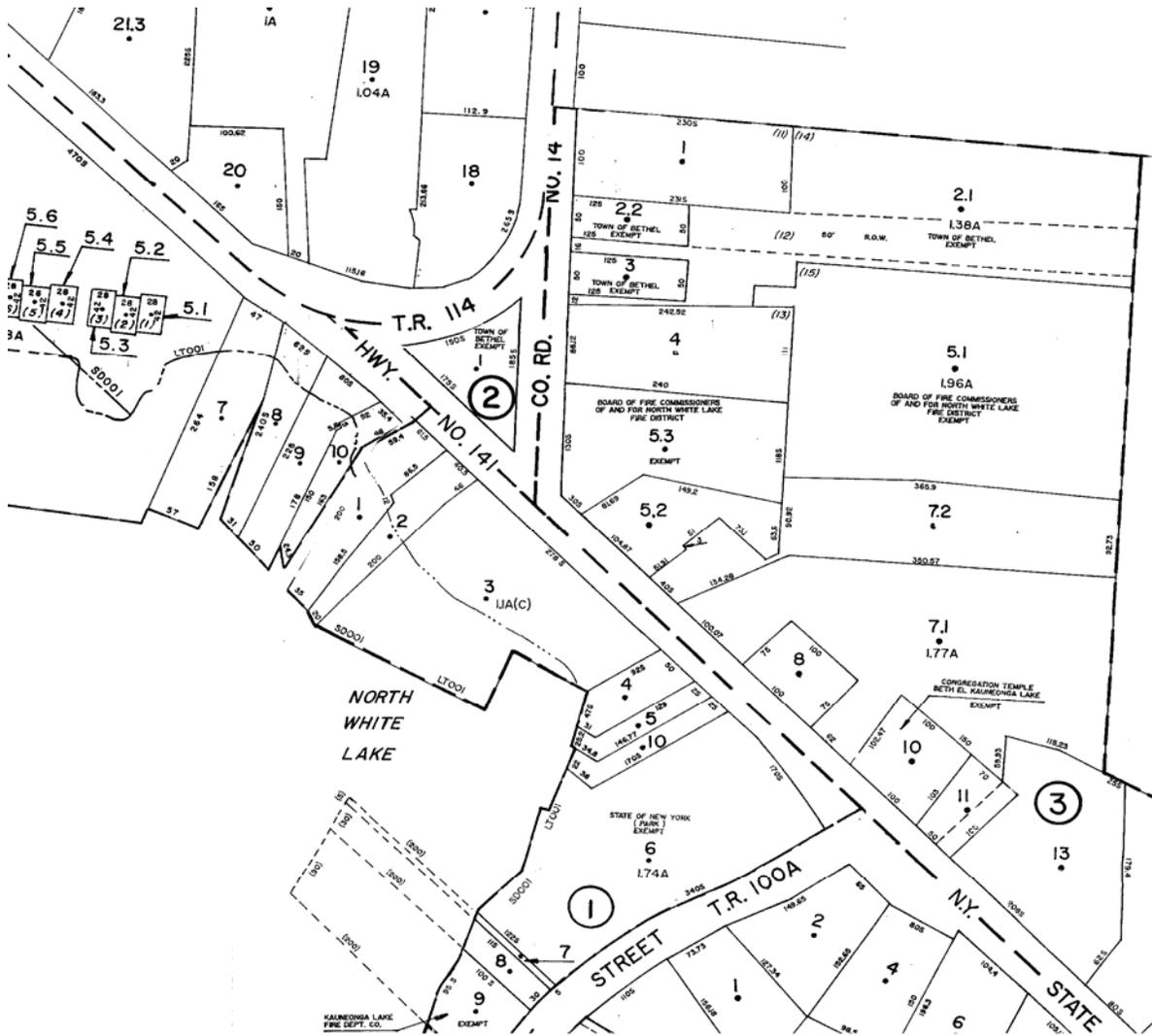


# Kauneonga Lake Phase II Main Street Grant Program



## Grant Application Package Bethel Local Development Corporation

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## **Introduction**

The Kauneonga Lake Main Street Grant Program (KLMS II) is sponsored by the Bethel Local Development Corporation (BLDC) in partnership with the Sullivan County Division of Planning and Community Development and the Town of Bethel.. The program is funded by the New York State Housing Trust Fund Corporation.

The program provides financial assistance to property owners for the renovation of existing buildings and their façades within the defined Kauneonga Lake Main Street District.

This document provides an overview of the KLMS II program and provides the information necessary to submit an application for matching funds under this program.

## ***Program Description***

The primary goal of the Kauneonga Lake Main Street Grant Program (KLMS II) is to assist the community, through the revitalization efforts, to reduce the existing commercial and residential vacancy rates, provide affordable housing, and enhance the economy, visual appearance and accessibility of the Kauneonga Lake Main Street.

The grant program will provide up to a total of \$175,000 of financial aid to area property owners. A maximum of \$50,000 for Interior Building Renovation and \$10,000 for Façade Renovation will be made available per building. The building owner must apply and qualify for assistance, complete the renovation project, and then receive reimbursement up to 50% of the project cost. A 7-year lien will be placed on the property in the amount of grant funds provided to ensure that grant obligations continue to be met over that period.

## ***Eligible Projects***

Projects requesting funding under the KLMS II program must meet the following criteria:

### **Location**

The project must be within the defined “Kauneonga Lake Main Street” boundary is specified on the attached map (See Appendix A: KLMS II Project Boundary).

### **Usage**

The project must renovate one or more commercial units and/or one or more residential units to a condition suitable for occupancy. Preference will be given to projects which renovate a combination of commercial and residential units.

Residential units must be made available to families earning less than 80% of Adjusted Median Income (AMI) adjusted by family size.

### **Renovation**

The project must renovate an existing structure. Grant funds may not be used for demolition of existing structures or the construction of new structures on vacant sites. The exterior and primary interior load-bearing walls must remain intact.

## **Project Types**

The project must include Building Renovation, Façade Renovation, or a combination of these.

**Building Renovation** – must address one or more interior commercial or residential spaces and may include related renovation of the building exterior. Each commercial or residential space must be made suitable for occupation. Matching grant funds are available up to \$50,000 per building.

**Façade Renovation** – must address the street facing building façade. Buildings with both street and lake facing facades may include the lake facing façade as part of the single renovation project. Matching grant funds are available up to \$10,000 per building.

## **Project Design**

The project must be consistent with the **KLMS II Design Guidelines**. These guidelines detail acceptable building materials, methods of construction and definitions of building elements and components.

In addition, all signage must be wood and exterior-lit, no vinyl siding may be used, windows must be wood replacement (no vinyl replacements) and historical architectural details and components must be maintained and/or restored where practical. The building character must be consistent with the Main Street corridor and streetscape plan.

All projects must comply with local building codes and zoning as well as all NYS HTFC Design requirements. Web site: <http://www.dhcr.state.ny.us/Publications/DesignHandbook/dsuman08.htm>.

## **Funded Project Elements**

Grant funds will be provided as a reimbursement of 50% of expended project costs in the following categories:

**Architecture and Engineering** – the professional fees related to the planning and design of the approved renovations.

**Labor and Materials** – the direct costs of construction or installation of the approved renovations.

The project expenses must be paid in full by the owner or project sponsor and then will be reimbursed at 50% of eligible costs upon receiving proof of payment and passing an onsite inspection. No funds will be provided until construction is completed.

Expenditures must be supported by at least two responsible bids, an itemized list of expenses, and proof of payment (cash payments are not eligible). Reimbursement will be based on the lowest responsible bid, even if the applicant chooses to contract the work at a higher price.

# Procedures

## Overview

Applications may be submitted to the BLDC at any time during the life of the program. Applications will be reviewed and approved by the KLMS II Advisory Committee on a first-come, first-served basis. The review process will include an on-site inspection of the existing structure and review of the proposed renovations. The detailed application requirements and procedures are presented later in this document.

Approved projects will receive assistance in the development of a detailed statement of work. The applicant must then obtain at least two responsible bids based on the agreed statement of work. While the applicant may choose any of these bids, reimbursement will be based on the lowest responsible bid. Once a contractor is selected the applicant will sign a contract with the BLDC and the BLDC will issue a Proceed Order to the contractor allowing the actual work to begin.

At project completion a request for reimbursement may be submitted along with proof of payment. An on-site inspection will be conducted to confirm the completion of the phase. The reimbursement will be submitted for audit verification by the DHCR and payment will normally be made within approximately 2-4 weeks of final approval.

## Project Selection

### Selection Procedure

All proposed projects will be inspected in their original condition as part of the application review procedure. This inspection will be conducted by BLDC and the Sullivan County Division of Planning with participation by members of the Advisory Committee as available. This inspection will confirm the proposed renovation plan and identify specific elements to be required in the Scope of Work.

The BLDC has established, by way of resolution, an Advisory Committee for the KLMS II program. Applications must be deemed complete by the KLMS II staff prior to being submitted to the committee for review. Applications will be reviewed on a first come, first serve basis. The Committee will determine which applications are recommended for approval.

The following criteria will be used to rate qualified applications:

- Will create, expand or improve business capacity
- Will create, expand or improve residential capacity  
(Preference will be given to projects which provide both business and residential capacity)
- Will leverage capital investments beyond the required 50% match
- Will have a positive aesthetic impact on the Main Street area
- Will attract local activity during both day and evening hours
- Will attract local activity during both summer and winter seasons
- Will capitalize on the building's existing architectural assets
- Has demonstrated a high level of community support

The BLDC, based on the Committee's recommendation and funding availability, will approve and reserve funds for qualified projects in the order received. The KLMS II funds will be allocated to eligible projects in the form of grants secured with a mortgage on the individual properties for a term of seven years.

## ***Project Development***

### **Building Renovation Agreement**

The building owner will contact eligible contractors to schedule an appointment to inspect and review the building in order to properly complete the quote package. At least one member of the KLMS II staff will be present. The owner will collect the bids and submit the quotes to the BLDC. A minimum of two (2) cost estimates are required for each component within the scope of work. (A list of local contractors and Minority and Women Owned Businesses (MBE/WBE) will be provided to each owner.)

The KLMS II staff will review all cost estimates for completion of the work outlined in the specifications; compliance with the specifications, ability to financially carry the purchase of materials and provide labor, project start date, insurance requirements and price indexing.

The owner selects the contractor and will execute an agreement or contract between him/herself and the contractor. Should the property owner select other than the lowest responsible bidder, the KLMS II will only reimburse 50% of the lowest responsible bid.

Once the grant has been approved the KLMS II staff will prepare the project's funding contract. (See Appendix C - Building Renovation Funding Agreement.) This contract is between the Owner and the BLDC and will be executed at a pre-construction meeting.

### **Proceed Order**

Pre-Construction Meeting: The property owner and the contractor(s) will be required to attend a pre-construction meeting, scheduled and held by the KLMS II staff. The meeting will cover the execution of the Building Renovation Agreement, the scheduling of the rehabilitation work, the scope of work and the requirements of the contract. The responsibilities of the KLMS II, property owner and the contractor are outlined in the contract.

The Proceed Order is issued by the BLDC and authorizes the General Contractor to begin work. (See Appendix D – Proceed Order.) The form also indicates when work is to start and when it is to be completed. For jobs requiring lead hazard reduction a Proceed Order shall only be issued after all custom ordered materials for example, window, doors, replacement cabinetry, has been staged either at the contractor's place of business or at the job site. This allows the offsite relocation period to be minimized and the construction time period to be accelerated.

The General Contractor is responsible for obtaining all required permits prior to starting construction and required Building Department inspections during the rehabilitation.

## ***Ongoing Maintenance***

### **Responsible Parties Identified**

Maintenance of Building and Façade Renovations will be protected by a 7-year mortgage on the property. All mortgage recording fees are the responsibility of the project owner. Where residential units are created, the above 7-year mortgage will include protection in the event that the residential units are not continuously provided at affordable rates as defined in the project requirements.

The KLMS II staff will inspect each funded site at least once per year to confirm that maintenance and affordability requirements are met over the 7-yr mortgage period.

## Contractual Obligations Imposed

### ***Asset Protection***

All projects receiving funding under the KLMS II program will be subject to a 7-year mortgage as of the date of grant approval in the amount of the total grant funds provided, this amount to be reduced at each anniversary by 1/7 portion of the total. This mortgage will be callable by the Bethel Local Development Corporation upon the transfer of property ownership to any other party except by inheritance, unless the new property owner signs a renewal of the maintenance agreement covering the remainder of the 7-year maintenance term and affordable housing agreement where appropriate.

### ***Affordable Housing Obligation***

Projects including the renovation of residential units will be required to make those units available to families earning less than 80% Adjusted Median Income (AMI) for a period of at least seven (7) years. This income level as of 2006 is as follows (these figures will be updated annually):

Family Size <sup>1</sup>	1	2	3	4	5	6	7	8
80% AMI	\$29,300	\$33,500	\$37,650	\$41,850	\$45,200	\$48,550	\$51,900	\$55,250

The Asset Protection mortgage noted above will be callable upon determination by the Bethel Local Development Corporation that funded residential units are not reasonably available to families earning less than 80% AMI adjusted by family size.

For properties receiving a Façade Renovation Grant, the property owner must execute a Declaration in a form specified by HTFC which shall be filed with the Sullivan County Clerk's Office. The property owner must ensure the improvements are maintained for a minimum of seven (7) years. If the property is transferred during that period, the new owner must agree to assume the responsibility of maintaining the asset or all grant funds are subject to recapture by HTFC. The Declaration will also apply to residential units assisted with NYMS funds requiring the owner to market them to affordable, low-income households for a minimum seven (7) year period.

Other contractual requirements such as Fair Housing Procedure, Displacement/Relocation, Lead Based Paint and Conflicts of Interest will be addressed in the contract between the BLDC and the property owner.

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<sup>1</sup> Approximate equivalent monthly Fair Market Rental rates are:  
Studio - \$488, 1BR - \$541, 2BR - \$694, 3BR - \$831, 4BR - \$973

# **Application Form and Procedures**

## ***Application Form***

Applicants for financial assistance under the Kauneonga Lake Main Street Grant Program (KLMS II) must complete the form provided in Appendix D: KLMS II Application Form, and provide all required supporting documentation.

The application must be accompanied by a signed Letter of Agreement as included with the application form in Appendix B.

Applicants are encouraged to contact the BLDC in the early project planning stages to ensure that the proposed project is eligible for funding. The BLDC and the Division are eager to assist applicants in project planning and preparation of the required application materials.

## **Application Form**

### ***Applicant Information***

This information should identify the applicant, project site and building owner. If the applicant is other than the owner a Letter of Consent from Building Owner must be provided which grants the applicant permission to submit the application and perform the renovation on the owner's behalf.

### ***Type of Project***

All project elements proposed for a single site should be included in a single application. Check each box that applies and indicate the number of commercial and residential units proposed where applicable.

Provide a very brief overview on the application form and attach a fully detailed description. The project description should be as informative as possible and identify all physical elements of the proposed renovation. For example, if you are replacing windows, what style will they be replaced with; if you are painting, what will be the primary color and what will be the colors of the trim?

The Supporting Documentation must include photos of the building exterior and interior areas where renovations are proposed. It must also include renderings or engineering drawings of the renovation as proposed.

### ***Proposed Schedule and Cost of Project***

Complete this chart with the proposed start date for each project element, the estimated cost for each element, and the amount of grant funding requested for each element. The grant funding cannot exceed 50% of the total cost for each element.

### ***Environmental Requirements***

Each of these questions should be answered by checking the Yes or No boxes.

**Flood Hazard** - The properties fronting on Kauneonga Lake are in a Special Flood Hazard Zone. For these properties proof of flood insurance must be provided at the time a contract is signed.

**Lead-Based Paint** - If residential units are proposed and not restricted to Senior Citizens, certification must be provided at the time a contract is signed, that disturbance of lead based paint surfaces that exceed

“de minimus” levels will be conducted in accordance with “HUD Guidelines for the Evaluation and control of Lead based Paint Hazards in Housing”.

**Asbestos** – An inspection report must be provided, at the time of contract signing, which identifies the presence or absence of asbestos containing materials. If such materials are present, certification must be provided that they will be handled and disposed of in accordance with NYS Department of Labor requirements at 12 NYCRR Part 56 and all local regulations.

**Radon** – Kauneonga Lake is located in a Zone 1 area with potential for high radon levels. A radon inspection report must be provided at the time of contract signing. If elevated levels are found, certification must be provided that a radon mitigation system will be installed in accordance with EPA Radon Mitigation Standards.

### **Documentation Requirements**

Check each applicable box. The corresponding supporting documentation must be provided at the time of contract signing.

### **Supporting Documentation**

- **Letter of Consent from Building Owner:** This is required only when the applicant is other than the building owner.
- **Project Description:** This should describe in detail the proposed renovation activities.
- **Project Justification:** This should describe how the proposed project addresses the project selection criteria.
- **Photos of Existing Conditions:** Exterior photos of all sides of building and each interior space proposed for renovation.
- **Documentation of Funds Availability:** This can be bank statements, approved line of credit, etc.
- **Renderings and Drawings of Proposed Renovations:** This material should clearly depict the final result of all proposed renovation elements.

### **Pre-Application Review and Inspection**

The applicant should complete a draft version of the Application Form and contact the BLDC to schedule a pre-application review and inspection. No formal renovation plans or bid documents are required at this stage. The cost and grant funding amounts in the application may be rough estimates based on the applicant’s expectations.

The KLMS II staff will meet with the applicant to review the proposed project and inspect the site to assess the project’s scope and intent. The applicant will be advised of specific requirements to be met in the full application and given a preliminary assessment of the project’s suitability for funding.

The KLMS II staff will assist the applicant in identifying the required inspections, specific design requirements, and potential contractors.



**Appendix B: KLMS II Application Form & Letter of Agreement**

**KLMS II APPLICATION**  
**Bethel Local Development Corporation**  
**Kauneonga Lake Main Street Grant Program**

DATE: \_\_\_\_\_

**Applicant Information**

NAME: \_\_\_\_\_

PROPERTY OWNER?  Yes or  No, describe relationship \_\_\_\_\_

MAILING ADDRESS: \_\_\_\_\_

PHONE #: \_\_\_\_\_ FAX #: \_\_\_\_\_

eMAIL ADDRESS: \_\_\_\_\_

**Project Site Information**

SECTION-BLOCK-LOT: \_\_\_\_\_

BUSINESS NAME: \_\_\_\_\_

BUILDING OWNER: \_\_\_\_\_

Letter of Consent from Building Owner provided (if applicant is not owner)

STREET ADDRESS: \_\_\_\_\_

**Type of Project:** (check all that apply)

**Interior Renovation:** Number of commercial units \_\_\_\_\_, residential units \_\_\_\_\_

**Façade Renovation** (may include waterfront side if applicable)

Description of project (summarize here and attach full description): \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Proposed Schedule and Cost of Project:**

<b>Project Element</b>	<b>Planned Start Date</b>	<b>Estimated Total Cost</b>	<b>Requested Grant Funds</b>	<b>Maximum Grant Funds</b>
Interior Renovation				\$50,000
Façade Renovation				\$10,000
<b>TOTAL</b>				

**Environmental Requirements:** (see instructions)

- Is property in Special Flood Hazard Area:  Yes or  No
- Will residential units be limited to Senior Citizens:  Yes,  No or  No residential units proposed
- Will asbestos containing materials be disturbed:  Yes or  No
- Has radon testing been completed:  Yes or  No or  No residential units proposed
- Are elevated levels of radon present:  Yes or  No or  No residential units proposed

**Documentation Requirements:** (please check each box and attach these materials)

- Letter of Consent from Building Owner (if required)
- Project description (describe proposed renovations in detail)
- Project justification (relate project to program selection criteria)
- Photos of existing conditions
- Rendering/drawing of proposed project.
- Bid Documentation (if available) or other cost estimate details
- Environmental Documentation (may be provided after project approval)
  - Flood Insurance (if required)
  - Lead-Based Paint Certification (if required)
  - Asbestos Inspection Report
  - Asbestos Certification (if required)
  - Radon Inspection Report
  - Radon Certification (if required)
- Letter of Agreement (attached below, signed and witnessed)

**LETTER OF AGREEMENT**  
**Bethel Local Development Corporation**  
**Kauneonga Lake Main Street Grant Program**

I, \_\_\_\_\_, am submitting an application for funding under the Kauneonga Lake Main Street Program administered by the Bethel Local Development Corporation (BLDC) and by signing this Letter of Agreement understand and agree:

- that the BLDC will review my application and, if approved, may commit financial assistance toward the cost of my project, not exceeding 50% of the total project cost, the actual proportion of assistance to be at the discretion of the Bethel Local Development Corporation.
- that the BLDC may decline my application for any reasonable cause including but not limited to the following: inadequate project documentation, insufficient contribution to the goals of the program, anticipation of more attractive applications, or lack of sufficient uncommitted funds.
- that personal labor is not considered a legitimate improvement cost for the purposes of this program unless the applicant is a not-for-profit or municipal entity.
- that I am solely responsible for obtaining the proper permits or variances for my project and that the costs associated with the same are not eligible costs.**
- that I must complete the project, pay for the project in full, and provide proof of payment for reimbursement. Bethel Local Development Corporation reserves the right to withhold funding for projects which do not conform to the approved scope.
- that the Bethel Local Development Corporation must review and approve any changes or alterations proposed to my project, after the initial approval is given.
- that I will not alter or change my façade after the completion of my grant without written permission from Bethel Local Development Corporation.
- that the Bethel Local Development Corporation will not be responsible for unsatisfactory work completed or claims of property damage and personal injury.
- that I must complete my project within 120 days after my application is approved. Completion shall be determined at the sole discretion of the Bethel Local Development Corporation. Extensions will be considered based on delays beyond the control of the applicant.
- that my rehabilitation shall be based upon proper design, mutually agreeable to myself, any local design review boards (if applicable), and the Bethel Local Development Corporation. If I do not own the building, I have received written permission from the owner prior to making any improvements on the property.
- that a 7-year mortgage will be placed on the property as of the date of the reimbursement to the owner by the BLDC in the amount of the total grant funds provided, this amount to be reduced at each anniversary by 1/7 portion of the total.
- that the above mortgage will be callable upon determination by the Bethel Local Development Corporation that the funded improvements are not properly maintained, or that funded residential units are not available to families earning less than 80% AMI adjusted by family size

- that 30 days notice must be made to the BLDC in the event that any transfer of ownership is anticipated. The BLDC may require the new owner to resign the maintenance contract, or call the mortgage described above, payable in full or in part to the BLDC.
- that the Bethel Local Development Corporation reserves the right to approve or disapprove each application, and
- ALL IMPROVEMENTS WILL BE IN CONFORMANCE WITH THE EXISTING LOCAL AND STATE BUILDING CODES. Proof of compliance will be available on request.

Signature: \_\_\_\_\_ Witness: \_\_\_\_\_

Name: \_\_\_\_\_ Date: \_\_\_\_\_