities are proposed to be conducted contains a significant amount of deteriorating or substandard housing which is not being adequately repaired, renovated, upgraded, modernized or rehabilitated under existing programs so as to provide sound housing at costs which the residents of such region can afford; that the corporation which proposes to contract with the commissioner is a bona fide organization which shall have been in existence either as a corporation or as an unincorporated, organized group and performing significant housing preservation and community renewal activities for at least one full year

prior to entering into any contract with the commissioner and which shall have demonstrated by its immediate past and current activities that it has the ability to preserve, repair, maintain, renovate, rehabilitate, manage or operate housing accommodations or to engage in other housing preservation and community renewal activities in such region; that the housing preservation and community renewal activities which are to be performed pursuant to the proposed contract are needed by the region; and that the corporation possesses or will acquire or gain access to the requisite staff, office facilities with direct access

to such region, equipment and expertise to enable it to perform the activities which it proposes to undertake pursuant to such contract; provided, however, that it shall not be a bar to the commissioner's contracting with a corporation that one or more other organizations, are

conducting housing preservation and community renewal activities wholly or partially within the same region whether or not pursuant to contract with the commissioner.

3. The commissioner may enter into a contract pursuant to this section

only if he determines:

(a) that the region proposed to be served by the applicant is an appropriate portion of the rural area of the state for the performance of activities pursuant to this article by a corporation;

(b) that such region contains significant unmet housing needs of persons of low income, that a substantial portion of its population consists of such persons, and that the housing stock in the region, because of its age, deterioration, or other factors, requires improvement in order to preserve the communities within the region;

(c) that the particular activities to be performed by the corporation will meet one or more needs of the region and are reasonably calculated to have a positive effect on regional preservation, stabilization or improvement;

(d) that the corporation's officers, directors and members are fairly representative of the residents and other legitimate interests of the region, that they may be expected to carry out the contract in a responsible manner, and that a majority of the directors of the corporation are residents of the region;

(f) that any fees received or proposed to be received by the corporation in connection with its activities pursuant to the contract are fair and reasonable;

(g) that the corporation will, to the extent possible, give preference

in hiring to residents of the region who are unemployed or underemployed;

(h) that the corporation will, to the maximum extent feasible, dispose

of residential buildings owned or to be acquired by it to the occupants thereof or to cooperative groups whose members shall be occupants thereof; and

(i) that due consideration will be given to the interests of occupants

of properties owned or to be acquired by the corporation.

4. Contracts pursuant to this section shall be for a period of no more

than one year, but may be renewed or extended from year to year, and shall provide for payment by the division of no more than one hundred

thousand dollars per year and shall be limited to the aggregate sum of one million seven hundred sixty thousand dollars for a single corporation, provided that in any year in which the aggregate sum of three hundred thousand dollars shall have been reached and all succeeding years, the annual contract amount shall be subject to a limit of eighty thousand dollars per year; they shall define with particularity the region or portion thereof within which the housing preservation and community renewal activities shall be performed; they shall specify the nature of the housing preservation and community renewal activities which shall be performed including the approximate number of buildings, residential dwelling units and local retail and service establishments which shall be affected; they shall locate and describe, with as much particularity as is reasonably possible, the buildings with respect to which such activities shall be performed during the contract term; and they shall specify the number of persons, salaries or rates of compensation and a description of duties of those who shall be engaged by the corporation to perform the activities embraced by the contract together with a schedule of other anticipated expenses.

5. Prior to renewing or extending a contract or entering a succeeding contract with a corporation the division shall determine that:

(a) the corporation shall have substantially completed the housing preservation and community renewal activities specified in the contract to be renewed, extended, or succeeded;

(b) the corporation shall have received the sums, services, and funds specified in subdivision four of section one thousand four of this article; and

(c) the activities carried out by the corporation pursuant to its contract shall have had a significant impact on the community's needs as specified in the contract.

6. Prior to terminating, not renewing or not extending a contract the division shall:

(a) determine that the corporation is in violation of the terms and conditions of the contract or that funds provided pursuant to the contract are being expended in a manner not consistent with the terms of

the contract or the provisions of this article; or

(b) determine that necessary and appropriate technical assistance has been provided without significant improvement in the activities of the corporation; and

(c) provide the corporation with written notice, at least forty-five days in advance, of its intent to terminate, not renew or not extend the

contract and provide the corporation with an opportunity to appear and be heard before the division with respect to the reasons for such proposed termination, non-renewal or non-extension. At the same time that the corporation is notified of the division's intent to terminate, not renew or not extend the contract, the division shall likewise inform

the senate and assembly members who represent areas within such corporation's geographic boundaries.

7. The division shall establish, for renewal of contracts, a procedure which provides the corporation with at least forty-five days notice of the corporation's obligations and rights in that process, informs the

corporation of the amount of the renewal contract, and facilitates the timely execution of the contract and disbursement of funds.

8. The division may temporarily withhold payments and may elect not to renew or extend a contract or enter a succeeding contract with any not-for-profit corporation if the corporation is not in compliance with its contract, has without good cause failed to submit documentation required under contract or requested by the division to make the determinations required under subdivision five of this section or has not satisfied any other conditions consistent with this article for renewing or extending a contract or entering a succeeding contract.

S 1004. Payments pursuant to contracts. 1. Each contract entered into pursuant to this article shall provide for payment to the corporation for the housing preservation and community renewal activities to be performed by it.

2. Payments pursuant to this section shall be restricted to sums required for the compensation of persons employed by, and consultants retained by, the corporation for the performance of the activities covered by the contract and other costs and expenses directly related to such employees and consultants.

3. No part of any such payment shall be used to defray in whole or in part the cost of acquisition, improvement, rehabilitation, operation or demolition of any building or other structure, but this provision shall not prohibit the use of such funds for planning any such activity or for

the expenses of providing office and related facilities for the corporation for use in carrying out its activities pursuant to the contract. Payments shall be made by the division to the corporation at such periods, not less frequently than semi-annually, as shall be provided in the contract. Such payments shall be made at or prior to the

commencement of each such time period, to compensate the corporation for

the activities which are to be carried out during such time period provided, that with respect to contracts entered into on or after June thirtieth, nineteen hundred ninety-seven the first such payment shall be

made by the division beginning on or after July first of the fiscal year

for which an appropriation in support of such payment was made and provided further that the final such payment to the corporation shall be

made no later than March thirty-first of such fiscal year, unless such payment has been withheld pursuant to subdivision eight of section one thousand three of this article.

4. In negotiating each contract, the division shall consider and take into account any and all other sums available or anticipated to be made available to the corporation from any and all sources which may be used to defray the costs of the housing preservation and community renewal activities set forth in the contract, including, without limitation, fees generated by the management of housing accommodations, contributions from private foundations, corporations, firms and individuals and funds received under grants and contracts pursuant to any program or programs operated or administered by any governmental agency or instrumentality and shall make a determination that the sums

available or anticipated to be made available for the corporation from such other sources, together with the value of services to be rendered for the benefit of the corporation for which payment is not required to be made by such corporation, amount to at least thirty-three and one-third percent of the amount of such contract.

S 1005. Enforcement of standards for contract performance. 1. The division shall by regulation provide for formal evaluation of the performance of a corporation to determine its progress in achieving the objectives outlined in the annual housing preservation and community renewal plan contained in its contract with the division. Such evaluation shall include a review of the efforts of the corporation to execute each of the components of its plan and a consultation between the corporation and the division regarding the findings of the division relative to performance. The division shall provide or cause to be provided technical assistance determined to be necessary by the division to improve the ability of the corporation to execute each of the components of its plan. Such evaluation and determination of the need for technical assistance shall consider the financial and staff resources of the corporation for the period evaluated and any special considerations which may have had an impact on performance during the period.

2. If the division determines that a corporation has not made sufficient progress toward achieving the objectives of its annual housing preservation and community renewal plan the division shall conduct a site visit to review these findings and, if warranted, shall place the corporation on probation.

3. The division shall terminate or not renew or not extend a contract in accordance with provisions of subdivision seven of section one thousand three of this article if the commissioner determines that the performance of a corporation is not sufficient to merit continued participation in the program.

4. Notwithstanding the foregoing, the commissioner may terminate any contract upon a finding of substantial non-compliance or other substantial breach of the contract.

S 1006. Technical services and assistance to corporations and rural areas. 1. In accordance with the policy of this article, the division shall encourage the creation, development and strengthening of new not-for-profit corporations to perform housing preservation and community renewal activities in the rural areas of the state, and is authorized to take all steps necessary to that end. The division shall provide technical services and assistance to not-for-profit corporations seeking to serve the housing or community renewal needs of rural areas, to better enable such corporations to meet the requirements of, and obtain funding under this article or any other program of governmental assistance, federal, state or local, to carry out their present and proposed activities, and otherwise to further the purposes and policy of this article. Such services and assistance may be provided through the division's own personnel and facilities, through contractual services, or otherwise.

2. The affordable housing corporation or the housing trust fund corporation, as the case may be, shall provide an incentive grant to

each corporation that is awarded a contract pursuant to article eighteen or nineteen of this chapter. Such incentive grants shall consist of the payment of an additional sum of money equal to three percent of the amount payable to such corporation pursuant to each contract provided, however, that such payment shall not be counted against the per dwelling unit total imposed by subdivision one of section eleven hundred two of this chapter or the per dwelling unit limitation imposed by subdivision one of section eleven hundred twelve of this chapter, and provided further that such additional amount shall not exceed forty thousand dollars per contract. Such incentive grant shall be utilized either for purposes consistent with the provisions of this article or for the cost of housing preservation and community renewal activities related to such contract and shall not be subject to the limitation on the amount of funds which may be received by corporations contained in subdivision four of section one thousand three of this article. Such incentive grant shall be added to and considered a payment under the contract for purposes of allocating funds to any single municipality.

S 1007. Rules and regulations. The commissioner shall issue rules and regulations for the administration of this article. Such rules and regulations shall include provisions concerning requirements as to eligibility for contracting with the commissioner; the form of applications for contracts; supervision and evaluation of corporations which contract with the commissioner including standards and performance criteria for continued, increased or decreased funding to insure the corporations meet the objectives of this article and the objectives outlined in their housing preservation and community renewal plans; reporting, budgeting and record keeping requirements; provisions for renegotiation, modification, termination, extension and renewal of contracts, which provisions shall include the bases for funding increases from the preceding contract including, but not be limited to, performance which exceeds minimum performance criteria and provisions for probationary periods where appropriate; provisions for technical services and assistance to such corporations within the limits of available funding; protection of the interests of tenants in buildings owned or managed by such corporations; and may include any provisions, not inconsistent with the provisions of this article or other applicable law, which the commissioner deems necessary or appropriate to carry out the policy and purposes of this article. Such rules and regulations shall prohibit any corporation receiving funds under contracts entered into pursuant to this article (i) from engaging in any activities promoting any political candidate or party or (ii) from expending any such funds in activities the purpose of which is to influence legislation.

S 1008. Relationship to other laws. Nothing in this article shall be deemed to deny or limit the right of any corporation to seek or receive assistance under, or otherwise participate in, any other program pursuant to this chapter, or any other governmental program relating to housing or community renewal. Nothing in this article shall be deemed to

deny or limit the right of any corporation to carry out any program or service through a subsidiary corporation or other instrumentality.

S 1009. Annual report. The commissioner shall, on or before December thirty-first in each year submit a report to the legislature on the implementation of this article. Such report shall include, but not be limited to, for each company receiving payments under this article: a description of such company`s contract amount and cumulative total; the specific housing and community preservation activities in rural areas performed by such company; the findings required by the commissioner under subdivision two of section one thousand three of this article; the amounts of monies received by the company from sources other than payments made pursuant to this article; the value of services rendered for the benefit of the company for which payment is not required to be made; and such other information as the commissioner deems appropriate.

S 1010. Rural aging services. Housing preservation and community renewal activities which are otherwise eligible under subdivision five of section one thousand two of this article, but which are or have been funded under the rural aging services program operated jointly by the division and the state office for the aging, shall not be subject to the limitation on the amount of funds which may be received by corporations contained in subdivision four of section one thousand three of this article. All provisions otherwise applicable to funds received under section one thousand three of this article shall also apply to funds received under this section.

Rural Preservation Program Conflict of Interest Regulations

(a) The following are restricted from holding voting board membership, serving as officers of the Company and/or in staff management positions, except where otherwise required by statute:

(1) state legislators and members of their staffs who hold policy making positions;

(2) commissioners and chairpersons of state departments and their deputies and assistants (including members or directors of public authorities, public benefit corporations, boards, commissions and councils);

(3) staff of the Division of Housing and Community Renewal;

(4) statewide elected officials, including the Governor, Lieutenant Governor, Attorney General and Comptroller, and members of their staffs who hold policy making positions;

(5) chief executive officials and members of the legislative bodies of counties having a population of 275,000 or more, within which the project is located, or cities, towns and villages having a population of 25,000 or more, within the county in which the project is located, except where board membership for such persons is mandated by other relevant federal or state statutes; and

(6) political party chairpersons, party organization leaders and members of their executive committees in the state, counties having a population of 275,000 or more, within which the project is located, or cities, towns and villages having a population of 25,000 or more, within the county in which the project is located.

(b) The following shall not receive any compensation whatsoever from a recipient organization, directly or indirectly, for services or goods rendered to such organization unless the goods or services are provided pursuant to an award or contract let, unless otherwise required, after a good faith effort to obtain competitive prices is made, the results of which were reported in writing prior to the award of the contract and were approved by the Division of Housing and Community Renewal which approval shall be based on comparison to arm's length transactions and the needs of the project:

(1) state legislators and members of their staffs who hold policy making positions;

(2) commissioners and chairpersons of state departments and their deputies and assistants (including members or directors of public authorities, public benefit corporations, boards, commissions and councils);

(3) staff of the Division of Housing and Community Renewal;

(4) statewide elected officials, including the Governor, Lieutenant Governor, Attorney General and Comptroller, and members of their staffs who hold policy making positions;

(5) chief executive officials and members of the legislative bodies of counties, cities, towns and villages in which county the project is located;

(6) political party chairpersons, party organization leaders and members of their executive committees in the state, counties, cities, towns and villages in which county the project is located;

(7) voting board members and officers, except for salary payments of officers which shall require the approval of the commissioner which approval shall be granted if the duties assigned to the officer correspond to duties normally assigned to an executive director;

(8) staff members of the recipient organization, except for salary payments;

(9) the immediate families of persons in paragraphs 1 - 8 of this subdivision; and

(10) any firm, association, corporation or partnership in which any individual listed in (a) or

(b) hereof holds an interest of 10 ten percent or more.

(c) These provisions apply to all persons and entities whether or not their involvement with, or compensation from, a recipient organization is related to the project funded pursuant to this program.