

NEW YORK VACANT RENTAL PROGRAM (VRP)

Homes and Community Renewal

APPLICANT ELIGIBILITY POLICY

**THE CITY OF JAMESTOWN, JAMESTOWN URBAN
RENEWAL AGENCY**



**The City of Jamestown | Department of
Development
Municipal Building | 4th Floor
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VACANT RENTAL PROPERTY APPLICANT ELIGIBILITY POLICY
CITY OF JAMESTOWN, NEW YORK

1. Eligible Properties

Eligible properties must be:

- 1-5 unit residential buildings
- Mixed-use buildings with up to five (5) residential units
- Any building that will be converted into a 1-5 residential building or mixed-use building with up to five (5) residing units

Five-Unit Limit:

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

Legally Permissible Requirements:

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

Ineligible Properties:

The following properties are expressly ineligible for participation in VRP:

- Mobile
- And/or manufactured
- Properties in foreclosure
- Detached accessory structures (unless previously used as a legal housing unit, as verified by the LPA)

Ineligible Activities

Landscaping, pool repairs, luxury improvements, additions or new construction, electronics like security systems or cameras and all other unnecessary repairs are prohibited. Funding cannot be used to pay for insurance, taxes, or other debts.

Tenants cannot be removed from or evicted from a housing unit to receive grant funds. A tenant cannot be temporarily displaced through the duration of rehabilitation. Property must be verifiably vacant for at least 6 months.

2. Eligible Units

Unit Definition:

For the purposes of VRP, a “unit” shall be defined based on the U.S Census Bureau Definition:

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

LPA's will be responsible for making the final determination of what constitutes a unit within a given property, based on the above definition.

Eligible Units by Property Type:

Existing vacant rental units or existing vacant buildings and units that will be converted to restricted rental units are eligible. The following are examples of eligible units by property type:

- Multi-family Property Units: Vacant units in multi-family properties (5 units or fewer) are eligible.
- Single-family Property Units: A vacant single-family home is eligible if it will be used as a long-term rental (non-owner-occupied).
- Vacant single-family homes may also be converted to rental properties of up to five (5) units. In this scenario, the owner may not live in any unit that was assisted with VRP funds.
- Occupied single-family homes are generally ineligible unless the home includes a separate legal and eligible vacant housing unit such as an “in-law apartment.” The LPA must verify the unit has previously been used as a separate housing unit. As an example, the owner of a single-family home may not convert a vacant attic into a rental unit using VRP funds unless the attic was previously used as a separate and legal housing unit.
- Non-residential Properties: Vacant non-residential properties are eligible for conversion to up to five rental units, if allowable by code. Vacant nonresidential properties may also be eligible if being converted to a mixed-use building, provided that VRP funds are strictly limited to work completed for the rental units alone (see section below).
- Mixed-use Properties: Vacant units in mixed-use properties are eligible. Vacant spaces in a property that will become a mixed-use property may be eligible if the LPA verifies that 1) the vacant space is a discreet/separate space, and 2) the space is uninhabitable or unmarketable due to its current condition OR because it is now functionally obsolete space for which there is no need or demand.
 - For example, a vacant Class C second floor office suite for which there is no demand, and is therefore “unmarketable”, would be eligible for conversion to rental units if all other VRP requirements are met.

Vacancy Status:

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

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

- **Uninhabitable:** The unit does not meet the typical minimum criteria as a safe and legally occupiable housing unit. If the unit is not fully code compliant for residential use, it is by definition uninhabitable. Examples include (but are not limited to):
 - Water leak and presence of mold
 - Lack of plumbing/bathroom/kitchen facilities
 - Lack of adequate heat
 - Unsafe structural condition(s)
 - Does not meet code for fire suppression system and/or access/egress

- **Unmarketable:** The condition of the unit is generally poor and is undesirable as a housing unit due to its current quality. An unmarketable unit does not meet what would reasonably be considered acceptable conditions for decent and quality housing. Examples include but are not limited to:
 - Extensive peeling paint
 - Old/stained carpets
 - Damaged walls/ceiling
 - Inadequate kitchen/bathroom facilities
 - Poor light and/or ventilation

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

- **Vacancy Verification:** The LPA is responsible for determining that a unit is eligible based on vacancy status using the above guidelines. A signed attestation from the Property Owner is required and The LPA must conduct a site-inspection prior to executing a participant agreement to confirm vacancy status. Additionally, the LPA may require a property owner to provide additional verification of vacancy status as the LPA deems necessary for determining vacancy status. The LPA's determination of vacancy status must be documented and maintained in each Project File.

There is no minimum time period that a unit must have been vacant for to be eligible for VRP funding. However, the LPA is strongly encouraged to determine length of vacancy as part of verifying vacancy status and that no tenant displacement has occurred.

3. Eligible Property Owners

Types of Owners:

All owner participants should be the intended ongoing property owner for the duration of the 10-year regulatory period.

Specific policies and procedures will apply in the event of an owner desiring to sell or transfer a property during the regulatory period (see section VII. Part C of VRP Program Manual for details).

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

Examples of eligible property owners include:

- Private individual(s)
- Not-for-profit Organizations
- Public or Quasi-Public Entities
- Eligible Business Entities (e.g., LLCs)
 - Business entities are required to disclose all principals and provide a copy of their operating agreement. Personal guarantees and signatures are required from all principals on documents including Participant Agreement and Declaration of Interest.
 - Business entities are required to disclose all LLCs they have a vested interest in and their respective operating agreements.
- Owners of the property are required to have their primary residence local to Jamestown, New York area, defined as follows:
 - Located within the City limits of the City of Jamestown
 - Located within Chautauqua County
 - Located within the three (3) adjacent counties
 - Chautauqua County
 - Cattaraugus County
 - Erie County
 - Warren County (Pennsylvania)

Property owners must not have ownership in more than 20 units total in their portfolio.

Owner Occupants:

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

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

- The owner may not live in a unit that is rehabilitated with VRP funds for the duration of the 10-year regulatory period.
- The owner may not “rent to themselves” to be able to live in a restricted rental unit.

- Limited work may be completed in an owner-occupied unit if deemed necessary as part of the VRP assisted rehabilitation project. Any work completed in an owner-occupied unit requires a waiver from OCR.
- If a waiver is received for work in the owner's unit, the maximum grant award will still be based only on the number of eligible vacant units.

Forms of Ownership:

The LPA must obtain documentation of ownership. The following forms of ownership are permissible:

- Ownership in fee simple title.
- Ownership of unit with long-term land leasehold interest.
- Condo or co-op unit ownership – with condo/co-op board approval.
- Life estate or beneficiary deed ownership whereby two (2) or more people each have an ownership interest in a property. The person holding the life estate (“life tenant”) possesses the property during their life. The other owner(s) or future interests (“remainderman”) automatically take possession of the property upon the death of the life tenant. The life tenant may qualify for program assistance on the following conditions:
 - Life tenant does not pay rent
 - Application discloses the existence of the life tenancy
 - Deed names the life tenant and each remainderman
 - Life tenant and remainderman (all owners listed on the deed, or beneficial parties) must sign, witnessed by a Notary Public, the Participant Agreement, and the Declaration of Interest agreeing to repayment obligations placed on the property.
- Inherited property – occupant shares ownership with other non-resident heirs, but pays all costs of ownership; all who share ownership must sign the Declaration of Interest

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

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

Responsible Owner Requirement:

The intent of VRP is to provide assistance for property owners that have a proven track record of serving as fair and responsible landlords and being stewards of their properties. As such, Applicants must be determined by the LPA to be “responsible owners” rather than bad actors.

The LPA shall adopt a clear and consistently applied written policy for determining whether an applicant qualifies as a responsible owner. At a minimum, a property owner must meet the criteria in the following table to be considered a “Responsible Owner.” The table indicates the minimum criteria required for a signed attestation from the property owner(s) and the minimum criteria the LPA is required to collect documentation for.

RESPONSIBLE OWNER CRITERIA		
CRITERIA	SIGNED ATTESTATION REQUIREMENT	LPA DOCUMENTATION VERIFICATION REQUIRED
Current on all mortgage(s) payments (and any loans secured by the property)		
Current on all property taxes held under property owner		
Current on utility payments ¹		
Has current comprehensive property insurance policy ²		
Not in Bankruptcy		
No outstanding federal, state or local liens on the property		
No history of Fair Housing violations		
Not under current investigation by: Department of Health, EPA, HUD, state or agency, or local government for law or regulation of violation		
Property owner demonstrates responsible ownership through maintenance, lack of reported concerns, lack of litigation initiated by tenants or City of Jamestown entities		
History of responsiveness to Code Enforcement/Department of Development, Fire Department concerns		
Owner finance available for projects exceeding grant capabilities (loan approval or bank statement)		
All LLCs owned and affiliated with are disclosed		
*If the property does not have current or recent utility hookups, the Department of Development may waive this requirement if it can be determined that utilities were not shut off due to lack of payment and that any recent payment obligations were being met.		
**A waiver may be requested by the Department of Development from the Office of Community Renewal for insurance requirements if the property owner can provide refusal of coverage by two insurance companies and if comprehensive insurance will be obtained upon completion of the project.		