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TO: DDSO Directors
Kathleen Broderick, Associate Commissioner, NYCRO
Deputy Directors for Community Services
Community Program Development Directors

FROM: Alden B. Kaplan
Deputy Commissioner
Administration and Revenue Support

DATE: June 30, 2000

SUBJECT: OMRDD Policy on Acquiring and Modifying Newly Constructed Homes

OMRDD will allow providers to purchase and modify a newly constructed subdivision house during its primary construction phase so long as the procedures in the attached policy document are observed. We have traditionally considered VOIRA development under the following conventions: the acquisition and renovation of an existing house; the construction of a purpose-built residence based on approved architectural plans; or the lease of an existing house. Access to housing in new subdivisions, however, represents both an opportunity and a challenge. To address this challenge, we adopted interim guidelines issued in a January 19, 1999 memorandum titled **New Development**, which are superseded by this policy.

If you have any questions about the policy or the procedures, please contact Ray Seymour or Earl Costello in the Capital Financial Planning and Analysis Bureau at (518) 486-3812.

attachment

cc: Mr. Maul
Mr. Johnson
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Mr. Moran
Mr. Brady
Mr. Coleman
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Mr. Orner
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Commissioner's Task Force on Development

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June, 2000

ACQUISITION OF NEWLY CONSTRUCTED/MODIFIED HOMES

Optional Development Practice for Subdivision Homes

This option is reserved for new homes in subdivisions. New construction projects that are not physically located in subdivisions will be treated as new construction or pure acquisition depending on how the project is presented in the PPA. It is expected that, as with other development options, Assistive Technologies modifications will be identified separately for immediate reimbursement.

Using the following process, the provider may enter into a contract with a developer to build a new house that includes modifications normally performed after acquisition.

1. The builder's house cannot be enlarged beyond the footprint of the standard subdivision model offered to typical home buyers.
2. The builder establishes his/her price for the "**modified**" house using the following steps:
 - a. A **standard house price** is provided by the builder using recognized instruments (brochures, Realtor listings, and/or price sheets).
 - b. The builder establishes a "**credit**" for components that will not be included in the house. This amount should be sufficiently detailed to allow for an independent evaluation (equipment, framing, fixtures, etc.).
 - c. The builder establishes a "**debit**" for the cost of building the specified modifications into the structure. The costs and items in this step should also be sufficiently detailed to allow a review for reasonableness and to **identify legitimate Assistive Technology costs**.
 - d. The standard price (a.) less the credit (b.) plus the debit (c.) equals the "**modified**" price.
3. The builder provides a separate "**composite**" price, which is derived by adding the cost of retrofit modifications to the price for a standard house.
4. It is expected that the **modified price** (2.d.) will be less than the **composite price** (3.). In order to evaluate steps 2. and 3., and confirm the anticipated savings, the DDSO/NYCRO may, if it deems it necessary, hire an independent consultant who specializes in construction price estimating to confirm the builder's stipulated costs.
5. The **standard house price** (2. a.) will be confirmed by OMRDD's Real Property Services with an independent appraisal using comparable houses offered by the developer. If there is no other comparable house in the subdivision yet, the appraiser will base the fair market value on plans and specifications. **Note: In all instances, Real Property Services must conduct a field review when the project is completed.**

6. Once the modified price has been accepted by OMRDD via an approved PPA, OMRDD will not increase its property reimbursement for principal beyond that price, i.e. any cost overruns incurred cannot be added to the reimbursement amount.
7. If the project exceeds the applicable thresholds as recorded in the **Capital Review Thresholds-Residential Acquisition of Land and/or Buildings**, it will be necessary for the provider to submit alternative acquisition and rehabilitation site proposals to demonstrate the paucity of appropriate housing in the specific geographic area.

This policy supersedes the direction in the *New Development* memorandum dated January 19, 1999.