



City of New York

OFFICE OF THE COMPTROLLER

Scott M. Stringer
COMPTROLLER



MANAGEMENT AUDIT

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Deputy Comptroller for Audit

Audit Report on the New York City Human Resources Administration's Controls over the Safety and Habitability of Apartments for Families Receiving Rental Assistance

MG18-098A

June 27, 2019

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
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To the Residents of the City of New York:

My office has audited the New York City Human Resources Administration's (HRA's) controls over the safety and habitability of apartments for families receiving rental assistance. We audit City entities such as HRA as a means of increasing accountability and ensuring that City programs operate as intended and in the best interest of the public.

This audit began as an audit of multiple rental assistance programs run by HRA to assist families with children. Midway through, HRA consolidated seven of its rental assistance programs into one program, CityFHEPS. Prior to this consolidation, the audit identified a number of weaknesses in the agency's overall operation of its rental assistance programs. While the audit found that the additional controls implemented by HRA following the consolidation provide increased assurance that the apartments for which families were approved to receive rental assistance are free of conditions that violate applicable housing regulations, there continue to be certain program weaknesses that, if not resolved, increase the risk that HRA will provide rental assistance for apartments with substandard conditions. Specifically, the audit found that HRA: does not require that examiners submit supporting evidence of the results of the preclearance checks conducted; does not require that examiners submit photographs to support their assessments of the physical condition of apartments; and does not enforce the requirement that examiners conducting DHS walkthroughs utilize the standardized inspection checklist. The audit separately noted that HRA does not require landlords to submit documentation of the results of the lead-based paint testing or evidence of the steps taken to remove the paint when applicable.

The audit recommends that HRA should: require staff performing preclearance checks to provide HRA with supporting documentation; require photographs of the housing conditions observed to be submitted with walkthrough results; require staff to utilize checklists during walkthroughs; finalize and enforce its preclearance and walkthrough procedures; and consider modifying its procedures and require that apartment owners submit documentation relating to lead-based paint testing or remediation.

The results of the audit have been discussed with HRA officials, and their comments have been considered in preparing this report. HRA's complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my Audit Bureau at audit@comptroller.nyc.gov.

Sincerely,

A handwritten signature in blue ink that reads "Scott M. Stringer".

Scott M. Stringer

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THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER MANAGEMENT AUDIT

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MG18-098A

EXECUTIVE SUMMARY

The mission of New York City (City) Human Resources Administration (HRA)/Department of Social Services (DSS) is to fight poverty and income inequality by providing New Yorkers in need with essential benefits such as food assistance and emergency rental assistance. In April 2016, as part of the City's restructuring of HRA/DSS, the Mayor appointed the HRA Commissioner to also head the Department of Homeless Services (DHS), with both agencies operating under DSS.¹ The objective of this merger was to ensure that through integrated management for HRA and DHS, client services would be provided more effectively.

HRA's Homelessness Prevention Administration unit works with DHS, and two HRA/DSS/DHS initiatives, Homebase, and Housing Assistance Providers (HAP), to help City residents in danger of losing their homes to either remain in them or otherwise avoid becoming homeless, and to help homeless New Yorkers transition from shelters to stable, affordable housing.² Through these sources, City residents in shelter or facing eviction can get emergency rental assistance in the form of rental assistance vouchers, help negotiating with a landlord, and help in finding alternative places to live to keep them from entering the shelter system.

Before an apartment is approved for a household with a rental assistance voucher to move into, the apartment and the building in which it is located must undergo two different reviews. First, the building must pass a "preclearance check" which consists of a review of City records to determine whether there are outstanding violations that would disqualify the building from one of the City's rental assistance programs. Second, if the building passes the preclearance check, a physical examination of the apartment and building is conducted, which consists of either a

¹ Although since 2016, HRA and DHS are both a part of DSS with a shared commissioner and certain administrative functions, they still have distinct programmatic functions and staff and so for the purpose of this audit report, we refer to each agency separately where their functions remain separate.

² DHS enters into contract with private providers to provide various services to help prevent homelessness and to assist those already in shelters. Among their many responsibilities, Homebase and HAP providers refer clients to the rental assistance programs that are the subject of this audit.

walkthrough or of a more formal inspection, depending on the housing program providing rental assistance.

The results of the preclearance check and the physical examination—inspection or walkthrough—are then forwarded to HRA. If the building and apartment pass both of those reviews, DHS staff or a contracted provider submits a packet with the required documents to HRA which identifies the prospective apartment the family wants to rent. HRA will process the client’s packet and, if all requirements have been met, HRA will issue rental assistance payments to the landlord.

Prior to October 2018, HRA administered nine rental assistance programs designed for families with children, all of which required inspections or walkthroughs prior to approval: (1) HRA HOME Tenant-Based Rental Assistance (TBRA) Program; (2) Living in Communities (LINC) I; (3) LINC II; (4) LINC III; (5) LINC VI; (6) Pathway Home (PWH); (7) CityFEPS; (8) FHEPS; and (9) Special One-Time Assistance (SOTA). (Details on these programs are provided in the Appendix to this report.)

In October 2018, HRA consolidated seven of its rental assistance programs, including four programs for families with children mentioned above (the LINC I, II, III, and CITYFEPS programs), together with three additional rental assistance programs for adults, the Special Exit and Prevention Supplement (SEPS) program, and the LINC IV and V programs,³ into a single program called the City Fighting Homelessness & Eviction Prevention Supplement (CityFHEPS) program.⁴ Three programs that provide assistance to families with children, TBRA, SOTA and Pathway Home, continued to exist following the consolidation.⁵ However, after consolidation, the audit focused only on CityFHEPS and did not look into changes that were made to TBRA, SOTA or Pathway Home.

During the period covering July 2016 through March 2018, HRA made over \$88 million in rental payments for 7,475 families participating in rental assistance programs for families with children.

Audit Findings and Conclusions

The audit found that following the consolidation of seven rental assistance programs into a single program, CityFHEPS, HRA’s additional controls provide increased assurance that the apartments for which families were approved to receive rental assistance are free of conditions that violate applicable housing regulations. However, while we found that HRA addressed many of the weaknesses we had preliminarily identified in our pre-consolidation review, there continue to be certain program weaknesses that, if not resolved, increase the risk that HRA will provide rental assistance for apartments with substandard conditions.

In connection with the consolidated CityFHEPS program, after we brought certain concerns to HRA’s attention, HRA modified its procedures for preclearance checks to better ensure that the apartments for which rental assistance is being requested and the buildings in which they are located are not the subject of specified types of open violations, litigation, or vacate and stop work orders that HRA deems disqualifying. Further, HRA implemented improvements in its procedures

³ The Special Exit and Prevention Supplement (SEPS) program helps eligible individual adults and adult families without children at risk of entry to shelter and those already in shelter to secure permanent housing. LINC IV assists single adults and adult families residing in shelter who are seniors or have disabilities and LINC V assists single adults and adult families residing in shelter and working, but who are unable to afford stable housing on their own.

⁴ CityFHEPS includes three programs that were not initially part of the original programs for families with children—LINC IV and V and SEPS.

⁵ After the consolidation, Pathway Home and LINC VI merged and are now known as Pathway Home.

for apartment-review walkthroughs, including the use of a standard Apartment Review Checklist (ARC) to record the results of all CityFHEPS walkthroughs, rather than using the variety of different standards and checklists previously utilized. If followed, the abovementioned improvements should provide HRA with additional assurance that the housing facilities approved for the CityFHEPS program are suitable for the families receiving rental assistance.

However, notwithstanding HRA's efforts to improve its preclearance checks and its apartment-review walkthroughs, we identified several continuing control weaknesses that should be addressed to better ensure that the apartments included in this rental assistance program are safe and habitable and free of conditions that violate applicable housing regulations. Specifically, we found that HRA: does not require that examiners submit supporting evidence of the results of the preclearance checks conducted; does not require that examiners submit photographs to support their assessments of the physical condition of apartments; and does not enforce the requirement that examiners use and fill out the standardized inspection checklist during DHS walkthroughs. We also found that HRA does not require landlords to submit documentation of the results of the lead-based paint testing or evidence of the steps taken to remove the paint where applicable.

Audit Recommendations

To address the issues raised by this audit, we make the following five recommendations:

- HRA should require DHS and HPD staff performing preclearance checks to provide HRA with documentation of the results of the preclearance checks, such as a screenshot of the search results from each of the various websites checked.
- HRA should require that photographs of the housing conditions observed during walkthroughs be submitted as a visual record of the apparent suitability of the apartments.
- HRA should require that staff fill out the checklists during walkthroughs to ensure that all details are accurately recorded as the walkthroughs are being conducted.
- HRA should finalize and enforce its updated procedures governing the preclearance and walkthrough process to better ensure that: (a) staff are aware of their specific responsibilities; and (b) walkthroughs and preclearance checks are performed in a consistent manner in which all relevant issues are adequately addressed before the apartments are approved for participation in the rental assistance program.
- HRA should consider modifying its procedures and ensure that the owners of apartments for which families are applying for rental assistance submit documentation of the results of the lead-based paint testing or evidence of the steps taken to remove the paint, where the possibility of lead-based paint exists to better ensure the appropriate remediation work has in fact been performed.

Agency Response

In its response, HRA agreed or partially agreed with three of the audit's five recommendations. HRA disagreed with two recommendations pertaining to documenting the results of the preclearance checks and ensuring that apartment owners submit documentation of the results of the lead-based paint testing and evidence of the steps taken to remove the paint when applicable,

stating that it was addressing the issues raised by the audit in ways other than those recommended.

AUDIT REPORT

Background

The mission of New York City HRA/DSS is to fight poverty and income inequality by providing New Yorkers in need with essential benefits such as food assistance and emergency rental assistance. HRA/DSS reports on its website that as the largest local social services agency in the country, it helps over 3 million New Yorkers through the administration of more than 12 major public assistance programs, with more than 14,000 employees and an operating budget of \$9.7 billion.

In April 2016, as part of the City's restructuring process of DSS, the Mayor of the City appointed the HRA Commissioner to also head DHS, with both agencies operating under DSS. The objective of this merger was to ensure that through integrated management for HRA and DHS, client services would be provided more seamlessly and effectively. HRA's Homelessness Prevention Administration unit works with DHS, Homebase and HAP to help City residents in danger of losing their homes to either remain in them or otherwise avoid becoming homeless, and to help homeless New Yorkers transition from shelters to stable, affordable housing. Through these sources, City residents in shelter or facing eviction can get emergency rental assistance in the form of rental assistance vouchers, help negotiating with a landlord, and help in finding alternative places to live to keep them from entering the shelter system. Persons living in a shelter and those in danger of losing their apartments work with either shelter staff or DHS-contracted providers to help find and secure an apartment.

Rental assistance programs provide rent supplements with the intent of helping New Yorkers experiencing homelessness move out of shelter and into stable housing or preventing people who are facing eviction from entering into the shelter system. According to HRA's website, since 2014, more than 100,000 homeless New Yorkers have found permanent homes through these programs. Shelter staff or contracted providers work with families who are eligible for rental assistance (clients) to find an apartment.

Before an apartment is approved for a household with a rental assistance voucher to move into, the apartment and the building in which it is located must undergo two different reviews. First, the building must pass a "preclearance check" which consists of a review of City records to determine whether there are outstanding violations that would disqualify the building from one of the City's rental assistance programs. Second, if the building passes the preclearance check, a physical examination of the apartment and building is conducted, which consists of either a walkthrough or of a more formal inspection, depending on the housing program providing rental assistance. Based on the funding source (federal, New York State (State), or City) for the rental assistance program, the physical examinations may be performed by DHS, a DHS-contracted provider, or HPD. For federally funded programs, which require a formal inspection of the apartment and building, as opposed to a walkthrough, both the preclearance check and the inspection are performed by HPD using a Department of Housing and Urban Development (HUD) Housing Quality Standards (HQS) checklist. For programs in which a walkthrough is sufficient,

both the preclearance check and the walkthrough are performed by DHS, HRA,⁶ or a DHS-contracted provider, using a checklist.

The results of the preclearance check and the physical examination—inspection or walkthrough—are then forwarded to HRA. If the building and apartment pass both of those steps, DHS staff or a contracted provider submits a packet with the required documents to HRA which identifies the prospective apartment the family wants to rent. HRA will process the client's packet and, if all requirements have been met, HRA will issue rental assistance payments to the landlord.⁷

Prior to October 2018, HRA administered nine rental assistance programs designed for families with children, all of which required inspections or walkthroughs prior to approval: (1) TBRA Program; (2) LINC I; (3) LINC II; (4) LINC III; (5) LINC VI; (6) PWH; (7) CityFEPS; (8) FHEPS; and (9) SOTA. (Details on these programs are provided in the Appendix to this report.)⁸

As of October 2018, HRA consolidated seven programs, including four mentioned above (the LINC I, II, III, and CITYFEPS programs), together with three additional rental assistance programs, the SEPS program, and the LINC IV and V programs, into a single program called the City Fighting Homelessness & Eviction Prevention Supplement (CityFHEPS) program. City residents seeking rental assistance can go through either HRA's Homebase or HAP programs to connect with CityFHEPS or one of the other remaining rental assistance programs. HPD is currently responsible for performing inspections for the apartments that are part of the HOME TBRA program (which was not consolidated into CityFHEPS). DHS, HRA, or DHS-contracted providers are responsible for performing walkthroughs for households who are participating in the consolidated CityFHEPS program, and for families who are part of the SOTA and the PWH programs (which also were not part of CityFHEPS program consolidation).⁹ Three programs that provide assistance to families with children, TBRA, SOTA, and Pathway Home, continued to exist following the consolidation. However, after consolidation, the audit focused only on CityFHEPS and did not look into changes that were made to TBRA, SOTA, or Pathway Home.

During the period covering July 2016 through March 2018, HRA made over \$88 million in rental payments for 7,475 families participating in rental assistance programs for families with children.

⁶ According to HRA officials, HRA Domestic Violence housing specialists conduct walkthroughs for families affected by domestic violence and participating in rental assistance programs. However, this audit did not look at families who are part of the domestic violence programs.

⁷ HRA has a Memorandum of Understanding with HPD that sets forth the circumstances under which HPD agrees to perform HQS inspections for HRA in connection with certain rental assistance programs. In addition, HRA has what it has identified as an "understanding" with DHS pursuant to which DHS conducts walkthrough inspections for HRA in connection with certain rental assistance programs.

⁸ Before the October 2018 changes to HRA's rental assistance program discussed in this report, HPD performed inspections for apartments that were part of the TBRA program, as well as the initial inspections of apartments that were part of the LINC I, II and III programs, using the HUD HQS checklist.

⁹ The determination as to which agency, HPD or DHS, is responsible for pre-clearing and physically examining a given apartment is based on the funding source of the particular program that will be utilized to provide rental assistance. Programs that receive federal funds require a federal HQS inspection, which is performed by HPD. Programs that receive City and State funds allow for a more informal walkthrough, which is performed by DHS or one of its contracted providers.

Objective

The objective of the audit was to determine whether HRA has adequate controls to ensure that apartments for which it is providing families with rental assistance are habitable and do not have conditions that are in violation of applicable housing regulations.

Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The primary scope of this audit was July 1, 2016 through January 29, 2019, the date of our last walkthrough observation with DHS staff. Please refer to the Detailed Scope and Methodology at the end of this report for the specific procedures and tests that were conducted.

Discussion of Audit Results with HRA

The matters covered in this report were discussed with HRA officials during and at the conclusion of this audit. A preliminary draft report was sent to HRA officials and discussed at an exit conference held on May 23, 2019. On June 10, 2019 we submitted a draft report to HRA officials with a request for comments. We received a written response from HRA officials on June 21, 2019.

In its response, HRA stated that it agreed with two of the audit's five recommendations relating to: (1) requiring staff to fill out checklists during walkthroughs; and (2) finalizing and enforcing its procedures governing the preclearance and walkthrough process. HRA partially agreed with the recommendation pertaining to the submission of photographs for housing conditions observed during walkthroughs, stating that the agency is developing an IT application for electronic submission of the photographs. HRA disagreed with two recommendations pertaining to documenting the results of the preclearance checks and to ensuring that apartment owners submit documentation of the results of the lead-based paint testing or evidence of the steps taken to remove the paint, where the possibility of lead-based paint exists. For these two recommendations, HRA stated that it is using different approaches to address the issues noted in the audit report. In its response, HRA stated,

The agency is continuously evaluating the new program, and continues to develop and refine policies, procedures, and business practices. This work is ongoing, and the agency is confident that these efforts will lead to more placements in safer, affordable permanent housing for clients. The agency found many of the recommendations to be helpful in this reform effort. As indicated with respect to other recommendations, the agency disagrees with the specific recommendation because the agency has put in place alternative approaches to address issues raised by the Audit.

HRA also included with its response policies and procedures regarding the preclearance and walkthrough process that were finalized on June 21, 2019. Due to their volume, those attachments have not been physically appended to the report, but are available upon request.

We have included as an addendum to this report the portion of HRA's response that specifically addresses the recommendations.

FINDINGS AND RECOMMENDATIONS

The audit found that following the consolidation of seven rental assistance programs into a single program, CityFHEPS, HRA's additional controls provide increased assurance that the apartments for which families were approved to receive rental assistance are free of conditions that violate applicable housing regulations. However, while we found that HRA addressed many of the weaknesses we had preliminarily identified in our pre-consolidation review there continue to be certain program weaknesses that, if not resolved, increase the risk that HRA will provide rental assistance for apartments with substandard conditions.

This audit began in December 2017 as a review of multiple housing assistance programs designed primarily to assist families residing in homeless shelters obtain permanent housing. In October 2018—while audit fieldwork was ongoing—HRA consolidated seven of its then-current rental assistance programs into one program known as CityFHEPS, as described in the background section of this report.¹⁰ As a result of this program consolidation, we expanded our audit scope period to include the initial implementation of CityFHEPS.

Prior to the consolidation, we brought a number of our concerns to HRA officials, including the fact that preclearance checks were not conducted in a consistent manner and that there were no uniform standards or procedures dictating how walkthroughs should be performed. In connection with the consolidated CityFHEPS program, HRA modified its procedures for preclearance checks to better ensure that the apartments for which rental assistance is being requested and the buildings in which they are located are not the subject of certain types of open violations, litigation, or orders that HRA deems disqualifying. Further, we found that HRA implemented certain improvements in its procedures for apartment-review walkthroughs for households with CityFHEPS vouchers, including the use of a standard Apartment Review Checklist (ARC) to record the results of all CityFHEPS walkthroughs, rather than using the variety of different standards and checklists previously utilized. If followed, the abovementioned improvements should provide HRA with some additional assurance that the housing facilities approved for the CityFHEPS program are suitable for the families receiving rental assistance.¹¹

However, notwithstanding HRA's efforts to improve its preclearance checks and its apartment-review walkthroughs, we identified several continuing control weaknesses and gaps within HRA's procedures that should be addressed to better ensure that the apartments included in this rental assistance program are safe and habitable and free of conditions that violate applicable housing regulations. Specifically, we found that:

- Direct evidence of the preclearance results—such as screenshots of the DOB and HPD search results—is not required to be documented or submitted to HRA as evidence that the preclearance review was properly performed and that the apartment passed it. HRA's ability to verify the results recorded in the checklists and the reported outcomes will be limited without evidence that the required steps were taken and that the results support the assessment that the apartment passed.
- Photographs that are taken by the individuals performing inspections and walkthroughs are not required to be submitted to HRA along with the completed *Apartment Review*

¹⁰ Several months after the start of this audit, HRA informed us that it was planning the consolidation of a number of its rental assistance programs.

¹¹ After the consolidation, the audit focused only on CityFHEPS and did not look into the changes that were made to TBRA, SOTA, or Pathway Home.

Checklist as support for the examiner's assessment of the apartment's physical condition. This reduces HRA's ability to oversee the work and judgments of the examiners.

- Neither HRA nor DHS enforce the requirement that a standardized inspection checklist be completed *during* DHS walkthroughs, rather than after the fact, which increases the risk that information may not be accurately reported in the checklist.

Finally, we also found that HRA does not require landlords to submit documentation of the results of the lead-based paint testing or evidence of the steps taken to remove the paint, where applicable.

These findings are discussed in more detail in the following sections of this report.

HRA's Administration and Controls of Its Rental Assistance Program

According to Comptroller's Directive #1, *Principles of Internal Control*, internal control activities help ensure that management's directives are carried out. They are the policies, procedures, and mechanisms used to enforce management's goals and to ensure that its programs and directives are properly carried out. As such, they are integral to an agency's planning, implementation, and assessment. They are vital to its achieving the agency's desired results and its accountability.

In providing rental assistance, both prior to consolidation of its programs and after, HRA developed two types of controls for ensuring that the apartments provided through its programs meet applicable housing regulations and certain minimum standards of habitability. These are preclearance checks and physical examinations, which are intended to allow HRA to obtain reasonable assurance that the apartments for which families were approved to move into with rental assistance are free of conditions that violate applicable housing regulations. These types of controls were in place both before and after the October 2018 consolidation of the programs. However, the ways they were implemented and some individual program guidelines have varied.

Controls Prior to Consolidation

Preclearance Checks: According to HRA procedures prior to consolidation, an apartment is required to go through a preclearance process and, except as specifically noted below, must meet the following conditions in order for a client to be eligible to receive rental assistance for the apartment in that program:

- Have no open DOB and HPD vacate orders;¹²
- Have no open lead violations in the apartment or common areas of the building;
- Be in a building that is not in comprehensive HPD litigation for multiple lead or heat violations; and
- Not be part of the HPD Alternative Enforcement Program for distressed buildings.¹³

¹² Pursuant to Article 27 of the NYC Administrative Code, under appropriate circumstances, a vacate order can be issued based on the existence of a structural or fire safety hazard, defects in plumbing, sewage, drainage, or cleanliness, or any other violation of the Housing Maintenance Code or any other applicable law, that constitutes a danger to the life, health, or safety of its occupants, and where as a result, the dwelling is deemed to be unfit for human habitation.

¹³ The Alternative Enforcement Program (AEP) was established by Local Law 29 of 2007, codified at New York City Administrative Code §27-2153, to alleviate the serious physical deterioration of the City's most distressed multiple dwellings "by forcing the owner to make effective repairs or have city government do so in a more comprehensive fashion so that emergency conditions are alleviated

However, the guidelines for the LINC¹⁴ and TBRA programs prior to consolidation varied in two ways: (1) apartments could not be subject to open stop work orders issued by a City agency; and (2) the requirement that there be no open lead violations was applied to apartments only and not to the buildings' common areas.

Physical Examinations: HRA also established physical examination so as to ensure that the conditions are safe and that the apartment is habitable. As noted, HRA procedures require that prior to approval of an apartment for a family to move into, each apartment must be physically examined to ensure that there are no material deficiencies and that the unit is in satisfactory condition in accordance with either: (1) a HUD HQS checklist used by HPD; or (2) the walkthrough checklist used by DHS and its contracted providers, depending on the funding source of the rental-assistance program for which the apartment is being considered.

Weaknesses in Controls Prior to Consolidation

Weaknesses with Preclearance Checks

Despite the creation of the above controls, prior to the October 2018 consolidation of its programs, HRA did not ensure that preclearance checks were conducted in a consistent manner. For example, there was no uniform checklist used by all entities who performed the preclearance process, nor was there one particular entity tasked with the responsibility for that process. Instead, the entity that conducted the physical examination (either a walkthrough or an inspection) of the apartment also conducted the preclearance checks, including online searches for open violations on HPD's and DOB's public websites with different checks being done depending on what program was providing the rental assistance. In addition, individuals who performed the preclearance checks were not required to submit supporting evidence of the process, but rather they were only required to make a notation that the apartment passed the preclearance check.

Furthermore, HRA did not establish clear guidelines as to the circumstances that would preclude apartments from passing preclearance to be considered for the walkthrough. This resulted in inconsistent responses from six specialists from DHS' Housing Opportunity Team (HOT) unit, all of whom are responsible for conducting walkthroughs, to our question as to whether apartments that failed preclearance checks would still receive a walkthrough. Three specialists said no, one said yes, and two said that it would depend on the severity of the violations and orders found in the preclearance checks and the landlord's history of addressing such issues.

Our review of a sample of 50 case files for rental assistance subsidies that HRA issued from July 1, 2016 through March 31, 2018 found no evidence that families were placed into apartments that had open vacate orders or open lead violations, or that were subject to comprehensive HPD litigation or were in buildings in the HPD Alternative Enforcement Program. However, given the weaknesses we identified in the controls over the preclearance process in place prior to consolidation, neither we nor HRA could be reasonably assured that all of these items had been properly checked for the 50 cases in our sample.

and the underlying physical conditions related to housing code violations are addressed" L.L. 29/2007, §1. Currently, HPD each year identifies 250 buildings for inclusion in the AEP, using criteria set forth in the statute and HPD's rules. NYC HPD, *Alternative Enforcement Program*, (accessed April 17, 2019).

¹⁴ With the exception of LINC VI, to which the guidelines referred to above did not apply.

Weaknesses with Physical Examinations of Apartments

Prior to the 2018 consolidation, the controls over the physical examinations of the apartments being considered for rental assistance were found to have a number of weaknesses. This resulted in large part from the fact that neither HRA nor DHS had established uniform standards or procedures governing how the walkthroughs were to be performed by DHS and its contracted providers. Instead, HRA administered several programs, each with its own set of walkthrough or inspection requirements. The examination consisted of either an inspection conducted by HPD personnel or a walkthrough conducted by DHS' HOT unit, DHS shelter staff, or DHS-contracted providers. Procedures for walkthroughs and related steps in the apartment-review process, such as communication with the landlord regarding issues in the apartment, and the use of standardized checklists varied among the different programs and the different individuals who conducted the walkthroughs revealed.

- Program staff received no standard instructions on how to communicate with landlords when apartments failed the walkthroughs conducted by DHS or DHS-contracted providers so that necessary corrective actions could be taken.
- The specialists who conducted the walkthroughs completed and signed a checklist (either at the time of the walkthrough or at a later time), but were not required to include any supplemental evidence with the packet, such as photographs, to support their assessment that an apartment's physical condition was acceptable and that the apartment should be approved as a suitable residence for a client receiving HRA rental assistance.

Additionally, HRA had minimal controls to ensure that walkthroughs were conducted in a consistent manner. DHS had no process, such as a Quality Assurance review, to help ensure that the walkthroughs were performed in accordance with agency expectations. As noted above, our interviews of six specialists from DHS' HOT unit revealed that each had a different interpretation of how the procedures and walkthroughs should be performed. With regard to the walkthroughs, for example, two persons stated that they communicated any issues they found to the landlords by email or phone, two stated that they did so in person, and two stated they provided the landlords with copies of the Apartment Review Checklists. The lack of uniformity in the process can lead to specialists failing to consistently maintain records of issues found during walkthroughs, which could result in families residing in apartments that are not habitable.

Our review of 50 case files for rental assistance subsidies that HRA issued from July 1, 2016 through March 31, 2018 found checklists to support that a physical examination was performed. However, due to the weaknesses we identified in the pre-consolidation housing assistance programs' walkthrough procedures and the lack of consistent procedures, neither we nor HRA could be reasonably assured that all of the appropriate checks had properly been made and communicated for the 50 cases in our sample and that rental assistance was only provided for habitable apartments.

Process after the CityFHEPS Consolidation of HRA's Rental Assistance Programs

In conjunction with CityFHEPS consolidation, HRA updated its procedures for ensuring that the apartments participating in the program and the buildings in which the apartments are located are in satisfactory condition with no material violations outstanding.

Enhanced Process with HRA's Updated Procedures for CityFHEPS

The new procedures included the following enhancements to its preclearance process, as well as its walkthroughs:

Preclearance Checks

- *Creation of the Website Clearance Checklist* – A detailed and uniform preclearance checklist is to be completed during the preclearance process.
- One unit within DHS is now assigned the task of performing the preclearance checks for those apartments where DHS will conduct a walkthrough, but only after the apartment and building have been cleared through the preclearance process.
- All apartments must pass preclearance to be considered for the program, and Website Clearance Checklists must be submitted to HRA at the time that the rest of the packet is submitted for payment.
- In addition to violations cited by DOB and HPD, the updated preclearance process now includes a check for building owner information from DOB and active vacate orders from the Fire Department of the City of New York (FDNY). The preclearance also includes a check of the New York State Department of Health's website to determine whether the building is included in its Uncertified Facilities List or Referral Suspension List, and a check of the DOB site for any stop work orders.

Walkthrough Procedures

- *Standardized Checklist* – A uniform Apartment Review Checklist (ARC) must be completed during the walkthrough. The checklist has been enhanced to elicit and record additional information about the apartment, such as the results of an inspection of the radiators to detect leaks, a notation as to whether the apartment is under construction or renovation, and questions concerning other issues that would render the apartment unsuitable to rent. Additional questions, such as whether the examiner approves the apartment for rental purposes, have been inserted in the new checklist as well.
- *Additional Instructions for Walkthroughs* – Additional instructions have been created and noted within the ARC, such as a direction that the landlord must receive a copy of the completed checklist via email in the event that a unit fails the walkthrough. Further, an Apartment Review Checklist Guidance accompanies the ARC and offers clearly defined standards concerning whether, when, and how certain courses of action should be taken during the course of a walkthrough. The document also lists various scenarios, such as excess garbage in hallways, lighting in halls and stairwells, and overall apartment conditions and offers guidance for each of these conditions.
- *Additional Control Requirement – Photographs* – HRA's new procedures require the person conducting the physical examination of the apartment to photograph the condition of various areas and items to be checked, whether they are found satisfactory or unsatisfactory.
- *Quality Assurance* – DSS' Office of Program Accountability unit performs random quality assurance checks so as to assess the safety and habitability of the apartments.

The above controls, if properly implemented and carried out by preclearance and apartment examination staff, would provide HRA greater assurance that inspections and walkthroughs are conducted in a consistent manner and in accordance with HRA's policies and procedures.

Consistent adherence to such policies and procedures would improve HRA's ability to ensure that apartments are in satisfactory condition before they are approved for inclusion in CityFHEPS and families are provided with rental assistance.

Control Weaknesses with HRA's Updated Procedures for CityFHEPS

Although HRA has standardized and improved its procedures to ensure that apartment inspections are carried out in a consistent manner and in accordance with newly established policies and procedures, we still found a number of weaknesses. These weaknesses need to be addressed in order to provide HRA with greater assurance that the apartments for which they are providing rental assistance are in satisfactory condition. In particular, further improvements are needed to enable management to verify that the proper steps were taken and that the determinations are supported by reviewable evidence.

In reviewing HRA's updated procedures, we identified four weaknesses within the CityFHEPS internal control structure that could hinder HRA's ability to ensure that apartments are suitable for placement of families receiving HRA rental assistance:

- First, while preclearance is now performed uniformly by one unit, direct evidence of the preclearance results—such as screenshots of the DOB and HPD search results—is not required to be documented or to be submitted to HRA as evidence that the preclearance review was properly performed and that the apartment passed it. Staff performing the preclearance reviews only complete the *Website Clearance Checklist* to state that a review was performed. However, HRA's ability to verify the results recorded in the checklists and the reported outcomes will be limited without evidence that the required steps were taken and that the results support the assessment that the apartment passed. During the exit conference, HRA officials stated that while they agree with the significance of documenting evidence, they prefer not to overwhelm their computer system with additional data.
- Second, while photographs must now be taken by the individuals performing inspections and walkthroughs, the updated procedure does not require that they be submitted to HRA along with the completed *Apartment Review Checklist* as support for the examiner's assessment of the apartment's physical condition. However, photographs can be a useful tool that would provide HRA with visual evidence that the apartment for which they are processing payments was in fact examined and that it appears to meet required standards and be suitable for housing a family. During the exit conference, HRA officials stated that they are in the process of developing an application to store the photographs and that they hoped to implement the application in the future.
- Third, although HRA's procedures require that a standardized inspection checklist be completed *during* the DHS walkthrough, neither HRA nor DHS enforces this requirement. We observed that none of the staff members that we accompanied for five observations after the abovementioned consolidation of the housing assistance programs utilized a checklist during the walkthroughs. Considering that the updated, expanded checklist requires documentation of more conditions than before, failure to complete it during the walkthrough increases the risk that certain details may be inaccurately recorded or omitted altogether as memories lapse.

Finally, although HRA has updated its policies and procedures, six months after the consolidation of the programs, HRA has not finalized its procedures, which are still in draft form. Policies and procedures provide guidance to staff in carrying out their responsibilities and as a control to reduce the risk that the program’s mission may not be achieved. Absent such controls, HRA—which currently expends considerable resources on rental assistance programs—is less able to ensure that the families receiving such assistance are placed only in suitable housing conditions. During the exit conference, HRA stated that they anticipate finalizing the procedures mid-June 2019.

Recommendations

1. HRA should require DHS and HPD staff performing preclearance checks to provide HRA with documentation of the results of the preclearance checks, such as a screenshot of the search results from each of the various websites checked.

HRA Response: HRA disagreed with this recommendation, stating, “The Agency is addressing this issue through a different approach.

The Agency is addressing the need to make sure that staff conducting preclearance checks document their work through a different approach. The team completing the preclearance checks are trained professionals and experienced in reviewing the HPD, DOB and other City websites efficiently and effectively. All clearance results are captured in one database. This database also keeps an audit trail of the time, date and name of the staff member who conducted the clearance so paper printouts are unnecessary to document that the preclearance was done. Additionally, the DSS Quality Assurance team reviews a random selection of cases to ensure ongoing staff compliance with the preclearance checks.”

Auditor Comment: Merely recording pass or fail results in the database without including the supporting evidence of the actual preclearance checks will hinder HRA’s ability to confirm the accuracy of the recorded information. The retention of an “audit trail” of staff activity and the Quality Assurance reviews, which are performed on a sample basis only, will not fully compensate for the absence of supporting evidence and will also be hindered by the absence of such evidence.

2. HRA should require that photographs of the housing conditions observed during walkthroughs be submitted as a visual record of the apparent suitability of the apartments.

HRA Response: HRA partially agreed with this recommendation, stating, “The new process requires that individuals conducting walkthroughs take photographs of certain pass and fail conditions that are specified in the ARC and Guidance documents. These photographs are available and submitted upon request.

To ensure compliance with the requirement that photographs be taken, as part of quality assurance reviews, the Agency review process requires that photographs be submitted for review.

DSS/HRA/DHS is also developing an IT application to enable individuals conducting walkthroughs to complete the ARC electronically. As part of this

solution, the agency is developing the capacity for submitting all photographs accompanying completed Apartment Review Checklist (ARC) forms to DSS/HRA/DHS for quality assurance purposes. Until the agency implements the IT application, it is not feasible for the agency to manage the submission and tracking of photographs other than through the quality assurance approach we are currently taking.”

Auditor Comment: We are pleased that HRA is taking steps to address this matter and urge the agency to follow through with its initiative for developing an IT application that will allow submission of photographs.

3. HRA should require that staff to fill out checklists during walkthroughs to ensure that all details are accurately recorded as the walkthroughs are being conducted.

HRA Response: HRA agreed with this recommendation, stating, “This requirement is already part of the process. The agency has conducted numerous trainings of the Rehousing and Provider staff and will continue, through trainings, to reinforce to staff that checklists must be filled out in real-time and not post-walkthrough.”

4. HRA should finalize and enforce its updated procedures governing the preclearance and walkthrough process to better ensure that: (a) staff are aware of their specific responsibilities; and (b) walkthroughs and preclearance checks are performed in a consistent manner in which all relevant issues are adequately addressed before the apartments are approved for participation in the rental assistance program.

HRA Response: HRA agreed with this recommendation, stating, “Following final adoption and publication of the new agency rule streamlining the City’s rental assistance programs and aligning them with the State rental assistance program in October 2018, the agency has now finalized these new policies, procedures and forms for its streamlined apartment review process through a collection of materials including the Apartment Review Checklist (ARC), ARC Guidance, training materials, and communications to staff. The Agency has promulgated a single document (Policy Directive) that will summarize these collective materials.”

Other Matters

Under City law, owners of multiple dwellings erected prior to 1960 are required to remediate all lead-based paint hazards, and address certain other specific conditions to eliminate potential lead-based paint hazards, at turnover, that is, when possession of an apartment is about to change from one tenant or occupant to another.¹⁵ Moreover, the owner is required to certify that he or she has complied with those requirements in a notice provided to the new occupant, as required by HPD rule, “upon signing of lease, if any, or upon any agreement to lease, or at the commencement of occupancy if there is no lease.”¹⁶ And in every such case where work was performed, City rules require the owner to have followed prescribed safe work practices, including by obtaining lead-contaminated dust clearance test results from an independent, properly certified

¹⁵ NYC Administrative Code §27-2056.8; 28 RCNY §11-05. As stated in New York City Local Law 1 of 2004, in any multiple dwelling erected prior to January 1, 1960, it shall be presumed that the paint or other similar surface coating material in any dwelling unit where a child of applicable age resides, or in the common areas is lead-based paint. NYC Administrative Code §27-2056.5.

¹⁶ 28 RCNY §11-05.

tester, and to maintain the associated records.¹⁷ Consequently, no persons should be entering into leases for apartments in such buildings where lead-based paint hazards exist, no owner of an apartment in such a building should be offering to lease such an apartment, and the City should not be approving rental assistance payments to an owner of such an apartment.

Other than the certification that is submitted by owners of the apartments in pre-1960 buildings¹⁸ being considered for rental assistance under the CityFHEPS program, HRA does not require the landlords to submit documentation of the results of the lead-based paint testing or evidence of the steps taken to remove the paint, where applicable.¹⁹ As a result, HRA has inadequate assurance that the tests and subsequent abatement of lead-based paint was performed.

Recommendations

5. HRA should consider modifying its procedures and ensure that the owners of apartments for which families are applying for rental assistance submit documentation of the results of the lead-based paint testing or evidence of the steps taken to remove the paint, where the possibility of lead-based paint exists to better ensure the appropriate remediation work has in fact been performed.

HRA Response: HRA disagreed with this recommendation, stating, “The agency is addressing this issue through a different approach that goes beyond the requirements of Local Law 1 of 2004.

The agency’s lead-based paint policy...takes the approach of requiring landlords to submit an attestation certifying that any potential lead-based hazard identified during a walkthrough was remediated...If the condition is remediated and the landlord submits the attestation to DSS certifying the condition was properly repaired, a re-walkthrough will be conducted.”

Auditor Comment: Notwithstanding HRA’s new procedures for conducting a re-walkthrough, requiring landlords to submit the actual results of the steps taken by an independent professional company (records that the landlords are required to maintain) rather than relying on: (1) the landlords’ unsupported certifications; and (2) walkthroughs conducted by DHS or its providers—who have no specialized training in this area—would offer greater assurance that lead-based hazards have been properly remediated. Accordingly, we urge HRA to reconsider its response and implement this recommendation.

¹⁷ NYC Administrative Code §27-2056.11(a)(3); 28 RCNY 11-06(b)(4) and (c).

¹⁸ Although the City Law requires certification be submitted for apartments in pre-1960 buildings, HRA requires such certification for apartments in pre-1978 buildings.

¹⁹ NYC law also requires owners to notify incoming tenants and occupants of specific provisions relating to annual inspections of apartments for lead-based paint hazards when a child under the age of six resides or will reside in the apartment. The notice and inspection requirements apply to multiple dwellings erected before 1960 and, where the owners have knowledge of presence of lead-based paint, to multiple dwellings built between 1960 and 1978. NYC Administrative Code §27-2056.3, 2056.4; 28 RCNY §§11-02, 11-03.

DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope of this audit was July 1, 2016 through January 29, 2019, the date of our last walkthrough observation with DHS staff.

To obtain an understanding of the process for the various rental assistance programs, we interviewed the Director of HRA's Rental Assistance Unit, as well as the Chief Homelessness Prevention Officer, the Special Advisor, and the Deputy Commissioner of HRA's Rental Assistance Program. To identify security measures for the different rental assistance computer data, we met with the Deputy Commissioner, Chief Information Officer, Division Director, the Project Director, Computer Specialist, and the Consultant of HRA's Office of Information Technology. We attended a presentation/walkthrough of their computer systems used in administering the rental assistance program.

To obtain an understanding of the walkthrough process conducted by DHS, we met with the Assistant Commissioner of DHS and the Director of Client Services. To gain an understanding for the re-inspection process conducted by DHS' CPD unit, we met with DHS' Director of Family Services Rehousing, Facilities Manager, and Principal Administrative Associate. To gain an understanding for the inspection process conducted by HPD inspectors, we interviewed the HPD Deputy Commissioner, Division of Operations and staff from Code Enforcement. We also observed walkthroughs of apartments conducted by DHS personnel, as well as re-inspections conducted by CPD staff of apartments that initially failed HPD inspections.

To assess the adequacy of HRA's internal controls, we compared information obtained from the HRA officials responsible for administering the rental assistance programs, as well as from our own observations during the walkthroughs against the following audit criteria:

- Memorandum of Understanding between HRA and HPD on the LINC programs;
- Memorandum of Understanding between HRA and HPD on the HOME TBRA program;
- Rules of the City of New York, Title 68: HRA Chapters 7, 8, 9, 10 and 11;
- Different narratives of the rental assistance programs provided by HRA;
- Worksheets provided by Office of Client Resources as guidelines for the staff that lists the types of documents required for each client package depending on the rental subsidy program;
- Apartment Review Checklist used for the different rental subsidy programs;
- HRA Home TBRA and LINC procedures;
- Checklists, guidelines and draft procedures for the CityFHEPS program;

- CityFHEPS clients' documentation provided by HRA;
- Comptroller's Directive #1, *Principles of Internal Control*;
- Article 14 (Local Law of the City of New York 2004 No.1); and
- RCNY Title 28, Chapter 11.

To determine whether families were approved to move into safe and habitable apartments, we used the weighted average of the number of families in each of the nine programs administered by HRA for families with children, and we randomly selected 50 families from a population of 7,475 families whose landlords were first issued rental assistance subsidies on their behalf from July 1, 2016 through March 31, 2018. We reviewed the documents included in the clients' packets when applying for rental assistance, including the inspection or walkthrough checklists. In addition, using data on HPD's and DOB's websites, we reviewed the apartments and building violations for the apartments where these 50 families were placed. We did not categorize the results of our tests according to the different programs.

To determine whether walkthroughs were conducted consistently by DHS staff and in accordance with guidelines, we judgmentally selected 9 out of 23 apartment walkthroughs that were conducted during the period of March 29, 2018 to June 22, 2018. We attended the walkthroughs and observed the process as conducted by DHS staff for the rental assistance programs prior to consolidation of the programs. Subsequent to the consolidation, we judgmentally selected five out of nine apartment walkthroughs conducted from January 14, 2019 through January 29, 2019 to observe the new procedures implemented for CITYFHEPS. We also interviewed with DHS staff responsible for conducting the walkthroughs so as to understand their understanding of the program guidelines. However, after consolidation, the audit focused only on CityFHEPS and did not look into changes that were made to TBRA, SOTA, or Pathway Home.

The results of the above tests, while not statistically projected to their respective populations, provided a reasonable basis for us to assess whether HRA has adequate controls to ensure that apartments for which they are providing families with rental assistance are suitable for placement and do not have conditions that are in violation with applicable housing regulations.

APPENDIX

Description of HRA Programs for Families with Children Prior to October 2018 Consolidation

Program	Description	Inspection /Apartment Review Requirement	Funding Source	Duration of Program
HRA HOME Tenant-Based Rental Assistance (TBRA)	Assists families with children or adults living in DHS or HRA shelter for at least 120 days and chronically street homeless individuals.	Inspections conducted by HPD	Federally Funded (HUD)	Assistance can be renewed annually.
Living in Communities (LINC) I	Helps families in shelter who are working at least 35 hours a week but are unable to afford stable housing. Requires families to continue working and to pay 30% of income towards monthly rent.	First time inspections conducted by HPD. Re-inspections for failed inspections are performed by DHS' Capacity Planning and Development (CPD) unit.	City and State Funded	Rental Assistance may be provided for up to five years.
LINC II	Helps families in shelter who have income but can't afford stable housing. Requires families to have income and pay 30% of total income towards monthly rent.	First time inspections conducted by HPD. Re-inspections for failed inspections are performed by the CPD unit.	City and State Funded	Rental Assistance may be provided for up to five years.
LINC III	Helps families in shelter whose lives have been affected by domestic violence	First time inspections conducted by HPD. Re-inspections for failed inspections are performed by the CPD unit.	City and State Funded	Rental Assistance may be provided for up to five years.
LINC VI	Assists a family or individual moving out of DHS shelter with payments to a "host family" for sharing their apartment.	Units must pass an inspection conducted by CPD.	City Funded	Payments are available for up to five years.
Pathway Home (PWH)	Assists a family or individual moving out of DHS shelter with payments to a "host family" for sharing their apartment.	Units must pass an inspection conducted by CPD.	City Funded	Payments are available for one year.
CITYFEPS/FHEPS	For families with children facing eviction or moving out of DHS and HRA shelters into their own apartments.	Walkthroughs conducted by HRA domestic violence housing specialists, DHS's Housing Opportunity Team (HOT), DHS shelter staff, and DHS contracted providers/CITYFEPS providers.	City and State Funded	Families not in shelter may receive assistance to stay in their current apartment or to move to a new apartment.
Special One-Time Assistance (SOTA)	Provides one year's full rent up front for clients to move within NYC, to other NYS counties, or outside of NYS. No room rentals are allowed.	Walkthroughs conducted by staff from the HOT unit, DHS shelter staff, and in neighboring NY and NJ counties.	City funded	Clients are only eligible for SOTA one time.



Human Resources
Administration

Department of
Homeless Services

Office Of Audit &
Quality Assurance

June 21, 2019

Steven Banks
Commissioner

Majorie Landa
Deputy Comptroller for Audit
New York City Office of the Comptroller
1 Center Street, room 1100
New York, NY 10007

Molly Murphy
DSS First Deputy
Commissioner

Re: Agency Response and Corrective Action Plan to the NYC Human Resource Administration's Controls over the Safety and Habitability of Apartments for Families Receiving Rental Assistance MG18-098A

Saratu Gharthey
Chief Program
Accountability Officer

Maria Ciniglio
Deputy Commissioner

Dear Ms. Landa:

150 Greenwich Street
New York, NY 10007

Thank you for sharing with us the Draft Report for the Audit of the New York City Human Resources Administration's Controls over the Safety and Habitability of Apartments for Families Receiving Rental Assistance (MG18-098A). We have reviewed the referenced report, and our responses are enclosed.

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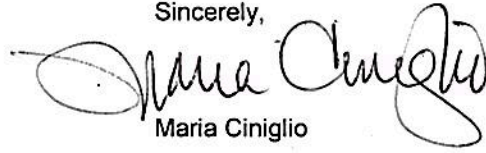
In the final report, we ask that the Audit note this information: Following the settlement of the *Tejada v. Roberts* litigation brought against the State, the agency consolidated seven separate City social services rental assistance programs into a single program aligned with the new State rental assistance program required by the settlement. The new consolidated program is the CityFHEPS (City Fighting Homelessness & Eviction Prevention Supplement) Program. The new CityFHEPS program not only standardizes how the agency administers rental assistance benefits for clients, it also includes a new uniform preclearance and physical examination of apartments which clients are seeking to rent to ensure habitability.

We also ask that the Audit note this supplemental information: The CityFHEPS program officially launched in October 2018, while the Comptroller's Office was conducting this Audit. Accordingly, some of the Audit reviewed agency actions prior to the implementation of the new program and procedures and some of the Audit reviewed agency actions at the start of a major systems change with expected implementation ramp up. As discussed in the agency's responses, the agency is continuously evaluating the new program, and continues to develop and refine policies, procedures, and business practices. This work is ongoing, and the agency is confident that these efforts will lead to more placements in safer, affordable permanent housing for clients. The agency found many of the recommendations to be helpful in this reform effort. As indicated with respect to other recommendations, the agency disagrees with the specific recommendation because the agency has put in place alternative approaches to address issues raised by the Audit.

Our mission is to serve New York City's most vulnerable population in the most compassionate, efficient and effective manner, while adhering to all applicable rules, regulations and laws by which we are bound. We sincerely appreciate the efforts that your office has invested in this review to help us carry out our mission.

We are confident that our responses demonstrate our commitment to improving our operations going forward. Should you have any questions, please contact Sonia Lamrhari, Director of the DSS Bureau of Audit Coordination at 929-221-5724.

Sincerely,

A handwritten signature in black ink, appearing to read "Maria Ciniglio". The signature is fluid and cursive, with a large initial "M" and a long, sweeping tail.

Maria Ciniglio

Enclosures

Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
<p>Recommendation 1:</p> <p>HRA should require DHS and HPD staff performing preclearance checks to provide HRA with documentation of the results of the preclearance checks, such as a screenshot of the search results from each of the various websites checked.</p>	<p>Disagree: The Agency is addressing this issue through a different approach.</p> <p>The Agency is addressing the need to make sure that staff conducting preclearance checks document their work through a different approach. The team completing the preclearance checks are trained professionals and experienced in reviewing the HPD, DOB and other City websites efficiently and effectively. All clearance results are captured in one database. This database also keeps an audit trail of the time, date and name of the staff member who conducted the clearance so paper printouts are unnecessary to document that the preclearance was done. Additionally, the DSS Quality Assurance team reviews a random selection of cases to ensure ongoing staff compliance with the preclearance checks.</p>		None	
<p>Recommendation 2:</p> <p>HRA should require that photographs of the housing conditions observed during walkthroughs be submitted as a visual record of the apparent suitability of the apartments.</p>	<p>Partially Agree:</p> <p>The new process requires that individuals conducting walkthroughs take photographs of certain pass and fail conditions that are specified in the ARC and Guidance documents. These photographs are available and submitted upon request.</p> <p>To ensure compliance with the requirement that photographs be taken, as part of quality assurance reviews, the Agency review process requires that photographs be submitted for review.</p>	<p>DHS Rehousing Support Division</p> <p>OPA Rental Assistance Integrity Unit</p>	Require photographs of housing conditions	Completed as of 6/15/19

Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
	<p>DSS/HRA/DHS is also developing an IT application to enable individuals conducting walkthroughs to complete the ARC electronically. As part of this solution, the agency is developing the capacity for submitting all photographs accompanying completed Apartment Review Checklist (ARC) forms to DSS/HRA/DHS for quality assurance purposes. Until the agency implements the IT application, it is not feasible for the agency to manage the submission and tracking of photographs other than through the quality assurance approach we are currently taking.</p>	<p>DSS Information Technology Systems</p>	<p>observed for Quality Assurance Reviews. Develop approach and project plan for implementation.</p>	<p>September 2019</p>
<p>Recommendation 3: HRA should require that staff to fill out checklists during walkthroughs to ensure that all details are accurately recorded as the walkthroughs are being conducted.</p>	<p>Agree: This requirement is already part of the process. The agency has conducted numerous trainings of the Rehousing and Provider staff and will continue, through trainings, to reinforce to staff that checklists must be filled out in real-time and not post-walkthrough.</p>	<p>DHS Rehousing Support Division</p>	<p>Conduct re-enforcement training of Rehousing Support Division and provider staff.</p>	<p>Completed/Ongoing</p>

Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
<p>Recommendation 4:</p> <p>HRA should finalize and enforce its updated procedures governing the preclearance and walkthrough process to better ensure that: (a) staff are aware of their specific responsibilities; and (b) walkthroughs and preclearance checks are performed in a consistent manner in which all relevant issues are adequately addressed before the apartments are approved for participation in the rental assistance program.</p>	<p>Agree:</p> <p>Following final adoption and publication of the new agency rule streamlining the City's rental assistance programs and aligning them with the State rental assistance program in October 2018, the agency has now finalized these new policies, procedures and forms for its streamlined apartment review process through a collection of materials including the Apartment Review Checklist (ARC), ARC Guidance, training materials, and communications to staff. The Agency has promulgated a single document (Policy Directive) that will summarize these collective materials.</p> <ul style="list-style-type: none"> To ensure that these policies and procedures are made clear to staff and carried out consistently: DSS/HRA/DHS have conducted numerous trainings and re-trainings for staff that conduct either or both of preclearance checks and apartment walkthroughs. DSS/HRA/DHS will continue to offer refresher trainings to reinforce these standards. As part of the streamlining of rental assistance, DSS/HRA/DHS centralized the preclearance checks for units and updated the apartment walk-through processes. The goal of this process was to ensure that apartment reviews and clearances, including preclearance checks and walkthroughs, are performed in a consistent manner. This is achieved, in part, through a variety of means, including: standardized 	<p>DHS/ Rehousing Support Division</p> <p>Office of Policy Procedures & Training</p>	<p>Finalize Policy Directive</p>	<p>Completed – DSS Policy Bulletin #2019-004- Clearance and Walkthrough Policy issued on 6/21/19 (see attached)</p>

Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
	<p>forms (checklists and guidance); centralized processes (all preclearance checks conducted by City staff); consistent requirements, including setting out in clear terms the circumstances that constitute failure of apartment reviews as well as the requirement that walkthroughs should not be completed until there is confirmation that the unit has passed preclearance; and through the creation of a Quality Assurance unit that conducts compliance reviews.</p>			
<p>Recommendation 5:</p> <p>HRA should consider modifying its procedures and ensure that the owners of apartments for which families are applying for rental assistance submit documentation of the results of the lead-based paint testing or evidence of the steps taken to remove the paint, where the possibility of lead-based paint exists to better ensure the appropriate remediation work has in fact been performed.</p>	<p>Disagree: The agency is addressing this issue through a different approach that goes beyond the requirements of Local Law 1 of 2004.</p> <p>The Agency disagrees with this recommendation because its current policy is in compliance with Local Law 1 of 2004 and actually goes beyond what is required under the law. HRA's lead-based paint policy, which is set forth in the ARC and ARC Guidance, was created in consultation with other City agencies that administer and enforce the City's lead-based paint laws and rules. Taking these enhanced measures of protection is effective for identifying and addressing potential lead-based paint hazards.</p> <p>The agency's lead-based paint policy, which is set forth in the ARC and ARC Guidance and described below, takes the approach of requiring landlords to submit an attestation certifying that any potential lead-based hazard identified during a walkthrough was remediated in compliance with §27-2056.11 of Article 14 of the</p>		None	

Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
	<p>Housing Maintenance Code and 28 RCNY §11-06, and that, upon completion of the work, a lead contaminated dust wipe clearance test was performed, and the results of the clearance tests were in compliance with the lead contaminated dust levels required for clearance. This approach goes beyond what is required under Local Law 1.</p> <p><u>Summary of Lead-Based Paint Policy</u> A unit must fail the apartment walkthrough if there is any cracked, peeling, or loose paint, regardless of the year the building was constructed. If the date of construction is 1978 or earlier (which is stricter than the pre-1960 standard under Local Law 1), the paint condition must be escalated to DSS. Once the provider escalates the condition to DSS, the unit is recorded in a peeling paint tracker. The landlord must remediate the condition in accordance with Local Law 1 and complete an Attestation of Compliance for Addressing Potential Lead Based Paint Hazards (see Attestation attached). If the landlord fails to remediate the condition and submit the Attestation, the unit will remain on the peeling paint tracker to ensure that other families do not move into the unit in the future.</p> <p>If the condition is remediated and the landlord submits the attestation to DSS certifying the condition was properly repaired, a re-walkthrough will be conducted. The party responsible for</p>			

Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
	<p>conducting the re-walkthrough, to ensure that the correction has been made, is specified below:</p> <ol style="list-style-type: none"> 1. DHS must perform the re-walkthrough if there are children under 6 in the household. 2. The provider must perform the re-walkthrough if: <ol style="list-style-type: none"> a. there are no children under 6 in the household, OR b. the date of construction is 1979 or later (there is no need to escalate to DHS, but the landlord must remediate the issue). 			