

AUDIT REPORT



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

Audit Report on the Administration of The New Foundations Homeownership Program by the Department of Housing Preservation and Development

MJ05-086A

June 30, 2005



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

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 has audited the Department of Housing Preservation and Development (HPD) to evaluate how well HPD worked with developers participating in its New Foundation Homeownership Program (New Foundations) to help expedite required regulatory approvals. HPD's mission is to promote quality housing and viable neighborhoods for all New Yorkers. In March 2000, HPD launched New Foundations with the goal of transforming underutilized City property into attractive, quality housing.

Our audit resulted in the findings and recommendations that are presented in this report. The findings and recommendations were discussed with City officials; their comments were 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 interest 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 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.

WCT/fh

Report: MJ05-086A
Filed: June 30, 2005

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

**Audit Report on the Administration of
The New Foundations Homeownership
Program by the Department of Housing
Preservation and Development**

MJ05-086A

AUDIT REPORT IN BRIEF

This audit evaluated how well the Department of Housing Preservation and Development (HPD) worked with developers participating in its New Foundation Homeownership Program (New Foundations) to help expedite required regulatory approvals. HPD's mission is to promote quality housing and viable neighborhoods for all New Yorkers. To fulfill this mission, HPD has developed several programs to enable New Yorkers to purchase newly constructed or newly renovated homes or apartments.

In March 2000, HPD launched New Foundations to foster the construction of one- to four-family owner-occupied homes. HPD sells City-owned land to developers and works with them to develop the property. These developers are responsible for obtaining all necessary construction financing; there are no direct City subsidies. The goal of this program is to transform underutilized City property into attractive, quality housing.

Audit Findings and Conclusions

HPD provided assistance to developers to help expedite required regulatory approvals. Our review of all files of seven developers revealed evidence of interaction between HPD and the developers and the documentation of steps that HPD took on behalf of each developer to expedite the construction and approval process.

However, HPD needs to improve its oversight of the program to ensure that it is maximizing the assistance that it provides so that construction of these homes is not subjected to prolonged delays. First, HPD needs to better document its efforts of following up with developers to ensure that outstanding violations are cleared on properties. Of the 46 Round I sites that we reviewed, 26 (57%) had a total of 97 open Department of Buildings (DOB) and Environmental Control Board (ECB) violations. As of February 2005, most of the 64 outstanding violations on New Foundations sites that were issued subsequent to the sale of the land to developers had been open for a year or longer. HPD also needs to ensure that violations issued prior to the sale of the land to developers are cleared prior to transferring ownership of the

land. Of the 46 sites, 10 (22%) had 33 outstanding violations that were issued prior to the land sale. Second, there were inconsistencies among the Project Managers who are responsible for the day-to-day monitoring of the developers in the way each manager handles his or her responsibilities. HPD also does not have a system to document all instances in which developers request their assistance and the outcomes, so we were unable to ascertain whether assistance was provided in all cases when it was requested by the developers.

Audit Recommendations

We made two recommendations to HPD. HPD should:

- Develop procedures for monitoring the program that clearly define the responsibilities of all parties involved in the program and provide guidelines for Project Managers to follow, including but not limited to the tasks of documenting and tracking assistance provided to developers.
- Ensure that violations are cleared from properties before transferring land ownership to developers.

INTRODUCTION

Background

The New York City Department of Housing Preservation and Development (HPD) is the largest municipal developer of affordable housing in the nation. HPD's mission is to promote quality housing and viable neighborhoods for all New Yorkers. To fulfill this mission, HPD uses a variety of preservation, development, and enforcement strategies; and works with private, public, and community partners to strengthen neighborhoods.

HPD has developed several programs designed to enable New Yorkers to purchase newly constructed or newly renovated homes or apartments. In March 2000, HPD launched one such program—the New Foundations Homeownership Program (New Foundations)—to foster the construction of one- to four-family owner-occupied homes. HPD sells City-owned land to developers and works with them to develop the property. The goal of this program is to transform underutilized City property into attractive, quality housing.

Under New Foundations, developers are chosen through a competitive Request for Proposal (RFP). Developers pay the City a negotiated amount in cash and deliver a note and mortgage for the remainder of the appraised value of the land (land debt). The land debt is then passed on to the purchasers of the homes to be built on the land. The land debt is apportioned pro rata to each home built on a particular site. The homeowners, who receive a real property tax exemption, are required to live in at least one unit of their homes for a minimum of 20 years.

Developers are responsible for the design, construction, and marketing of the homes. They are also responsible for obtaining all necessary construction financing from private sources as no direct City subsidies are offered under New Foundations. HPD works with developers to expedite required regulatory approvals.

As of February 2005, HPD had issued two RFPs for the New Foundations program. The RFP for Round I was issued in March 2000; it included 66 sites initially, and these sites were expected to yield 663 units. However, construction at 18 of these 66 sites was either delayed or never started because the sites were garden sites—community gardens planted by the residents in long-standing vacant lots—and was tied up in litigation. As of January 2005, construction had started at only 58 of the 66 sites. The RFP for Round II was issued in April 2002. It initially included 34 sites, and these sites were expected to yield 321 units. HPD later expanded Round II to include an additional 19 sites expected to yield 216 units.

Table I below shows the number of developers and sites in the program as of January 2005.

Table I

Summary of Construction Sites

Round	Number of Developers	Number of Construction Sites	Number of Units to be Built
I	10	58	586
II	13	53	537
Total		111	1,123

As of April 19, 2005) ar, 81 houses (with a total of 180 units) on 13 of the Round I sites had been sold to new homeowners. In addition, another 91 houses (with a total of 181 units) are in contract to be sold.

Objective

The objective of this audit was to determine whether HPD works adequately with developers to expedite required regulatory approvals.

Scope and Methodology

The scope of this audit was March 2000 through February 2005. Our review was limited to HPD's program activities for Round I sites only.

To obtain an in-depth understanding of New Foundations, we interviewed HPD officials, including the Director of the Division of New Construction Special Initiatives, the Assistant Commissioner of HPD's Department of Architecture, Construction and Engineering (DACE), and two Project Managers who are responsible for working with the developers on a day-to-day basis. We supplemented our interviews with relevant program documents that either were obtained directly from HPD officials or were printed from HPD's Web site.

In addition, we accessed the Department of Building's (DOB) Web sites to research data regarding construction activity at the designated New Foundations program sites. We reviewed DOB records to determine whether the developers had applied for and received the required building permits. We also determined whether there were open violations at any of the construction sites and, when applicable, the application status for the Certificates of Occupancy (CO).¹

To assess the adequacy of the assistance that HPD provides to developers participating in its New Foundations program, we reviewed construction files maintained by Project Managers.

¹ A certificate issued by DOB to a builder or renovator indicating that the building is in proper condition to be occupied.

In September 2004, we received a list that contained 66 sites in Round I. (Sale of the land to a developer at two of the 66 sites was not complete at that time and 18 sites were classified as “garden sites”—community gardens planted by the residents in long-standing vacant lots. HPD was tied up in litigation to make these sites available for construction.) Using this list of the remaining 46 sites, we identified the two Project Managers with the greatest number of projects in which construction had started at that point. These Project Managers monitored seven of the 10 developers from Round I; these developers had 30 of the 66 Round I sites. We then interviewed the two managers and requested their files of the developers building on these sites. We reviewed the files to track HPD documentation of construction activity. We looked for evidence that there was ongoing monitoring of construction progress and that HPD interceded on the behalf of the developers when necessary to expedite construction of the houses.

As part of our review of HPD’s monitoring of the developers, we also reviewed the DOB Web site to determine whether properties at the 46 Round I sites—for which we received a listing in September 2004—had outstanding violations. We obtained violation histories of the properties by using the blocks and lots of the properties. For the seven developers for which we obtained the case files, covering 30 of the 46 sites, we reviewed the files to determine whether they contained any documentation of violations assessed against the properties and any action taken by DOB in regard to those violations.

The results of our review of developers’ case files, while not projectable to the entire population of Round I developers, provided a reasonable basis for us to determine whether HPD’s assistance to developers to expedite required regulatory approvals was adequate.

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. This audit was performed in accordance with the New York City Comptroller’s audit and 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 HPD officials during and at the conclusion of this audit. A preliminary draft report was sent to HPD officials and was discussed at an exit conference on May 12, 2005. On May 24, 2005, we submitted a draft report to HPD officials with a request for comments. We received a written response from HPD officials on June 15, 2005. In their response, officials generally agreed with the audit’s recommendations. HPD stated:

“As the [New Foundations Homeownership] program has evolved and since the implementation of Round II of New Foundations in May 2003, a number of the recommendations outlined in the audit have already been incorporated into programmatic guidelines and procedures.”

The full text of HPD’s comments is included as an addendum to this report.

FINDINGS

HPD provided assistance to developers to help expedite required regulatory approvals. For all seven developers' files reviewed, there was evidence of interaction between HPD and the developers and documentation of steps that HPD took on each developers' behalf to expedite the construction and approval process.

However, HPD needs to improve its oversight of the program to ensure that it is maximizing the assistance that it provides so that construction of these homes is not subjected to prolonged delays. First, HPD needs to better document its efforts of following up with developers to ensure that outstanding violations are cleared on properties. Of the 46 sites we reviewed from Round I, 26 (57%) had a total of 97 open DOB and Environmental Control Board (ECB) violations. As of February 2005, most of the 64 outstanding violations on New Foundations sites that were issued subsequent to the sale of the land to developers had been open for a year or longer. HPD also needs to ensure that violations that were issued prior to the sale of the land to developers are cleared prior to transferring ownership of the land. Of the 46 sites, 10 (22%) had 33 outstanding violations that were issued prior to the land sale. Second, there were inconsistencies among the Project Managers who are responsible for the day-to-day monitoring of the developers in the way each manager handles his or her responsibilities. HPD also does not have a system to document all instances in which developers request their assistance and the outcomes, so we were unable to ascertain whether assistance was provided in all cases when it was requested by the developers.

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

Project Managers Need to Follow up With Developers Regarding Outstanding Violations

Over half of the 46 Round I sites we reviewed had outstanding DOB and ECB violations; 84 percent of the violations issued after the sale of the land had been outstanding for one year or longer. However, there was little evidence in the case files that Project Managers are following up with developers to ensure that these violations are cleared.

HPD officials informed us that the Project Managers maintain frequent contact with the developers. One Manager told us that during these contacts, they remind developers to keep their work permits current and to notify Project Managers of inspection problems. The discussions could also include instances in which an inspector from the Construction Monitoring team issues a Notice to Correct to the developer for violating the approved construction plans. (DOB may also issue an ECB violation for not following the approved plans.) The Project Managers are notified when a Notice to Correct is issued. In addition, she stated that she gets involved with the developers to help clear up outstanding violations, including those issued prior to the sale of the land to the developers. Since HPD is not notified when DOB and ECB violations are issued, the manager stated she periodically checks DOB records to research outstanding violations at the construction sites.

We found that 26 (57%) of the 46 Round I sites whose property profiles we reviewed in DOB's records had a total of 97 open DOB and or ECB violations. Our review disclosed that 64 of these violations that were issued subsequent to the sale of the land to developers were still outstanding as of February 2005; 33 (52%) of them were issued for working without a permit. Most of the 64 violations had been open for a year or longer. Table II, below, shows a summary of the length of time that the violations were outstanding for the sites.

Table II

Summary of Length of Time
Violations Were Open as of February 2005

Length of time Violations Open	Number of Violations	Percentage
Less than 1 Year	10	16%
1 to 2 Years	41	64%
2 to 3 Years	13	20%
Total	64	100%

Our analysis of HPD's files for the seven developers we reviewed, however, showed little evidence that the Project Managers followed up on the DOB and ECB violations. At the exit conference, an HPD official stated that the agency has additional letters and e-mails showing communication between the Project Managers and developers regarding open violations. HPD provided us with the documentation subsequent to the exit conference. Our review of these documents showed evidence of HPD's contact with only one developer who had 45 of the 97 outstanding violations. Furthermore, this contact took place only during the final stages of construction when the developer was attempting to obtain COs for the properties. As of May 19, 2005, the majority of the violations for this developer that we identified during the audit—including those issued both before and after the land was sold to the developer—remains open.

As long as there are outstanding violations on a property, DOB will not issue a CO, and the prospective homeowner will not be able to move into their new home. Accordingly, it is important for HPD to follow up with developers in a consistent manner to ensure that violations are corrected as quickly as possible.

HPD Did Not Ensure that Open Violations on Land Were Resolved Before Transferring Ownership to Developers

Regarding outstanding violations, HPD did not ensure that open violations on New Foundations sites that were issued prior to the sale of the land were cleared prior to transferring ownership of the land to the developers. Of the 46 sites we reviewed, as of February 2005, 10 (22%) had 33 violations that were issued prior to the sale of the land to developers.

According to HPD officials, properties sold through New Foundations should not have any outstanding violations. HPD officials informed us that it is the responsibility of HPD to

resolve violations that were issued on properties prior to transferring the ownership of those properties to developers. We found that in addition to the 64 violations issued on the properties subsequent to the sale of the land, there were an additional 33 violations that were issued prior to the sale of the land. Overall, of the 97 (64 + 33) violations on the reviewed properties, more than one third should have been cleared by HPD before the developers purchased the land. HPD should institute better controls to ensure that properties are not transferred to developers until all violations are cleared, or that they are cleared as soon as possible after the transfer of land.

At the exit conference, an HPD official stated that following up on old violations is currently not part of the Project Managers' responsibilities. (This statement contradicts what we were told during the course of the audit.) However, since existing violations delay the issuance of COs and the ability of new homebuyers to occupy their new homes, we believe that HPD should reconsider its position. Furthermore, HPD had a responsibility to ensure that violations issued before the land was sold to the developers were cleared before the land ownership was transferred. Accordingly, we contend that it should be part of the Project Managers' responsibilities to follow up on these violations so that the violations are cleared as soon as possible and do not contribute to delays for developers in their obtaining COs.

Case Files Indicate That HPD Provides Assistance to Developers

Based on evidence contained in Project Managers' case files, HPD assists developers in obtaining required regulatory approvals and other related matters. For the seven developers reviewed, case files contain evidence of 72 instances in which developers requested assistance or Project Managers took action to intervene on the behalf of developers to expedite the construction and approval process.

As stated on its Web site, HPD assists developers in its New Foundations program in acquiring required regulatory approvals. This consists of assisting the developers obtain a number of items, including required work permits and COs. According to an HPD official, assistance is generally provided only when requested by the developers; otherwise, the developers are expected to take care of issues that come up.

To assess the adequacy of the assistance that HPD provides to developers participating in New Foundations, we reviewed the case files for the two Project Managers with the highest number of projects in which construction had already started as of September 2004. (As of September 2004, the only sites in the construction phase were from Round I.) These Project Managers were responsible for monitoring seven developers who purchased 30 of the 46 sites in Round I. We interviewed the two managers and requested the files of the developers building on these sites. We identified instances in which HPD provided assistance for regulatory approvals or other related issues, such as scheduling a plumbing inspection. (The assistance was represented primarily by letters and e-mails generated by HPD or the developers.)

For the seven developers, we identified a total of 72 instances in which HPD interacted with the developers or took action on behalf of the developers to assist them on a particular issue. The results of our analysis are shown in Table III below.

Table III

Results of Review of Project Manager Case Files
For Assistance Requested or Provided to Developers

Developer	Number of Sites	Number of Instances In Which HPD Interacted with or Attempted to Provide Assistance to Developers
Arker	5	13
Habitat	1	9
K & S	1	10
Diversified	15	9
Galaxy	3	21
Highbridge	2	9
SBM	3	1
Total	30	72

As shown in Table II, all seven developers interacted with HPD regarding assistance needed. The interaction varied significantly among the developers, ranging from 21 instances for Galaxy to one instance for SBM. However, the adequacy of HPD's efforts to work with developers to expedite regulatory approvals is not necessarily reflected in the number of interactions indicated in Table II; as previously stated, HPD's policy is to generally provide assistance only when requested. Nevertheless, many of the instances involved HPD's informing the developer of certain requirements or steps that the Project Managers took on behalf of the developers. For example, we saw a number of instances in which Project Managers contacted DOB or other City agencies to ascertain the status of permit applications filed by developers. Overall, we identified only eight instances in which developers requested assistance from HPD. Generally, the files contained documentary evidence that Project Managers attempted to resolve issues brought to them by developers. One exception involved SBM; in the case file, there was a letter from a contractor asking that HPD help expedite the delivery of electricity and gas service to its sites, and there is no documentation of HPD's actions on this issue. We must note that the lack of evidence does not necessarily mean that no action was taken. HPD does not require that its Project Managers maintain a record of the assistance requested by and provided to developers. This issue is discussed in the following sections of this report.

HPD Does Not Have a System to Document Instances of Assistance Requested by and Provided to Developers

HPD does not have a system to document instances in which developers request assistance to obtain required regulatory approval. As a result, we could not be sure that we identified all instances in which HPD's assistance was needed by the developers, nor could we say that assistance was provided in all cases when it was needed and requested by the developers.

According to a general program description that was obtained from HPD, “HPD will work with developers to expedite required regulatory approval.” However, there are no criteria that detailed the regulatory approvals that are generally required, nor the timeframe nor the circumstances within which a regulatory approval would require HPD’s assistance to expedite the approval. In addition, HPD does not require that Project Managers maintain a record of instances in which developers requested assistance to expedite an approval or other related matter, and the outcomes of these instances. Project Managers told us that they try to record communications with the developers; many of these communications are via e-mail. We also saw a number of e-mails in which the Project Managers repeat points discussed with the developers at a progress meeting. However, Project Managers stated that they do not necessarily record all information, nor do they maintain a log or chronology identifying all significant issues brought to them by developers and the actions they took on behalf of the developers.

Tracking this information would provide a valuable tool to Project Managers and others who monitor this program to ensure that developers are receiving adequate assistance to enable them to complete these projects in a timely manner.

Other Issue: HPD Has Not Developed Written Guidelines for the Program

There are no written guidelines for the administration of the New Foundations Homeownership Program. We believe that this contributes to the inconsistencies in the handling of responsibilities among the Project Managers who are responsible for the day-to-day monitoring of the developers.

Formal procedures serve a number of purposes. Formal procedures clearly define and document the responsibilities of all parties associated with a program. They also identify: the internal controls that are designed to ensure that New Foundations operates as intended, the specific actions that must occur and the steps to take if they do not, and methods for monitoring the program.

Although HPD has not developed formal written procedures for the program, the agency did provide us a document entitled “Projects and Responsibilities,” which detailed the developers and construction sites that the four Project Managers are responsible for monitoring. In addition when we interviewed two of the managers separately, they were able to explain their duties. We did, however, find procedural differences in the way each manager handles these duties. For example, we found that Project Managers did not always follow up with developers who did not submit monthly Progress Reports.

Written guidelines will help to ensure that the monitoring procedures and practices used by the Project Managers to fulfill their duties are consistent and performed in accordance with HPD’s standards.

RECOMMENDATIONS

The Department of Housing Preservation and Development should:

1. Develop procedures for monitoring the program that clearly define the responsibilities of all parties involved in the program and provide guidelines for Project Managers to follow, including but not limited to the tasks of documenting and tracking assistance provided to developers.

HPD Response: “As part of current program procedures, project managers are instructed to complete tracking sheets to monitor the status of projects in predevelopment and construction. . . . Meetings are held monthly or bi-monthly to monitor the course of the project. . . .

“Construction tracking sheets and Certificate of Occupancy tracking sheets help project managers monitor the status of projects in construction and nearing completion. . . .

“Project managers are also required to periodically request updated construction completion schedules from developers and frequently provide offers of assistance through verbal and written exchanges.”

Auditor Comment: We commend HPD on the steps it is taking to require project managers to better document the progress of their projects. However, it is unclear from HPD’s response whether these requirements have been documented in the form of written procedures. If the agency has not already done so, we urge officials to document these procedures.

2. Ensure that violations are cleared from properties before transferring land ownership to developers.

HPD Response: “Project Managers will check on violation notices and will work to clear anything outstanding.”



City of New York
DEPARTMENT OF
HOUSING PRESERVATION AND DEVELOPMENT
100 GOLD STREET, NEW YORK, N.Y. 10038

SHAUN DONOVAN
Commissioner

June 10, 2005

Mr. Greg Brooks, Deputy Comptroller for Policy,
Audits, Accountancy & Contracts
Office of the New York City Comptroller
1 Centre Street, Room 530 South
New York, New York 10007-2341

**Re: Audit on the Administration of the New Foundations Homeownership Program
by the Department of Housing Preservation and Development
Audit Number: FJ05-086A**

Dear Mr. Brooks:

The following represents the Department of Housing Preservation and Development's response to the recommendations made in your audit on the Administration of the New Foundations Homeownership Program by the Department of Housing Preservation and Development

If you have any additional questions, please call Deputy Commissioner Bernard Schwarz at (212) 863-6610.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Shaun Donovan".

Shaun Donovan



nyc.gov/hpd

AUDIT RESPONSE
NEW YORK CITY COMPTROLLERS AUDIT
NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
AUDIT ON THE ADMINISTRATION OF THE NEW FOUNDATION HOMEOWNERSHIP PROGRAM
MJ05-086A

As referenced in the audit, the scope of the audit was limited to those sites currently being developed under Round I of the New Foundations Homeownership Program (Program). Project managers were requested to provide auditors with information pertaining to New Foundations Round I projects that were already under construction or completed at the onset of the audit. None of the current program staff had been hired at the time these projects began and none were involved with any pre-development and pre-closing tasks related to these projects. As the program has evolved and since the implementation of Round II of New Foundations in May 2003, a number of the recommendations outlined in the audit have already been incorporated into programmatic guidelines and procedures. Because the scope of the audit was limited to the Round I projects, these new procedures weren't in place at that time.

Finding 1

HPD has not developed Written Guidelines for the Program and does not have a system to document instances of Assistance Requested by and Provided to Developers

Recommendation 1

HPD should develop procedures for monitoring the program that clearly define the responsibilities of all parties involved in the program and provide guidelines for Project Managers to follow, including but not limited to the tasks of documenting and tracking assistance provided to developers.

Response 1

As part of current program procedures, project managers are instructed to complete tracking sheets to monitor the status of projects in predevelopment and construction. Tracking sheets for the pre-development process identify whether a particular item is the responsibility of the agency or the developer (see attached) and provides a target date for which a particular item should be completed. Meetings are held monthly or bi-monthly to monitor the course of the project. Follow-up letters are sent to developers after each meeting outlining agreed upon deadlines and responsibilities, reviewing project status and identifying any outstanding items that need to be addressed.

Construction tracking sheets and Certificate of Occupancy tracking sheets help project managers monitor the status of projects in construction and nearing completion. Progress reports are also requested from developers. Internal construction monitoring meetings are held monthly during which inspectorial staff from HPD's Technical Services Bureau reports on the status of projects in construction to Program. Before each meeting, the Bureau issues a written report showing the percentage complete for each project in construction. During the course of the meeting any



AUDIT RESPONSE
NEW YORK CITY COMPTROLLERS AUDIT
NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
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major construction issues, including outstanding Department of Building violations, or potential project delays are identified. Project managers are responsible for drafting correspondence to developers in those instances in which construction issues cause concern, violations need to be addressed immediately or when the pace of construction is unsatisfactory.

Project managers are also required to periodically request updated construction completion schedules from developers and frequently provide offers of assistance through verbal and written exchanges.

When appropriate, Program will utilize a system of written communication to address developer issues. In such instances, Developers will notify Project Managers in writing of issues pertaining to projects that they would like assistance with. Project Managers will respond in writing, as needed, stating how they will address the issue.

Finding 2

HPD did not ensure that Open Violations on land were resolved before transferring ownership to developers.

Recommendation 2.

HPD should ensure that violations are cleared from properties before transferring land ownership to developers.

Response 2

Project Managers will check on violation notices and will work to clear anything outstanding.



PRE-CLOSING AGREEMENT CHECKLIST

DUE DATE DATE DONE RESPONSIBILITY / OFF

Designation

- 1 Negotiation Letter HPD
- 2 Introductory "Kick Off" Meeting ALL PARTIES

License Agreement

- 3 Submittal Certificate of Insurance DEVELOPER
- 4 License Agreement Executed HPD

City Council / Mayoral Approvals

- 5 A-6 is Approved DEVELOPER
Value: _____ State date: _____
- 6 Environmental Review HPD
Type: _____

Bi Monthly Meetings:

- 7 Land Use - UDAAP / MAD Further Review Required?
 - a Internal Submission HPD
 - b City Record
 - c City Council (Land Use & Finance Subcomm) EXTERNAL
 - d Mayoral Hearing EXTERNAL

Plans and Materials

- 8 First Design Memorandum Issued HPD
- 9 Second Design Submission DEVELOPER
- 10 Second Design Memorandum Issued HPD
- 11 Final Design Approval HPD
- 12 Materials, PW-Is and DOB plans Submitted DEVELOPER
- 13 Materials Approved & PW-I Signed HPD
- 14 Filing with DOB DEVELOPER
- 15 DOB Approval EXTERNAL
- 16 Permits Issued EXTERNAL

Marketing

- 17 Submission of Notice of Intent DEVELOPER

Budget & Financing

- 18 Term Sheet Submitted DEVELOPER
- 19 Budget Submission DEVELOPER
- 20 Commitment Letter Submission DEVELOPER

Capital Funding

- 21 CP Completed HPD
- 22 Registration Completed HPD
- 23 Commitment Completed HPD
- 24 Check Issued HPD

Pre-Closing

- 25 Legal Documents Completed HPD
- 26 Title Report DEVELOPER
- 27 Equal Opportunity
 - a OEO Form DEVELOPER
 - b Pre-Award Conference DEVELOPER
 - c OEO Certification HPD
- 28 Sponsor Review
 - a Forms Submitted DEVELOPER
 - b Review of Property Owned HPD
 - c OCE/DFP Arrears Paid DEVELOPER
 - d Pre-Construction Affidavit HPD
 - e Sponsor Review Certification HPD

Anticipated Construction Loan/Lease Closing Date