



New York City Comptroller
John C. Liu

NEWS RELEASE

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COMPTROLLER LIU REJECTS \$91 MILLION HOMELESS SHELTER CONTRACT

Lack of Documentation Amid Questions of Fraud in Shelter Placement Process

NEW YORK, N.Y. – New York City Comptroller John C. Liu today rejected a 21-year, \$91 million contract for a homeless shelter in the Bronx amid questions concerning the legitimacy of the required approval process represented to the U.S. Department of Housing and Urban Development (“HUD”) in seeking approval for the project. Comptroller Liu’s office was unable to verify whether the City properly followed federal regulations in the disposition of the former Muller Army Reserve Center (“the Center”), located at 555 Nereid Avenue, in the Wakefield section of the Bronx. The City wants to use the site as 200-bed shelter for homeless men.

“Time and again since Mayor Bloomberg took office, serious questions have arisen about whether the administration has broken the rules protecting the rights of neighborhood residents and homeless people,” said **Comptroller Liu**. “City Hall’s failed record on homeless policy cannot and should not become the excuse for skirting rules in this Wakefield siting or for the many emergency shelter contracts proliferating in certain neighborhoods.”

“This administration has worked to force this contract to completion and has used fraudulent means to reach that goal, blatantly ignoring the input of the community and its representatives,” said **Bronx Borough President Ruben Diaz Jr.** “I thank Comptroller Liu for rejecting this contract and for his thorough examination of the evidence, which proves that this administration failed to follow the correct process regarding the closure of the Muller Army Reserve Center. My office has said all along that this site was inappropriate for use as a homeless shelter, and I hope that we can now move forward on a better, military use for this site.”

Before repurposing a military facility for a non-military function, the federal government requires that a local redevelopment authority (“LRA”) recommend the best possible use for the site. In 2008, a three-member LRA, consisting of the Deputy Mayor for Economic Development, the Deputy Mayor for Health and Human Services, and the Bronx Borough President, was formed to consider uses for the Center, but it is unclear how the group came to an ultimate recommendation. Documentation evidencing the LRA’s approval was not submitted with the

proposed contract, and Borough President Diaz has asserted that no vote was ever held to determine the LRA's final proposal, which would be a violation of the LRA process.

Background

- January 28, 2013 testimony by Comptroller Liu submitted to the New York City Council in support of Int. No. 193, which would require that agencies notify the City Council of emergency procurements: <http://comptroller.nyc.gov/press/pdfs/12813-Liu-Int-193-Testimony.pdf>
- August 21, 2012 letter from Deputy Comptroller for Contracts and Procurement Geneith Turnbull to Department of Homeless Services Commissioner Seth Diamond, raising concerns about the proliferation of emergency contract requests made by the agency: <http://comptroller.nyc.gov/press/pdfs/82112-Turnbull-DHS-Letter.pdf>
- July 13, 2011 letter from Borough President Diaz to Linda R. Charest of the Department of Housing and Urban Development and Patrick O'Brien of the Office of Economic Adjustment: <http://bronxboropres.nyc.gov/pdf/2011-07-13-muller.pdf>
- March 25, 2010 audit published by Comptroller Liu finding that DHS paid out millions of dollars to non-contracted service providers based on an "honor system" of unwritten agreements, invented rates, and duplicate client lists: http://comptroller.nyc.gov/press/2010_releases/pr10-03-035.shtm

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