



## USDA-RD: Housing Preservation Program Grant

### ICAST Proposal: Executive Summary

ICAST, through its 'ResourceSmart' program, seeks to provide environmental, social and economic benefits to all New Mexicans, while preserving affordable housing for the low income, elderly, and disabled residents of New Mexico. By implementing a comprehensive green rehabilitation of an affordable housing property, ICAST helps reduce energy and water consumption and save on utility bills. The rehab also makes the property safer, healthier, and more comfortable for the residents. The property value increases while it becomes more profitable through reduced operating costs, higher occupancy and lower turn-over. Overall, a green rehab makes the property more sustainable and preserves affordable housing for the vulnerable populations of New Mexico.

For this USDA Housing Preservation Grant, ICAST is requesting \$50,000 in funding to be leveraged with \$75,000 of private capital, for the preservation of one multifamily affordable housing property: Qu Max Apartments, located at 47 Miera Rd in Cuba NM. If awarded this grant, ICAST will utilize the entire grant amount for the sustainable rehabilitation of that property. This project aligns with the objectives of USDA's Housing Preservation Grant (HPG) Rental Property assistance program because it will make energy efficiency and water conservation upgrades crucial capital needs repairs to the property. The Qu Max Apartments is a 16 unit USDA-RD affordable housing property with 90% very low-income residents. The owner and property manager, Qu Max Limited, has committed to matching this grant 2.5 to 1 to complete the green rehab and other necessary upgrades needed to improve the quality of life for the tenants. ICAST is requesting a \$50,000 HPG to leverage the \$75,000 committed by Qu Max Limited to complete the work.

### Statement of Activities

#### Description of Work:

- 1. A discussion of the type of and conditions for financial assistance for housing preservation, including whether the request for assistance is for a homeowner assistance program, a rental property assistance program, or a cooperative assistance program.**

The proposal by ICAST is for a rental property assistance program. If awarded this grant, ICAST will provide financial assistance for the sustainable and green rehabilitation of a MFAH property belonging to USDA-RD's portfolio in New Mexico. The project aligns with the objectives of the HPG Rental Property assistance program, because the focus will be on green and energy efficiency (EE) upgrades plus important property repairs including accessibility improvements that will improve the living conditions of the very low income tenants. The property, QU Max Apartments located at 47 Miera

Rd, Cuba, NM, is a USDA RD property with 90% very low income resident occupancy rate. The owner and property managers, QU Max Limited have committed to matching the \$50,000 grant request with at least a \$75,000 cost share.

**2. The process for selecting recipients for HPG assistance, determining housing preservation needs of the dwelling, performing the necessary work, and monitoring/ inspecting work performed.**

As noted above, Qu Max Apartments, a USDA-RD property in Cuba, NM, has already been identified and selected for use of the HPG funds, because it is a qualified property and is in need of green EE upgrades and other rehab including accessibility improvements. ICAST will utilize its standard operating procedures (SOPs) to identify and perform the necessary green rehab work, as well as monitor and report on the work. The ICAST process to do so is summarized below:

**Step 1: Identify Scope of Work**

- Conduct comprehensive site visit to evaluate rehab needed
- Complete a Green Property Needs Assessment (GPNA)
- Coordinate with Qu Max Limited and USDA-RD to prioritize the scope of work (SoW)

**Step 2: Approval**

- ICAST to obtain approval for preliminary SoW from Qu Max Limited, based on their discussions with USDA
- Qu Max Limited to apply to MFA for PRLF funding
- ICAST to set-up a Project Tracking Sheet - This form will be used to track all meetings/project dates/inspections, etc.

**Step 3: Finalizing Scope of Work**

- ICAST to prepare project budget by obtaining fixed cost bids from local subcontractors
- ICAST to prepare final pricing and send contract to Qu Max Limited for signature
- Qu Max Limited to send final contract to USDA-RD for approval
- Once approved by all parties, ICAST will sign contracts with its subcontractors

**Step 4: Project Start-up**

- Set-up Project Schedule in ICAST's Project Management System
- Assign Admin. Project Manager (APM) and Field Project Manager (FPM).
- ICAST FPM to hold pre-construction meeting on site with selected subcontractors to explain SoW to each along with the schedule (including the interactions between the subs and the tenants)

**Step 5: Monitoring and Inspections**

- ICAST APM will coordinate with QU Max property manager for the distribution and collection of applications for the tenants to collect utility data, income qualification, etc.
- ICAST to work with Qu Max property manager to posting notices for start of work per the schedule.
- ICAST FPM performs regular site visits to monitor progress of work by subs and inspect their work.
- Issues and defects are fixed while subs are still on site.

- City/County/USDA/MFA inspectors are invited to inspect work as needed.
- Customer inspection occurs after ICAST has approved the work. Any issues found by customer are fixed by subs still on site. Final completion certificate is signed by customer (Qu Max Limited).

**Step 6: Invoicing**

- ICAST Admin PM collects invoices from subcontractors after inspection and reviews for pricing against bid, and updates Client Tracking system for billing. If everything tracks, APM signs off on sub-contractor invoices and submits to ICAST accounting department.
- ICAST sends invoices to customer and tracks when payment is made by customer and payment is made by ICAST to sub-contractors

**3. Process for identifying potential environmental impacts.**

The identified property Qu Max Apartments in Cuba, NM is not located on a wetland or floodplain and after review of section 7 CFR 1944.672 and its stipulations, ICAST commits to comply with them. The identified property Qu Max Apartments in Cuba, NM is also not a historic site. Based on the preliminary SoW created by ICAST, shared below, ICAST does not foresee the need for an environmental review. ICAST will comply with all regulatory requirements as needed. The preliminary Scope of Work to be accomplished at Qu Max Apartments has been developed by ICAST and provided below:

Area to Improve	Description	Qty Desc	Qty
LED Lights	Replace existing 150 HPS wallpacks with 45 watt LED wallpacks	EA	4
LED Lights	Replace incandescent bulbs in each apartment with LED A19 8.5 watt bulbs	EA	216
Shower Head	Replace existing shower heads with water saving models	EA	16
Aerator	Replace existing aerators in kitchen with water saving models	EA	16
Aerator	Replace existing aerators in baths with water saving models	EA	16
HVAC	Replace existing 75,000 BTU furnace with a 95% energy efficient furnace	EA	15
Insulation	Insulate DHW piping with R-3 minimum pipe insulation where accessible	EA	16
Insulation	Insulate DHW tanks with R-11 blanket	EA	16
Air Sealing/Weather Stripping	Blower door guided air sealing of each apartment	EA	16
Duct Sealing	Duct sealing of each apartment	EA	16

Windows	Remove existing windows and replace with a white vinyl Low E energy efficient window with a U-value of .33	EA	80
HVAC	Install a 5/2 day programmable thermostat in each unit	EA	16
Health & Safety	Install a smoke detectors in each unit	EA	16
Health & Safety	Install ASHRAE fans in each bathroom	EA	16
Capital Needs	Replace Outside Stairwells	EA	4
Capital Needs	Repair Damaged Roof	EA	4

**4. The development standard(s) the applicant will use for the housing preservation work; and, if not the Rural Development standards for existing dwellings, the evidence of its acceptance by the jurisdiction where the grant will be implemented.**

ICAST will meet USDA-RD’s standards for rehab of an existing dwelling. ICAST will also need to meet MFA’s standards since Qu Max Limited plans to obtain PRLF funds from MFA. ICAST has frequently met these requirements in the past.

Staffing and Timeline:

**5. The time schedule for completing the program.**

The project will not exceed 12 months (one year) in duration from the date of ICAST signing the HPG contract with USDA-RD.

**6. The staffing required to complete the program.**

The staffing required to complete this project includes ICAST’s Green Rehab team and Qu Max Limited management and staff. ICAST has successfully completed numerous similar green rehab projects on USDA-RD properties as well as other affordable housing MF properties across NM, CO and TX. The Qu Max Limited team has completed rehabs of the properties they own or manage over the years they have been in operation in New Mexico.

The ICAST team will comprise of Matt Naughton as the liaison between ICAST and Qu Max Limited. Matt is also responsible for the initial site visit and developing the preliminary scope of work and working with Qu Max Limited and USDA to obtain approval for the SoW. The technical design team at ICAST comprises of Ravi Malhotra, Ian Basinger, Nick Cindrich and Rob Foley who will develop the energy modeling needed for the project and help finalize the SoW. The construction team at ICAST is comprised of John Elliott, Cindy Wagner, Suzi Bromfield and Rudy Lorenzo who will oversee the construction or green rehab work. Accounting and invoicing is handled by Marcia Cohen. Ryan Kristoff handles all dealings with government regulatory agencies including the historic preservation division. Linda Harmon manages all marketing requirements.

Market Served:

**7. The estimated number of very low and low-income minority and nonminority persons the grantee will assist with HPG funds; and, if a rental property or cooperative assistance program, the number of units and the term of restrictive covenants on their use for very low- and low-income.**

The rental property has 16 units. Qu Max Limited tells us that 90% of them are restricted for very low and low-income minority and nonminority persons for a 40 year term.

**8. The geographical area(s) to be served by the HPG program.**

The property, Qu Max Apartments is located at 47 Miera Rd., Cuba NM.

Budget and Costs

**9. The annual estimated budget for the program period based on the financial needs to accomplish the objectives outlined in the proposal.**

There are two primary sources of funding for this project:

- Qu Max Limited - \$75,000 funding from reserves.
- This HPG request for \$50,000 in grant funding.

The project budget including the HPG budget is estimated below and ICAST expects to make quarterly requests for the HPG funds. Please see Appendix C, pgs. 57-58, for more Budget and Timeline materials.

Budget Category Activity	HPG Request	Total Match	Total Project Costs
<b>Personnel</b>			
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Fringe Benefits</b>			
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Project Travel</b>			
Local mileage from ABQ to Deming at 500 miles/trip and 2 trips/month	\$3,240	\$0	\$3,240
<b>Subtotal</b>	<b>\$3,240</b>	<b>\$0</b>	<b>\$3,240</b>
<b>Equipment (over \$5k)</b>			
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Supplies</b>			
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Contractual</b>			
Architect, Appraiser, PCNA Provider	\$15,000	\$0	\$15,000
<b>Subtotal</b>	<b>\$15,000</b>	<b>\$0</b>	<b>\$15,000</b>
<b>Construction</b>			
Labor and Materials	\$26,760	\$75,000	\$101,760
<b>Subtotal</b>	<b>\$26,760</b>	<b>\$75,000</b>	<b>\$101,760</b>
<b>Total Direct Costs</b>	<b>\$45,000</b>	<b>\$75,000</b>	<b>\$120,000</b>

<b>Indirect</b>			
at 10%	\$5,000	\$0	<b>\$5,000</b>
<b>Subtotal</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$5,000</b>
<b>Total Direct and Indirect</b>	<b>\$50,000</b>	<b>\$75,000</b>	<b>\$120,000</b>

**10. A copy of an indirect cost proposal when the applicant has another source of Federal funding in addition to the Rural Development HPG program.**

ICAST is requesting the minimum 10% indirect cost rate for this grant proposal.

**11. A brief description of the accounting system to be used.**

ICAST follows Generally Accepted Accounting Principles (GAAP) for its accounting system. ICAST receives financial audits annually from a 3<sup>rd</sup> party CPA firm, and has passed every audit in its 14 year history. ICAST has cleared all of its financial audits on the numerous Federal grants it has received. ICAST maintains strong internal controls with separation of duties, and all accounting processes are documented with Standard Operating Procedures (SOPs). ICAST has received government funding since 2002 and has developed record keeping processes that meet all required reporting and audit reviews. ICAST conducts monthly financial meetings with management to review current status. These meetings are documented, and any decisions are included in the documentation for follow-up.

For its financial data collection and electronic reporting, ICAST employs a Finance Director and admin assistant who are responsible for day-to-day financial record keeping. ICAST uses QuickBooks and enters receipts, expenditures, and pay bills on a daily basis on a program/project basis. Overhead is allocated systematically based on hours worked on individual projects, administration and fundraising. ICAST management reviews key financial metrics such as cash flow, budget versus realized, etc. on a monthly basis. ICAST produces monthly, quarterly, and annual financial statements from QuickBooks. The financial statements are presented to the Board of Directors at each board meeting. The checkbooks and corporate credit card statements are reconciled to QuickBooks monthly. In addition to the QuickBooks statements, the Finance Director tracks project metrics in an Excel™ spreadsheet that is reviewed by the project managers on a monthly basis. This tracking system includes weekly receipts, expenditures, reserves, debt, as well as annual to date revenues, expenditures, and net income per project to ensure projects are on budget.

Evaluation and Feasibility:

**12. The method of evaluation to be used by the applicant to determine the effectiveness of its program.**

ICAST will provide quarterly reports to USDA-RD in accordance with 7 CFR 1944.683. The reports will be sent by email to USDA RD representatives and ICAST will be available to discuss or clarify the contents of the reports based on USDA needs. These reports will include but are not limited to:

- (1) Use of HPG funds for administration and housing preservation activities.
- (2) The following specific information for each unit assisted:
  - i. Name and address of the owner(s) for the rental property (multiunit) assisted;
  - ii. Total cost of repair/rehabilitation, a list of major repairs made, amount financed by HPG, and amount financed from other sources;
  - iii. Type of assistance provided; and
  - iv. Results of implementing the environmental process contained in §1944.672 of this subpart and the historic preservation process contained in §1944.673 of this subpart.
- (3) A comparison of actual accomplishments to the objectives set for the project, including:
  - i. The number of very low- and low income, minority and nonminority persons assisted in obtaining adequate housing by the HPG program through repair and; and
  - ii. The average cost of assistance provided to each household.
- (4) Reasons why, if established objectives are not met.
- (5) Problems, delays, or adverse conditions which will materially affect attainment of the HPG grant objectives, prevent the meeting of time schedules or objectives, or preclude the attainment of program work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated and any Federal or other assistance needed to relieve the situation.
- (6) Objectives established for the next reporting period, sufficiently detailed to identify the type of assistance to be provided, the number and type of households to be assisted, etc.
- (7) A certification that the final building inspection reports for each rehabilitation or repair work financed as well as for replacement housing with HPG funds for that quarter is on file.

**13. The source and estimated amount of other financial resources to be obtained and used by the applicant for both HPG activities and housing development and/or supporting activities.**

QU Max Limited in attached letter of commitment (Appendix D).

**14. The use of program income, if any, and the tracking system used for monitoring same.**

This project will have no project income.

**15. The applicant's plan for disposition of any security instruments held by them as a result of its HPG activities in the event of its loss of legal status.**

N/A



**16. Any other information necessary to explain the proposed HPG program.**

No other information is necessary.

**17. The outreach efforts outlined in 7 CFR 1944.671.**

Since ICAST has already identified a property and secured a committed match for the project, it will not be making any additional outreach efforts if awarded this grant.

**Public Comment**

ICAST is accepting public comments for its proposal for this Housing Preservation Program. To submit a comment please reach out to:

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