

# AUDIT REPORT



CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
BUREAU OF MANAGEMENT AUDIT  
**WILLIAM C. THOMPSON, JR., COMPTROLLER**

## **Audit Report on the New York City Housing Authority's Process for Determining Tenant Eligibility**

*MG03-080A*

**June 30, 2003**



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
1 CENTRE STREET  
NEW YORK, N.Y. 10007-2341

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WILLIAM C. THOMPSON, JR.  
COMPTROLLER

**To the Citizens of the City of New York**

Ladies and Gentlemen:

In accordance with the Comptroller's responsibilities contained in Chapter 5, § 93, of the New York City Charter, my office reviewed the fairness and efficiency of the New York City Housing Authority's (NYCHA's) process for determining tenant eligibility.

The results of our audit, which are presented in this report, have been discussed with NYCHA officials, and their comments have been considered in the preparation of this report.

Audits such as this provide a means of ensuring that City resources are used effectively, efficiently, and in the best interests of the public.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please e-mail my audit bureau at [audit@comptroller.nyc.gov](mailto:audit@comptroller.nyc.gov) or telephone my office at 212-669-3747.

Very truly yours,

A handwritten signature in cursive script that reads 'William C. Thompson, Jr.'.

William C. Thompson, Jr.

**Report: MG03-080A**  
**Filed: June 30, 2003**

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*The City of New York  
Office of the Comptroller  
Bureau of Management Audit*

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**AUDIT REPORT IN BRIEF**

This audit of the New York City Housing Authority (NYCHA) reviewed the fairness and efficiency of its process for determining tenant eligibility. NYCHA's goal is to provide decent and affordable housing for low- and moderate-income City residents. NYCHA currently maintains 345 public housing developments throughout the five boroughs, with more than 181,000 apartments housing about 425,000 people. In Fiscal Year 2002, NYCHA received about 68,000 applications for public housing. It also certified about 12,000 applicants to its rental waiting lists and selected from these lists about 9,000 applicants who accepted apartments and moved in.

**Audit Findings and Conclusions**

Considering NYCHA received over 68,000 public housing applications in Fiscal Year 2002, and considering the complexity of determining the eligibility of many of the applicants, NYCHA adequately handled its responsibility to provide a reasonably fair and efficient process for determining tenant eligibility. However, our audit identified areas of concern relating to the clarity of its public housing application form, the placement of applicants in incorrect housing priority categories, the manual (non-computerized) scheduling of certain types of eligibility interviews, the untimely scheduling of eligibility interviews for some emergency need-based applicants, and the lack of clear written guidance on handling health emergency claims.

**Audit Recommendations**

To address these issues, we make nine recommendations, including recommendations that NYCHA:

- Revise its public housing application form and the attached instructions to clarify questions relating to income, rent, and the number of rooms in the applicant's current apartment.
- Place greater emphasis on its public housing application screening process to ensure that applicants are placed in the correct priority category.

- Document its quality control efforts for the screening process to improve the guidance provided to its housing assistants on assigning applicants to priority categories.
- Schedule its eligibility interviews for emergency need-based, outreach, and Working Family Priority Consolidation applicants automatically rather than manually.
- Seek expert guidance on the development of written standards for the handling of health emergency claims.
- Ensure that supervisors review each application file prior to an applicant being certified to a rental waiting list.

#### **New York City Housing Authority Response**

On June 3, 2003, a draft report was sent to NYCHA officials with a request for comments. We received a response from NYCHA officials on June 17, 2003. In its response, NYCHA stated that although it disagreed with some of the report's findings and conclusions, it believed "that the underlying recommendations provided us with an opportunity to take action to further augment the tenant eligibility process."

## **INTRODUCTION**

### **Background**

The goal of the New York City Housing Authority (NYCHA) is to provide decent and affordable housing for low- and moderate-income City residents. NYCHA currently maintains 345 public housing developments throughout the five boroughs, with more than 181,000 apartments housing about 425,000 people.

In Fiscal Year 2002, NYCHA received about 68,000 applications for public housing. It also certified about 12,000 applicants to its rental waiting lists and selected from these lists about 9,000 applicants who accepted apartments and moved in.

The tenant selection process has the following six basic steps:

1. A family or an individual files an Application for Project Apartment to formally request a NYCHA apartment. Applicants must provide information on their family composition, current housing situation, and income, and must indicate the borough in which they would prefer to obtain housing.
2. NYCHA screens applications to determine the priority codes to which the applicants are initially entitled. The results of this screening are entered into the Housing Authority Tenant Selection (HATS) system. An acknowledgement letter is sent to applicants indicating the priority categories to which they were assigned.
3. Based on the priority codes the applicants receive during the screening stage and the anticipated availability of apartments, applicants are scheduled for eligibility interviews to be held in borough offices of the Department of Housing Applications (DHA). Some interviews are scheduled manually, while others are scheduled automatically by HATS. High priority interviews, such as homeless persons referred by City agencies, victims of domestic violence, and intimidated witnesses, are scheduled manually, as are interviews with applicants who respond to outreach efforts for apartments in hard-to-fill developments and interviews with working family applicants who agree to consider apartments in lower-income developments. All others are scheduled automatically by HATS.
4. NYCHA determines eligibility by interviewing applicants, by reviewing documentation provided by the applicants, and by conducting criminal background checks, home visits, and landlord contacts. If applicants are determined during the eligibility stage to be eligible, they are certified to a rental waiting list in NYCHA's Tenant Selection and Assignment Plan (TSAP) system. Emergency need-based applicants (homeless persons, victims of domestic violence, and intimidated witnesses) are assigned to a waiting list for their borough of preference. Working families and non-emergency need-based applicants are assigned to a waiting list for a housing development they select from a list of developments in their borough of preference that have anticipated vacancies at the time of the eligibility interview.

5. When an apartment becomes available, TSAP automatically selects the next applicant on that development's waiting list (which includes those on the borough waiting list) based on the applicant's priority rating, application certification date, and apartment size needs.
6. If the applicant accepts the apartment, the move-in process begins. If the applicant rejects two apartment offers, NYCHA considers the application to be "dead," unless the applicant demonstrates that a temporary emergency prevents a move at the time of the second offer.

There are two general sets of priorities for new applicants—one for need-based applicants and one for working families. (See Appendix I for a list of these priorities.) Eligible need-based applicants are placed in six priority categories, including NB0, the highest category, reserved for homeless persons referred by City agencies; NB1, for victims of domestic violence; NB2, for intimidated witnesses; NB3, for those claiming a health emergency, those given a final order of eviction, and those homeless persons who are not referred by City agencies; and NB4 and NB5, the lowest categories, reserved for those who live in substandard housing conditions or extremely overcrowded apartments, or who pay more than 50 percent of their income in rent.

Working families include employed applicants, as well as those receiving unemployment compensation, pensions, disability income, or Social Security or Supplemental Security Income for the aged or disabled. Eligible working families can have incomes up to 80 percent of the median income in the New York City area. This income varies according to family size. For example, a family of four can qualify for a NYCHA apartment if their income is less than \$50,250, while a family of two's income cannot exceed \$40,200. Eligible working family applicants are placed in priority categories ranging from WF1, the highest category, reserved for those earning 51 to 80 percent of the median income, to WF3, the lowest category, reserved for those earning up to 30 percent of median income.

Applicants may qualify for both a need-based priority and a working family priority. In an effort to diversify the residential population of its housing developments, NYCHA alternatively selects need-based and working family applicants from a development's waiting list as apartments become available.

### **Objective**

The objective of this audit was to determine whether NYCHA's process for determining tenant eligibility is fair and efficient.

### **Scope and Methodology**

The scope of this audit was July 1, 2001, to June 30, 2002 (Fiscal Year 2002). This audit reviews the eligibility determination phase of the process (i.e., from an applicant's filing of a public housing application to the applicant's certification to a rental waiting list). As noted above, the TSAP system automatically selects applicants for available apartments from rental waiting lists.

To gain an understanding of the process for determining tenant eligibility, we interviewed many NYCHA officials and visited each DHA borough office and several NYCHA housing developments. We also reviewed procedure manuals relating to the process for determining tenant eligibility, as well as reports and other relevant documentation.

To determine the efficiency and fairness of the process for determining tenant eligibility, we reviewed the clarity of the application form, the manner in which interviews are scheduled, the procedure manuals' guidance to screening and eligibility staff, and the quality control efforts. We randomly selected 150 of the 68,082 applicants who applied for public housing during Fiscal Year 2002. We reviewed application files for these applicants in terms of whether NYCHA assigned them the correct priority categories during the screening and eligibility stages of the tenant selection process. We were primarily guided by the instructions for assigning priority categories presented in NYCHA's *Department of Housing Applications Manual*. Assigning the correct priority categories is essential to ensuring an efficient and fair process for scheduling eligibility interviews and for certifying applicants to rental waiting lists. We also reviewed the timeliness of the scheduling of eligibility interviews for emergency need-based applicants.

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included tests of the records and other auditing procedures considered necessary. The audit was performed in accordance with the City Comptroller's audit responsibilities as set forth in Chapter 5, § 93, of the New York City Charter.

### **Discussion of Audit Results**

The matters covered in this report were discussed with NYCHA officials during and at the conclusion of this audit. A preliminary draft report was sent to NYCHA officials on May 8, 2003, and was discussed at an exit conference on May 28, 2003. On June 3, 2003, a draft report was sent to NYCHA officials with a request for comments. We received a response from NYCHA officials on June 17, 2003. In its response, NYCHA stated that although it disagreed with some of the report's findings and conclusions, it believed "that the underlying recommendations provided us with an opportunity to take action to further augment the tenant eligibility process." NYCHA's specific comments are addressed in the body of the report. The full text of NYCHA's response is included as an addendum to this report.



## **FINDINGS AND RECOMMENDATIONS**

Considering the New York City Housing Authority received over 68,000 public housing applications in Fiscal Year 2002, and considering the complexity of determining the eligibility of many of the applicants, NYCHA adequately handled its responsibility to provide a reasonably fair and efficient process for determining tenant eligibility. However, our audit identified the following areas of concern:

- The public housing application form does not clearly request key information from applicants.
- Screening stage reviews place some applicants in the wrong priority category.
- The practice of scheduling many eligibility interviews manually could allow opportunities for favoritism in scheduling interviews.
- NYCHA does not consistently schedule emergency need-based applicants for eligibility interviews in a sufficiently timely manner.
- NYCHA's written guidance to its staff on handling health emergency claims is inadequate.
- Eligibility stage reviews occasionally place applicants in the wrong priority category.

For ease of reference, we present the findings in the order of the tenant selection process rather than in the order of significance.

### **The Public Housing Application Does Not Clearly Request Key Information**

The Application for Project Apartment, while generally adequate, does not clearly request information from applicants regarding their earned income, their rent, or the number of rooms in their current apartment.

The application form asks applicants to state their rate of pay by the week, month, or year. However, many applicants ignore these instructions and provide their hourly rate of pay. This creates confusion in screening the application since NYCHA does not know how many hours a week the applicant works. NYCHA generally assumes that the applicant works 40 hours per week, and it calculates the annual income accordingly. However, if the applicant actually only works part-time, then NYCHA overestimates the income and may place the applicant in a higher working family category than is justified. To address this problem, NYCHA could add a question in the Income from Employment section that asks the applicant to state the average number of hours per week the applicant works.

The application form also asks applicants to state the rent that they are currently paying. However, it requests this information in two different ways, and this sometimes leads the

applicant to provide two different amounts. The Present Housing Conditions section of the application form asks the applicant to state the number of persons in the apartment and the “monthly rent you pay.” In the next section, the form asks the applicants to list their addresses for the last three years and the “amount rent paid per month” at each address. This information is important because applicants can obtain a need-based priority based on rent consuming 50 percent or more of their income. In addition, when applicants share rental expenses with others in the apartment, neither of the two ways the form requests rent information clearly asks the applicants to identify their portion of the rent. To address these problems, NYCHA could eliminate the “monthly rent you pay” question and ask applicants to state what rent they pay if they share rental expenses.

In addition, the application form asks applicants to state the number of persons, bedrooms, and “total rooms in apartment.” This question is important because an applicant can obtain a need-based priority for living in an extremely overcrowded apartment. NYCHA determines whether an applicant is living in an overcrowded apartment by considering the number of persons in an apartment in relation to the number of bedrooms and living rooms. However, instructions attached to the application form provide no guidance as to what rooms should be counted to answer the “total rooms in apartment” question. To address this problem, the instructions for this question could specifically exclude kitchens, dining rooms, and bathrooms.

### **Recommendation**

1. NYCHA should revise its public housing application form and the attached instructions to clarify questions relating to income, rent, and the number of rooms in the applicant’s current apartment.

*NYCHA Response:* “NYCHA’s application does contain questions regarding income, rent paid and number of rooms in the applicant’s current apartment, however, as it is common with many forms, respondents may ignore the instructions on how to respond. Prior to the subject audit, NYCHA was in the process of reviewing the entire application form. Once our review is completed, we plan to procure the services of an outside vendor to redesign and print the revised application. This revised form and instructions should be ready for use by the first quarter of 2004.”

*Auditors’ Comments:* We commend NYCHA for its plans to review and revise its public housing application form and related instructions. Such a revision should include changes to the application form’s questions and instructions pertaining to income, rent, and the number of rooms in the applicant’s current apartment.

### **Screening Stage Reviews Place Some Applicants in the Wrong Priority Category**

NYCHA’s process for screening applications places some applicants in the wrong priority category. About 28 percent of the applicants in our sample who had not reached the

eligibility interview stage were assigned to an incorrect working family and/or need-based priority category.<sup>1</sup> As a result, some applicants either were incorrectly assigned a higher priority code and would be unfairly scheduled for eligibility interviews before others, or were incorrectly assigned a lower priority code and would be unfairly scheduled for eligibility interviews after others, or would not be scheduled for eligibility interviews at all.

NYCHA could only find files pertaining to 146 of the 150 applicants in our sample.<sup>2</sup> Most of the files were located in the DHA borough offices. Others were located in DHA headquarters or in housing developments. We received most of these files between October 2002 and January 2003. As of the dates we received files for the 146 applicants, 120 had only gone through initial screening steps and had not been interviewed. Of these 120 applicants, we believe that 33 (28%) were placed in the wrong working family and/or need-based priority category during the screening process as follows:

- three applicants were placed in an incorrect working family category,
- 21 applicants were placed in an incorrect need-based category, and
- nine were placed in incorrect working family and need-based categories.

Of the 33 applicants assigned to the wrong priority categories, NYCHA incorrectly placed:

- eight in higher categories,
- 18 in lower categories, and
- seven in both higher and lower categories (e.g., a higher working family category and a lower need-based category than were justified).

Of the 12 applicants we believe NYCHA placed in the wrong working family priority category (nine of whom were also placed in the wrong need-based priority category), we concluded that:

- one should not have been placed in a working family category;
- eight should have been placed in the lowest working family category (WF3);
- two should have been placed in the intermediate working family category (WF2); and
- one should have been placed in the highest working family category (WF1).

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<sup>1</sup>The 28 percent of applicants include (1) those who, we believe, NYCHA should have assigned to a different eligibility category than they were; (2) those who NYCHA should have assigned to an eligibility category when they were not assigned to one; and (3) those who NYCHA should not have assigned to an eligibility category when they were assigned to one.

<sup>2</sup> NYCHA had entered into HATS certain data that were provided on these four missing applications. Therefore, the applicants could still be scheduled for eligibility interviews even though their applications were missing.

For six of these 12 applicants, NYCHA miscalculated applicant income, which led to the applicants being placed in the wrong working family category. The other six applicants were placed in the wrong working family category due to HATS data problems or to an inappropriate acceptance or rejection of certain types of income as qualifying income.

Of the 30 applicants we believe NYCHA placed in the wrong need-based priority category (nine of whom were also placed in the wrong working family priority category), we concluded that:

- seven should not have been placed in a need-based category;
- nine should have been placed in the lowest need-based category (NB5);
- 12 should have been placed in the next-to-the-lowest need-based category (NB4); and
- two should have been placed in an intermediate need-based category (NB3).

We believe that 11 of these 30 applicants should have been assigned a need-based priority based on their having a rent hardship, and seven should have been assigned a need-based priority based on their living in a substandard or extremely overcrowded apartment, while NYCHA did not grant any of these 18 applicants a need-based priority. We also believe that NYCHA incorrectly assigned need-based priorities (NB4 and NB5) to six of these 30 applicants, even though these six applicants did not have rent hardships or live in substandard or overcrowded apartments. In addition, we believe NYCHA assigned the remaining six applicants to the wrong need-based categories by placing two homeless applicants in the wrong need-based categories and by designating four applicants as homeless when they were not.

For the applicants that we concluded should have been assigned a need-based priority based on their having a rent hardship, NYCHA argues that eight of these 11 applicants should not have been granted such a priority because they checked a box on the application form indicating that they were “doubled-up in someone else’s apartment” and would therefore be unable to provide documentary evidence of the amount of rent they paid to a landlord. NYCHA denies a rent hardship priority to anyone checking this box even if they indicate that they are paying rent in the “monthly rent you pay” section of the application. There is no instruction in the *Department of Housing Applications Manual* that the rent hardship priority be denied to those who check the “doubled-up” box. However, NYCHA officials have confirmed that this is how the housing assistants are expected to handle such cases.

To deny “doubled-up” applicants a chance to qualify for a rent hardship priority is unfair in that some of these applicants might be paying their share of the rent directly to a landlord, rather than to the people with whom they are sharing an apartment. In other instances, the people with whom the applicants are sharing a residence might own the residence and would therefore be the landlord to whom the applicants would be paying rent. In addition, we found examples of evident applicant confusion about the “doubled-up” question. For example, one of the applicants who was denied a rent hardship priority by NYCHA was a woman applying for

public housing for herself and her two children; the woman checked the “doubled-up” box even though the three of them were the only occupants of their one bedroom apartment.

NYCHA also argues that it would be a waste of time to schedule eligibility interviews with these applicants since most of them would not be able to provide clear documentary evidence of a rent hardship. However, NYCHA could delay giving the rent hardship priority (as it does with certain other priorities) until an applicant can show documentary evidence of having paid a certain amount of rent over a period of time to a landlord.

For applicants scheduled for eligibility interviews, NYCHA has a second chance to correct an error made during the screening process. However, at the very least, scheduling and conducting eligibility interviews of applicants who were incorrectly given a higher priority code is an inefficient use of NYCHA resources. When interviewers identify such mistakes, the applications are returned to the files and the applicants must be scheduled for a second interview if they are again selected from an interview waiting list. More importantly, delaying, or not scheduling, eligibility interviews for those who were inappropriately given a lower priority code creates unfairness in the tenant selection process.

There are several possible reasons for applicants being placed in the wrong priority categories. One is that while NYCHA received 68,000 applications in Fiscal Year 2002, it only had seven housing assistants available to review these applications. In a few instances, the housing assistants wrote the correct priority codes in a “for office use” section of the application, but the codes in HATS were incorrect. Another reason might be the application form weaknesses identified in the previous section that often lead the applicant to provide confusing information for the housing assistants to review. In addition, NYCHA’s quality control efforts concerning the screening stage assignment of applicants to priority categories are very limited. NYCHA officials told us that a small sample of applications is reviewed after the initial screening and data entry are completed. However, NYCHA had no documentation showing the results of these reviews. An enhanced quality control effort that would document common errors found through the sample reviews would help housing assistants assign applicants more consistently to the correct priority categories.

In a related matter, some applicants who NYCHA assigned to the correct priority had presented information that suggested they might qualify for a higher need-based category. Even during the screening stage, NYCHA requires additional documentation before it assigns applicants to a high need-based category. It places the applicants in a lower category pending receipt of this documentation. Applicants are informed of the results of the initial screening of their applications in an acknowledgement letter. However, they are not informed in the acknowledgement letter of the additional documentation needed for them to be placed in a higher category. NYCHA sometimes sends a separate letter asking applicants to support with documentation any claim in their application that they should be placed in a higher need-based category. However, for 15 applicants in our sample, there was no evidence in the application files that NYCHA informed the applicants of the need to provide documentation supporting their claims of experiencing housing-related health emergencies or orders of eviction. The acknowledgement letters sent to applicants after their applications are screened could be used to

inform the applicants of any documentation that they would need to provide to be assigned to a higher priority category.

### **Recommendations**

2. NYCHA should place greater emphasis on its public housing application screening process to ensure that applicants are placed in the correct priority category.

**NYCHA Response:** “As discussed in our May 21, 2003 working meeting with your staff, we disagreed with a number of instances your office cited as examples where the Authority staff placed an applicant in the wrong category. Specifically, we point to NYCHA’s determination of not designating a rent hardship priority for applicants who are doubled up. It has been our experience that the overwhelming majority of families who are doubled up with other households do not pay rent directly to the landlord. We believe our practice of not granting a rent hardship priority to doubled-up families is a fair policy given the significant number of New Yorkers in doubled-up situations. Granting this priority to these families who could not document their rent hardship would be unfair to the applicants who, when reached for an interview, would be advised that we must lower their priority and return their application to the waiting list. Eliminating the number of instances in this category would lower the percentage of applicants in the sample who were assigned incorrect priority categories from 28 percent to 21 percent. Our Housing Applications manual will be revised to reflect that NYCHA does not grant a rent hardship priority to doubled-up families. We plan this revision in July 2003.”

**Auditors’ Comments:** During the May 21, 2003 working meeting, NYCHA provided explanations for some of the applicants we had identified in the preliminary draft report as having been placed in the wrong priority categories. We revised the draft report accordingly. We continue to believe that NYCHA is not handling the “doubled-up” issue correctly. As we argue above, considering the variety of living arrangements and rent payment methods used by City residents, we think that applicants should be given an opportunity to provide documentary evidence of a rent hardship. In an effort to limit eligibility interviews to those applicants who are likely to meet eligibility standards, NYCHA could require that the applicant provide supporting documentation concerning their rent hardship prior to scheduling the applicant for an interview.

3. NYCHA should document its quality control efforts for the screening process to improve the guidance provided to its housing assistants on assigning applicants to priority categories.

**NYCHA Response:** “NYCHA will continue to conduct periodic training courses for its entire staff that screen applications. In addition, NYCHA plans, by August 2003, to enhance its quality control program, which will require supervisors to review completed applications for screening and data entry errors on a random basis.”

4. NYCHA should ensure that all applicants who indicate on their applications that they may qualify for assignment to a higher need-based category are informed in writing

of the documentation that they must provide to be so assigned. The acknowledgement letter sent to applicants after the screening of their applications could be used to provide this information.

**NYCHA Response:** “NYCHA currently sends a letter to all applicants claiming a housing priority notifying them of the documentation needed to support their claimed priority. It is the applicant’s responsibility to submit the required document. However, based on the audit recommendation, NYCHA does intend to revise the *Guide to Housing Developments* distributed to the public with the application forms to include the documentation needed for emergency priorities. The acknowledgement letter will then be revised to refer applicants to the Guide for more detailed information on our priorities. In addition, the acknowledgement letter advises applicants that they may write or visit the Applications Information Office if they believe NYCHA’s decision regarding their priority is incorrect. We plan to make the changes to the acknowledgement letter and the Guide by October 2003.”

### **The Process for Scheduling Eligibility Interviews Is Inconsistent**

After an application is screened and information concerning the application is entered into HATS, the next major step in the tenant selection process is the eligibility interview. As NYCHA determines that it will have available apartments, it schedules applicants for such interviews. However, NYCHA is inconsistent in how it schedules these interviews. Those for emergency need-based applicants, including homeless persons referred by City agencies, victims of domestic violence, and intimidated witnesses, are scheduled manually based on the applicant’s priority category and application date. Working family and non-emergency need-based applicants are usually scheduled automatically by HATS based on similar criteria. Such applicants are manually scheduled for interviews when they respond to outreach letters offering opportunities for apartments in hard-to-fill developments; higher-income working-family applicants (i.e., those in the WF1 and WF2 categories) are also manually scheduled for interviews when they complete a Working Family Priority Consolidation form (along with their public housing application) indicating that they would consider an apartment in a lower-income development. Outreach and Working Family Priority Consolidation applicants are manually scheduled on a first-come, first-served basis, and not on the basis of their priority category or application date.

The problem with the manual scheduling of interviews is the potential for favoritism. A scheduling process that uses a computer program to schedule interviews automatically, based on set criteria, helps prevent applicants from unfairly receiving interviews sooner than others. Due to the manual scheduling of their eligibility interviews, emergency need-based, outreach, and Working Family Priority Consolidation applicants are not assured fair and equal treatment. Officials in NYCHA’s Systems and Computer Services unit informed us that HATS could be adjusted to handle emergency need-based applicants; the applicants could be selected for interviews based on their priority categories and application dates, which is similar to the criteria used to schedule working family and non-emergency need-based applicants. Another program

would be necessary for scheduling outreach and Working Family Priority Consolidation applicants, since they are scheduled for interviews on a first-come, first-served basis (based on the date of their response to a NYCHA outreach letter or on the date of their Working Family Priority Consolidation form respectively).

Notes in one application file indicate that in response to a telephone call from a political official, the applicant was scheduled for an interview as part of an outreach effort, even though NYCHA had not received an outreach response letter from the applicant. While the applicant was in a difficult situation, the manual scheduling of this interview created an opportunity to schedule the applicant ahead of others who also might have been in a difficult situation but who followed the established process.

**NYCHA Response:** “The audit report statement that emergency need-based applicants are scheduled based on the applicant’s borough of preference is incorrect. These cases are scheduled manually regardless of their borough of preference or family size, both of which is part of the criteria which determines when applicants are reached on the waiting list.

“The audit also cites one application file which was scheduled as part of an outreach based on a phone call from an elected official although NYCHA had not received an outreach response from the applicant. This outreach was an ongoing general outreach for mobility impaired applicants for accessible apartments. Applicants were not canvassed for this outreach. Rather, through advertisements, posters and letters to elected officials and advocacy groups, interested applicants were invited to submit a specially designated application that would be manually scheduled. This application was not scheduled ahead of others but was scheduled based on the date the request was made.”

**Auditors’ Comments:** Emergency need-based applicants are scheduled for interviews based on their priority categories and application dates. NYCHA is correct that such interviews are not scheduled based on the applicant’s borough of preference or family size, which are factors in the scheduling of working family and non-emergency need-based applicants.

Concerning NYCHA’s reference to the applicant who was scheduled for an eligibility interview (as part of an outreach effort) after a phone call from an elected official, we offer the following observations: NYCHA’s description of this particular outreach effort is contrary to the descriptions of the process for conducting outreach efforts presented in the *Department of Housing Applications Manual*, in NYCHA’s *Tenant Selection and Assignment Plan*, and in meetings with us. These process descriptions indicated that outreach efforts involve written invitations to those who have already applied for public housing to consider apartments in certain developments, rather than “advertisements, posters, and letters to elected officials and advocacy groups.” NYCHA provided no documentation, nor was there any evidence in the application file, to support NYCHA’s position that such an alternative outreach process was followed in this case.



## **Recommendation**

5. NYCHA should schedule its eligibility interviews for emergency need-based, outreach, and Working Family Priority Consolidation applicants automatically rather than manually.

**NYCHA Response:** “Although we believe the current manual system provides NYCHA with both the controls and the flexibility it needs to be responsive to all applicants including the homeless, the Authority is not opposed to consider automating the process. ... The Authority is planning in 2004 to start converting its current housing applications and tenant selection systems to an Oracle system. The feasibility of automating the scheduling of emergency applications will be reviewed then.

“To meet our commitment to interview homeless families as quickly as possible, we reserve one day per week solely for DHS-referred families. Since we cannot predict how many applications DHS will submit to us and where these applicants reside (applicants are interviewed within their borough of residence), we need the ability to schedule them manually on those days and, if necessary, fit these interviews on a non-homeless day.

“Applications scheduled through NYCHA’s outreach programs, including the Working Family Consolidation program, are currently done manually to allow us the necessary flexibility to schedule applicants in the proper order. Since interviews are scheduled on a ‘first-come, first-served’ basis, based on the date of receipt of the response, automating the scheduling of these interviews would still require the responses to be opened and numbered by staff manually who would then presumably just enter the numbering of the applications in the computer. This would result in more data entry, would be less efficient and would not prevent applicants from unfairly receiving interviews sooner than others. In addition, similar to the process used in scheduling DHS applications, NYCHA schedules outreach interviews on certain days to ensure that staff is aware of the special processing required for these applications.

“To ensure that scheduling of all manually scheduled applications is done in accordance with our procedures and our Tenant Selection and Assignment Plan (TSAP), we have a system of checks and balances for these applications. Field Liaison or Central Division staff reviews these applications to ensure that applications are appropriately scheduled, prior to entering data from the applications to the TSAP waiting list.”

**Auditors’ Comments:** We commend NYCHA for reviewing the feasibility of automating the scheduling of emergency applications, and continue to recommend this change to help ensure fairness in the scheduling of eligibility interviews. Since much of the data on the application is already entered into HATS, minimal, if any, additional data entry would be required to meet the needs of an automated scheduling system. Similarly, NYCHA’s concerns that it “cannot predict how many applications DHS will submit ... and where these residents reside,” or its concerns about the need for “flexibility to schedule applicants in the proper order,” should not discourage NYCHA from using an automated system. Without great difficulty, an automated system could be established that generates

interview scheduling lists in a fair manner and provides NYCHA with the flexibility it needs to meet its scheduling responsibilities. NYCHA uses different criteria in scheduling interviews for different purposes. An automated system could sort applicants in accordance with whatever criteria NYCHA establishes for a particular type of eligibility interview.

NYCHA's reference to the Field Liaison or Central Division reviewing applications "to ensure that applications are appropriately scheduled, prior to entering data from the application to the TSAP waiting list," is irrelevant. The TSAP system waiting list is the rental waiting list. Our recommendation relates to the HATS system waiting list, which is the eligibility interview waiting list. Applicants are added to the TSAP rental waiting list after they have been interviewed and certified as eligible for public housing.

**NYCHA Does Not Consistently Schedule  
Emergency Need-Based Applicants for  
Eligibility Interviews in a Sufficiently Timely Manner**

NYCHA officials told us that they try to schedule all applicants placed in the three highest need-based categories—homeless persons referred by City agencies, victims of domestic violence, and intimidated witnesses—within two months of their application date. However, of the 14 applicants in our sample assigned to these categories, one applicant, a victim of domestic violence, waited 78 days for an eligibility interview. Two applicants, both of whom were homeless persons referred by City agencies, had been waiting 259 days and 448 days respectively for eligibility interviews to be scheduled, but had not been scheduled for an interview as of the dates we obtained their application files. An automatic scheduling of these interviews might have prevented these delays.

On the delays in scheduling interviews with the two City-referred homeless applicants, NYCHA claims that it notified the Department of Homeless Services (DHS) that the two could not be interviewed until their periods of ineligibility had ended and that new referrals would be needed then. However, we found no evidence that DHS had been so notified. In addition, NYCHA admits that the applicants themselves were not notified that new referrals would be needed.

One of these applicants had been given a one-year period of ineligibility starting on October 17, 2000, because they had informed NYCHA on that date that they were no longer interested in obtaining public housing. However, the applicant reapplied as a City-referred homeless applicant on August 9, 2001. A note in the file states that the application was "non-processable" until October 17, 2001, but there was no evidence that either DHS or the applicant had been informed that a new referral from DHS would be necessary.

The other applicant had not appeared for an eligibility interview on February 20, 2001, and had not requested another interview within six months of this date as required. As a result, according to NYCHA officials, the applicant was given a one-year period of ineligibility starting after the end of this six-month period. However, this action contradicts information provided to

the applicant in the scheduling letter for the February 20, 2001 eligibility interview. The scheduling letter to the applicant stated that if the applicant did not appear for the interview and did not request another interview within six months, then NYCHA would not “schedule you for an interview sooner than one year from the ... interview date.” Based on this letter, the applicant could have reasonably assumed that any period of ineligibility resulting from not appearing at the February 20, 2001 interview, and from not requesting another interview within six months, would have ended on February 20, 2002. Therefore, the applicant could have reasonably assumed that their new application dated April 11, 2002, and their DHS referral of the same date, would have been eligible for immediate processing. Furthermore, there was no evidence in the file that either DHS or the applicant had been informed that the applicant was in a period of ineligibility and that a new referral from DHS would be necessary when the period of ineligibility ended.

**NYCHA Response:** “The audit report erroneously cites two applications referred by DHS as part of the city-referred homeless program to document not scheduling interviews within two months. These applications could not be processed due to prior conditions. NYCHA’s Tenant Selection and Assignment Plan, initially established as part of a Federal consent decree, identifies certain categories of processed applications which do not result in a rental, for which any future application must be blocked for a specified amount of time. Both of these applications had previous applications which fell into these categories. In one case, the applicant indicated no interest in public housing. In the second case, the applicant failed to appear for an interview. Since NYCHA cannot assume that the applicants are still eligible for the homeless priority when the period of ineligibility expires, DHS has agreed to resubmit a new referral, if appropriate, at that time.

“The audit also notes that the DHS applicants were not notified that their new application could not be processed. NYCHA does not notify applicants at the time they file a new application; however, the applicant was previously notified that the application would not be processed. For example, a NYCHA letter informs applicants who indicate that they are not interested in public housing, that any new application will not be scheduled for one year. Also, a NYCHA letter (referred to as a call-in letter), sent to applicants scheduled for an eligibility interview, informs the applicant that if they miss the interview, they have six months to reschedule it. If they do not, their application will be declared inactive and any new application will not be processed for one year from the inactive date. As the audit noted, the timeframe quoted for this period in the call-in letter is incorrect and will be revised accordingly.”

**Auditors’ Comments:** In its response, NYCHA is mostly repeating points it made on our preliminary draft report that we fully addressed in our draft report. Our analyses and conclusions on the two cases remain the same. In one case, there is still no documentary evidence that NYCHA informed either DHS or the applicant that a new referral would be needed when the applicant’s period of ineligibility ended. In the other case, there is still no evidence that NYCHA informed either DHS or the applicant that there was a period of ineligibility and that a new referral from DHS would be necessary when the period of ineligibility ended. NYCHA now states that “DHS has agreed to resubmit a new referral,

if appropriate,” when a period of ineligibility ends. However, NYCHA provided no documentary evidence to support this statement.

### **Recommendations**

6. NYCHA should ensure that all emergency need-based applicants assigned to the top three need-based priority categories are scheduled for interviews within two months of their application date.

**NYCHA Response:** “NYCHA will continue to make every effort to schedule these applications within two months of their application date.”

7. NYCHA should notify both the homeless applicant and the City agency referring the applicant that a new referral is necessary when an applicant files an application during a period of ineligibility.

**NYCHA Response:** “NYCHA does notify DHS when their clients cannot be processed. ... NYCHA has already notified applicants of the status of their applications. In addition, as we previously indicated, we conduct weekly computer matches of NYCHA’s preliminary waiting list and DHS’ database of clients to ensure that appropriate referrals are made. We also, on a weekly basis, submit lists of applicants with outstanding documentation so that DHS can work with their clients to obtain the necessary information.”

**Auditors’ Comments:** NYCHA may notify DHS when their clients cannot be processed, but provided no evidence that it informs DHS that a client has been given a period of ineligibility and that a new referral will be necessary once the period of ineligibility ends. NYCHA does not explain the relevance of the weekly computer matches or of the weekly lists of applicants with outstanding documentation to our recommendation. The computer matches would not identify applicants who had been given periods of ineligibility, and the weekly lists would generally not identify documentation that would end an applicant’s period of ineligibility. Periods of ineligibility are usually given to applicants for other reasons, such as the applicant having a criminal record or having misrepresented their citizenship/immigration status, income, or current residence. The computer matches and weekly lists would not address our recommendation that DHS and the applicant be informed of the need for a new referral when an applicant’s period of ineligibility ends.

### **NYCHA’s Written Guidance on Handling Health Emergency Claims Is Inadequate**

NYCHA provides no written guidance to its staff on how housing-related health emergency claims are to be evaluated. It requires a statement from the applicant’s health care provider explaining how the applicant’s current housing condition poses a direct threat to the life of the applicant. Eleven applicants in our sample filed statements from health care providers to support health emergency claims. NYCHA rejected six of these claims.

Health emergency claims are difficult to review. For example, NYCHA accepted a claim from one applicant whose doctor stated that a housing condition constituted a direct threat to the applicant's life because the applicant was "diabetic, asthmatic and hypertensive" and was advised "not to exert herself like climbing steps." However, NYCHA rejected the claim of an applicant whose doctor stated that a housing condition constituted a direct threat to the applicant's life because the applicant had a chronic lung problem "which renders the patient short of breath while walking more than 2 blocks or one flight of stairs." In addition, a health care provider stated that the applicant's child also had a housing-related health emergency in that the child had "moderate to severe asthma" and "is followed by cardiologists on a regular basis."

We provide these examples not to suggest that NYCHA handled them incorrectly, but only to show the difficulty of handling such claims. Without written guidance on how to evaluate health emergency claims, NYCHA staff must make difficult judgments on the seriousness of the medical problems and the extent to which the applicants' current housing conditions exacerbate these problems. To ensure that NYCHA has a consistent and fair approach to the handling of health emergency claims, it should seek expert guidance on the development of written standards for processing such claims. For example, NYCHA might seek advice and assistance from the New York City Department of Health and Mental Hygiene or the Health and Hospitals Corporation.

### **Recommendation**

8. NYCHA should seek expert guidance on the development of written standards for the handling of health emergency claims.

*Agency Response:* "NYCHA agrees that health emergency claims are complex and it is sometimes difficult to determine if the applicant's existing housing condition directly affects his or her medical condition. In the coming months, NYCHA plans to consult with cognizant city and state health agencies to determine how best to address this issue including what written guidance is feasible."

### **NYCHA's Eligibility Stage Reviews Occasionally Place Applicants in the Wrong Priority Category**

NYCHA occasionally places applicants in the wrong priority category during the eligibility stage. About 8 percent of the applicants in our sample who had reached the eligibility stage were assigned to an incorrect working family and/or need-based priority category. As a result, these applicants either were incorrectly assigned a higher priority code and were slated to be unfairly ranked higher than others on a rental waiting list, or were incorrectly assigned a lower priority code and were slated to be unfairly ranked lower than others on a rental waiting list, or to not be certified to a rental waiting list at all.

As noted above, NYCHA could only find files for 146 of the 150 applicants in our sample. As of the dates we received those files, 120 applicants had only gone through initial

screening steps and had not been interviewed. Of the remaining 26 applicants, we believe that two (8%) were placed in the wrong working family and/or need-based priority category during the eligibility stage review process as follows:

- one applicant was placed in an incorrect need-based category, and
- one was placed in incorrect working family and need-based categories.

Of the two applicants assigned to the wrong priority categories, NYCHA incorrectly placed:

- one in a lower category, and
- one in a higher need-based category and a lower working family category than were justified.

One of these two applicants was denied a working family priority even though the applicant was employed and was given a non-City-agency-referred homeless priority during the eligibility stage even though the applicant did not provide verification from a shelter or social services agency documenting their homeless status.

The other applicant was interviewed for an intermediate working family priority (WF2), which was the code the applicant was initially assigned during the screening stage. However, since the screening stage, the applicant's circumstances had changed. The interviewer concluded that due to the applicant's changed circumstances, the applicant no longer qualified for this priority. Although the applicant was still eligible for and given a lower working family priority (a WF3), this priority category was considered not to meet the purposes of this interview, which was to locate a WF1 or a WF2 applicant for an anticipated vacancy. Nonetheless, the applicant's changed circumstances had made the applicant possibly eligible for a need-based priority based on having a rent hardship or on living in an overcrowded or substandard apartment. The interviewer did not review the applicant's eligibility for a need-based priority in light of the changed circumstances. Assigning such a need-based priority to the applicant, who was denied a need-based priority during the screening stage, might not have initiated the applicant's certification to a rental waiting list at that interview, but could have improved the applicant's chances of being scheduled for another eligibility interview.

NYCHA officials informed us that their quality control efforts for the eligibility stage involve a supervisory review of an application file before an applicant is certified to a rental waiting list. NYCHA uses the Public Housing Application Review and Disposition Record form to monitor the progress of the application during the eligibility stage. When the final disposition of an application is being determined, a housing assistant is required to complete the Final Dispositions section of the form to indicate the eligibility and priority code of the applicant, and a supervisor is required to review and approve the housing assistant's recommendation on the applicant.

At the time that we obtained the application files, six of the 26 interviewed applicants in our sample had been certified to a rental waiting list and 20 were being processed through the eligibility stage. However, two of the six application files lacked the Public Housing Application

Review and Disposition Record form. Three of the application files had the form but neither a housing assistant nor a supervisor had completed the Final Dispositions section. One of the application files had the form but the Final Dispositions section had only been completed by a housing assistant. Therefore, there was no evidence of supervisory review of these application files before the six applicants were certified to rental waiting lists.

**NYCHA Response:** “The audit report cites two applicants that were placed in the wrong working family priority and/or need-based priority during the eligibility process. For the one applicant that the audit claimed we placed in the wrong working family category, we believe the audit is incorrect. The auditors reviewed the case while it was in process and we were waiting for additional information from the applicant. NYCHA did ultimately correctly certify the case as a Working Family Priority 3. In regards to the need based priority for this applicant and the other applicant cited in the report, it is NYCHA’s policy at the eligibility stage, to review and document the preference that gained the applicant the interview. To do otherwise, would require the applicant to bring in unnecessary documentation and would increase the likelihood of the application being certified under the wrong preference category.”

**Auditors’ Comments:** NYCHA is once again mostly repeating points it made on our preliminary draft report that we fully addressed in our draft report. Our analyses and conclusions on the two cases remain the same. For one applicant, NYCHA held an eligibility interview; continued to assign the applicant to a non-City-agency-referred homeless priority even though the applicant did not provide the required verification from a shelter or social services agency documenting their homeless status; and did not assign a working family priority to the applicant even though the applicant had stated on the application and during the eligibility interview that she was working and, subsequent to the interview, had provided an earnings statement from her current employer. NYCHA claims that it “ultimately” handled the case correctly. However, when we obtained this application file in December 2002, the applicant was still placed in the wrong priority categories. For the other applicant, we believe that once the interviewer determined that the applicant, due to changed circumstances, no longer met the standards for the working family category that led to the interview, it would have been appropriate for the interviewer to review the applicant’s eligibility for a need-based priority in light of the changed circumstances.

### **Recommendation**

9. NYCHA should ensure that supervisors review each application file prior to an applicant being certified to a rental waiting list.

**NYCHA Response:** “NYCHA makes every effort to have a supervisory review of applications as they are certified. However, due to the large volume of applications certified (12,000 during Fiscal Year 2002), it is not practical to have every application reviewed. Rather, supervisors do spot checks and pay particular attention to applications interviewed by recently trained or less experienced staff. To strengthen this process, we will immediately instruct supervisors to spot-check cases to ensure that the Final

Dispositions section which identifies the final disposition of the case and, if applicable, the project or borough selection, is complete.”



## APPENDIX I

### Eligibility Priority Codes

<b>CODE</b>	<b>WORKING FAMILY PRIORITY</b>
WF1	Qualifying income between 51% and 80% of area median income
WF2	Qualifying income between 31% and 50% of area median income
WF3	Qualifying income up to 30% of area median income
<b>CODE</b>	<b>NEED BASED PRIORITY</b>
NB0	City-Agency-Referred Homeless
NB1	Victims of Domestic Violence
NB2	Intimidated Witnesses
NB3	Non-City-Agency-Referred Homeless
NB3	Other Homeless - only if required to leave current housing within six months and unable to return to previous housing <ul style="list-style-type: none"> <li>- Nursing or Adult Home</li> <li>- Long-Term Hospitalized Applicant (Including Mental Health Facilities)</li> <li>- Transitional Housing, e.g., 18-23 Years Old, Recently Emancipated and Residing in Foster Home, Transitional Housing for Unwed Mothers, etc. Transitional Housing does not include inpatient drug or alcohol programs.</li> </ul>
NB3	No fault court order of eviction, families displaced by government action, families suffering from a physical illness or disease constituting a direct threat to life, families displaced by disaster
NB4	"WORKING FAMILIES" who are entitled to at least one of the Need Based Priorities (living in substandard or overcrowded housing, paying more than 50% of family income for rent, or victim of hate or bias crime)
NB5	All other families who are entitled to at least one of the Need Based Priorities listed in NB4 above



<http://nyc.gov/nycha>

## NEW YORK CITY HOUSING AUTHORITY

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June 17, 2003

Mr. Greg Brooks  
Deputy Comptroller  
Policy, Audits, Accountability & Contracts  
The City Of New York  
Office of the Comptroller  
1 Centre Street  
New York, N.Y. 10007-2341

**RE:** Draft Audit Report on the New York City Housing  
Authority's Process for Determining Tenant Eligibility  
Audit Number: MG03-080A

Dear Mr. Brooks:

Thank you for the opportunity to comment on the findings and recommendations offered in the above referenced draft audit report, dated June 3, 2003. We appreciate your office's recognition of the complexity of our responsibility to determine the eligibility of the thousands of applicants we annually process for both our conventional public housing program as well as our Section 8 Housing program. We also appreciate your conclusion that, in performing this task, *"NYCHA adequately handled its responsibility to provide a reasonably fair and efficient process for determining tenant eligibility."*

As you know, NYCHA is the largest public housing authority in North America. Its conventional public housing program, with its 345 developments located throughout the five boroughs, serves about 174,195 families and approximately 418,810 residents. Its Section 8 Leased Housing Program includes 85,928 apartments serving about 214,000 residents. NYCHA's Housing Applications Department is responsible for determining the eligibility of applicants for both programs. In calendar year 2002, NYCHA's Housing Applications Department received 71,293 applications for its public housing apartments and 25,223 for its Section 8 Housing program. It conducted 25,301 public housing interviews and 15,636 Section 8 interviews.

Determining eligibility for these programs is a complex process guided by specific United States Department of Housing and Urban Development regulations and

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corresponding Authority policies and procedures. Our staff is committed to carrying out this important responsibility in a fair and efficient manner. Therefore, we appreciate any recommendation to enhance what we believe is our current high quality processing of the approximate 100,000 applications we receive each year.

As you know, it is a priority of Mayor Bloomberg to create permanent housing opportunities for residents of the City's shelter system. NYCHA has been working cooperatively with the Department of Homeless Services (DHS) to improve the processing of applications referred by them. In the past year, NYCHA has decreased the processing time of these applications by 25 percent while increasing the placement of homeless families in public housing by about 60 percent. In addition, we conduct weekly computer matches of NYCHA's preliminary waiting list and DHS' database of clients to ensure that appropriate referrals are made. We also, on a weekly basis, submit lists of applicants with outstanding documentation so that DHS can work with their clients to obtain the necessary information. Further, we provide on-line access to DHS of our waiting list for all DHS referrals and expedite the preparation of apartments accepted by DHS applicants.

Our responses to the nine audit recommendations follow. Although, as we stated in a May 2003 meeting, we disagree with some of the report findings and, therefore conclusions, overall we believe that the underlying recommendations provided us with an opportunity to take action to further augment the tenant eligibility process.

**Comptroller Recommendation 1**

NYCHA should revise its public housing application form and the attached instructions to clarify questions relating to income, rent, and the number of rooms in the applicant's current apartment.

**NYCHA Response**

NYCHA's application does contain questions regarding income, rent paid and number of rooms in the applicant's current apartment, however, as it is common with many forms, respondents may ignore the instructions on how to respond. Prior to the subject audit, NYCHA was in the process of reviewing the entire application form. Once our review is completed, we plan to procure the services of an outside vendor to redesign and print the revised application. This revised form and instructions should be ready for use by the first quarter of 2004.

**Comptroller Recommendations 2 and 3**

NYCHA should place greater emphasis on its public housing application screening process to ensure that applicants are placed in the correct priority category.

NYCHA should document its quality control efforts for the screening process to improve the guidance provided to its housing assistants on assigning applicants to priority categories.

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**NYCHA Response**

As discussed in our May 21, 2003 working meeting with your staff, we disagreed with a number of instances your office cited as examples where the Authority staff placed an applicant in the wrong category. Specifically, we point to NYCHA's determination of not designating a rent hardship priority for applicants who are doubled up. It has been our experience that the overwhelming majority of families who are doubled up with other households do not pay rent directly to the landlord. We believe our practice of not granting a rent hardship priority to doubled-up families is a fair policy given the significant number of New Yorkers in doubled-up situations. Granting this priority to these families who could not document their rent hardship would be unfair to the applicants who, when reached for an interview, would be advised that we must lower their priority and return their application to the waiting list. Eliminating the number of instances in this category would lower the percentage of applicants in the sample who were assigned incorrect priority categories from 28 percent to 21 percent. Our Housing Applications manual will be revised to reflect that NYCHA does not grant a rent hardship priority to doubled-up families. We plan to implement this revision in July 2003.

NYCHA will continue to conduct periodic training courses for its entire staff that screen applications. In addition, NYCHA plans, by August 2003, to enhance its quality control program, which will require supervisors to review completed applications for screening and data entry errors on a random basis.

**Comptroller Recommendation 4**

NYCHA should ensure that all applicants who indicate on their applications that they may qualify for assignment to a higher need-based category are informed in writing of the documentation that they must provide to be so assigned. The acknowledgment letter sent to applicants after the screening of their applications could be used to provide this information.

**NYCHA Response**

NYCHA currently sends a letter to all applicants claiming a housing priority notifying them of the documentation needed to support their claimed priority. It is the applicant's responsibility to submit the required documents. However, based on the audit recommendation, NYCHA does intend to revise the *Guide to Housing Developments* distributed to the public with the application forms to include the documentation needed for emergency priorities. The acknowledgment letter will then be revised to refer applicants to the Guide for more detailed information on our priorities. In addition, the acknowledgement letter advises applicants that they may write or visit the Applications Information Office if they believe NYCHA's decision regarding their priority is incorrect. We plan to make the changes to the acknowledgement letter and the Guide by October 2003.

### **Comptroller Recommendation 5**

NYCHA should schedule its eligibility interviews for emergency need-based, outreach, and Working Family Priority Consolidation applicants automatically rather than manually.

### **NYCHA Response**

Although we believe the current manual system provides NYCHA with both the controls and the flexibility it needs to be responsive to all applicants including the homeless, the Authority is not opposed to consider automating the process.<sup>1</sup> The Authority is planning in 2004 to start converting its current housing applications and tenant selection systems to an Oracle system. The feasibility of automating the scheduling of emergency applications will be reviewed then.

To meet our commitment to interview homeless families as quickly as possible, we reserve one day per week solely for DHS-referred families. Since we cannot predict how many applications DHS will submit to us and where these applicants reside (applicants are interviewed within their borough of residence), we need the ability to schedule them manually on those days and, if necessary, fit these interviews on a non-homeless day.

Applications scheduled through NYCHA's outreach programs, including the Working Family Consolidation program, are currently done manually to allow us the necessary flexibility to schedule applicants in the proper order. Since interviews are scheduled on a "first come, first served" basis, based on the date of receipt of the response, automating the scheduling of these interviews would still require the responses to be opened and numbered by staff manually who would then presumably just enter the numbering of the applications in the computer. This would result in more data entry, would be less efficient and would not prevent applicants from unfairly receiving interviews sooner than others. In addition, similar to the process used in scheduling DHS applications, NYCHA schedules outreach interviews on certain days to ensure that staff is aware of the special processing required for these applications.

To ensure that scheduling of all manually scheduled applications is done in accordance with our procedures and our Tenant Selection and Assignment Plan (TSAP), we have a system of checks and balances for these applications. Field Liaison or Central Division

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<sup>1</sup> *The audit report statement that emergency need-based applicants are scheduled based on the applicant's borough of preference is incorrect. These cases are scheduled manually regardless of their borough of preference or family size, both of which is part of the criteria which determines when applicants are reached on the waiting list. The audit also cites one application file which was scheduled as part of an outreach based on a phone call from an elected official although NYCHA had not received an outreach response letter from the applicant. This outreach was an ongoing general outreach for mobility impaired applicants for accessible apartments. Applicants were not canvassed for this outreach. Rather, through advertisements, posters and letters to elected officials and advocacy groups, interested applicants were invited to submit a specially designated application that would be manually scheduled. This application was not scheduled ahead of others but was scheduled based on the date the request was made.*

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staff reviews these applications to ensure that applications are appropriately scheduled, prior to entering data from the application to the TSAP waiting list.

**Comptroller Recommendation 6**

NYCHA should ensure that all emergency need-based applicants assigned to the top three need-based priority categories are scheduled for interviews within two months of their application date.

**NYCHA Response**

NYCHA will continue to make every effort to schedule these applications within two months of their application date. The audit report erroneously cites two applications referred by DHS as part of the city-referred homeless program to document not scheduling interviews within two months. These applications could not be processed due to prior conditions. NYCHA's Tenant Selection and Assignment Plan, initially established as part of a Federal consent decree, identifies certain categories of processed applications which do not result in a rental, for which any future application must be blocked for a specified amount of time. Both of these applications had previous applications which fell into these categories. In one case, the applicant indicated no interest in public housing. In the second case, the applicant failed to appear for an interview. Since NYCHA cannot assume that the applicants are still eligible for the homeless priority when the period of ineligibility expires, DHS has agreed to resubmit a new referral, if appropriate, at that time.

The audit also notes that the DHS applicants were not notified that their new application could not be processed. NYCHA does not notify applicants at the time they file a new application; however, the applicant was previously notified that the application would not be processed. For example, a NYCHA letter informs applicants who indicate that they are not interested in public housing, that any new application will not be scheduled for one year. Also, a NYCHA letter (referred to as a call-in letter), sent to applicants scheduled for an eligibility interview, informs the applicant that if they miss the interview, they have six months to reschedule it. If they do not, their application will be declared inactive and any new application will not be processed for one year from the inactive date.<sup>2</sup>

**Comptroller Recommendation 7**

NYCHA should notify both the homeless applicant and the City agency referring the applicant that a new referral is necessary when an applicant files an application during a period of ineligibility.

**NYCHA Response**

NYCHA does notify DHS when their clients cannot be processed. As described in our response to recommendation number 6, NYCHA has already notified applicants of the

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<sup>2</sup> *As the audit noted, the timeframe quoted for this period in the call-in letter is incorrect and will be revised accordingly.*

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status of their applications. In addition, as we previously indicated, we conduct weekly computer matches of NYCHA's preliminary waiting list and DHS' database of clients to ensure that appropriate referrals are made. We also, on a weekly basis, submit lists of applicants with outstanding documentation so that DHS can work with their clients to obtain the necessary information.

**Comptroller Recommendation 8**

NYCHA should seek expert guidance on the development of written standards for the handling of health emergency claims.

**NYCHA Response**

NYCHA agrees that health emergency claims are complex and it is sometimes difficult to determine if the applicant's existing housing condition directly affects his or her medical condition. In the coming months, NYCHA plans to consult with cognizant city and state health agencies to determine how best to address this issue including what written guidance is feasible.

**Comptroller Recommendation 9**

NYCHA should ensure that supervisors review each application file prior to an applicant being certified to a rental waiting list.

**NYCHA Response**

The audit report cites two applicants that were placed in the wrong working family priority and/or need-based priority during the eligibility process. For the one applicant that the audit claimed we placed in the wrong working family priority, we believe the audit is incorrect. The auditors reviewed the case while it was in process and we were waiting for additional information from the applicant. NYCHA did ultimately correctly certify the case as a Working Family Priority 3. In regards to the need based priority for this applicant and the other applicant cited in the report, it is NYCHA's policy at the eligibility stage, to review and document the preference that gained the applicant the interview. To do otherwise, would require the applicant to bring in unnecessary documentation and would increase the likelihood of the application being certified under the wrong preference category.

NYCHA makes every effort to have a supervisory review of applications as they are certified. However, due to the large volume of applications certified (12,000 during Fiscal Year 2002), it is not practical to have every application reviewed. Rather, supervisors do spot checks and pay particular attention to applications interviewed by recently trained or less experienced staff. To strengthen this process, we will immediately instruct supervisors to spot-check cases to ensure that the Final Dispositions section which identifies the final disposition of the case and, if applicable, the project or borough selection, is complete.

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Again, I thank you for the report and our shared commitment for NYCHA to continue to provide the high level of quality service to the more than 600,000 tenants it serves.

If you have any questions on our submission, you may contact Thomas Bittman, our Audit Director, at (212) 306-3433.

Very truly yours,



Douglas Apple

cc: Susan Kupferman, Mayor's Office of Operations

Tino Hernandez/ Earl Andrews, Jr./ JoAnna Aniello/ Sherry Schuh  
Robert Podmore/ Peter Cantillo/ Arlene Campana/ Sheila Greene  
Thomas Bittman