



ANDREW M. CUOMO
Governor

Homes and Community Renewal

RUTHANNE VISNAUSKAS
Commissioner/CEO

November 15, 2017

The Honorable Andrew M. Cuomo
Governor of the State of New York
The Capitol, Executive Chamber
Albany, New York 12224

Dear Governor Cuomo:

Pursuant to Section 170 of the Executive Law. I am submitting this response to the Office of the State Comptroller's Report 2016-S-46 Administration of Mitchell-Lama Waiting Lists. (AWL).

Sincerely,

RuthAnne Visnauskas
CEO/Commissioner

cc: Honorable Thomas P. DiNapoli, Comptroller, State of New York
Honorable John J. Flanagan, NYS Temporary President and Majority Leader
Honorable Andrea Stewart-Cousins, Senate Minority Leader
Honorable Catherine Young, NYS Senate Chair, Finance Committee
Honorable Liz Kreuger, NYS Ranking Minority Member of the Senate Finance Committee
Honorable Carl E. Heastie, NYS Assembly Speaker
Honorable Joseph D. Morelle, NYS Assembly Majority Leader
Honorable Brian M. Kolb, NYS Assembly Minority Leader
Honorable Helene F. Weinstein, NYS Assembly Chair, Ways and Means Committee

Recommendation 1: “Identify changes in tenancy on a routine basis and confirm that new occupants (including successions and transfers) were approved by DHCR.”

DHCR agrees with this recommendation, and it has been implemented. DHCR agrees that changes in occupancy must be regularly approved by DHCR. As such, our Housing Management Bureau reminded all housing companies that DHCR must approve of any changes in occupancy in its memo dated July 7, 2017 (the “HMB Memo”).

Recommendation 2: “Take appropriate action regarding tenants that were awarded apartments without DHCR approval and/or not selected from the AWL.”

DHCR disagrees with this recommendation. DHCR previously disputed the basis of this recommendation. Furthermore, as noted in our response to Recommendation 6, DHCR has approved all successions at Knickerbocker Village. Nonetheless, DHCR’s HMB Memo has directed all housing companies to process their applications through the AWL. In addition, HCR’s Project Management Office is collaborating with the Office of Information Technology Services (“ITS”) to update or replace the AWL system to enhance controls and ensure capture of DHCR approval.

Recommendation 3: “Ensure that occupancy changes are supported by documentation showing the order in which applicants are selected.”

DHCR agrees with this recommendation and it has been implemented. Our HMB Memo directed all housing companies to retain copies of all relevant AWL pages along with each application in the tenant/shareholder file, or with the cancelled application. DHCR will ensure compliance during our periodic office visits. Also, as noted above, HCR has reached out to ITS about the feasibility of modifying the AWL system so that personnel can retrieve the historical waitlist as it was when an applicant was approved.

Recommendation 4: “Ensure that housing developments comply with the requirements for awarding apartments, including (but not limited to) the 3:1 internal/external ratio, the proper use of AWLs, as well as the prompt filling of vacant apartments.”

3:1 Internal/External Ratio

DHCR agrees with this recommendation. DHCR issued a portfolio-wide memorandum reminding the housing companies of their obligations with respect to the 3:1 ratio and has amended one of its control forms to require the housing company to certify compliance with this requirement. DHCR is also collaborating with ITS to determine if there are any cost beneficial and feasible AWL enhancements to provide efficient means to administer and verify compliance with the 3:1 ratio.

The Proper Use of AWLs

With the exception of OSC’s comments on the Mayflower Apartments, DHCR disagrees with OSC’s findings and recommendations regarding proper AWL usage.

Mayflower - The audit noted and DHCR agreed that Mayflower was not always consistent in the number of refusals it would allow applicants before removing them from the AWL. DHCR has addressed this issue by email dated February 13, 2017, where we notified the housing company that it can only provide two offers per applicant and that applicants who refuse two offers must be removed from the waiting list.

Knickerbocker – A significant amount of the Report focused on Knickerbocker Village. It is important to point out that many of OSC’s concerns and findings are a function of Knickerbocker’s documented attempts to deal with the ramifications of Superstorm Sandy and management’s need for preventative measures. While OSC acknowledges that Knickerbocker Village suffered damage as a result of Superstorm Sandy, it failed to reasonably consider the extraordinary health and safety risks posed from this extraordinary disaster and instead narrowly focused solely on a series of administrative issues.

Several of OSC’s findings related to Knickerbocker’s use of a paper wait list for certain applicants—those are addressed in Recommendation 5. OCS’s findings related to successions are addressed in Recommendation 6.

Prompt Filling of Vacant Apartments

Knickerbocker – DHCR disagrees with OSC’s findings on vacancies at Knickerbocker Village. As noted in our response to OSC’s report, Knickerbocker has an extremely low vacancy rate: approximately 1% based on DHCR’s March 18, 2016 field report.

Westview – As OSC’s report noted, the vacant units at Westview continue to be part of an ongoing negotiations and discussions with respect to the housing company’s dissolution, preservation, and/or conversion to affordable home ownership.

Recommendation 5: “Ensure that Knickerbocker converts its paper waiting list to the AWL system.”

DHCR agrees with this recommendation and it has been implemented. As noted in DHCR’s response to OSC’s draft report, Knickerbocker has been using the AWL since 2007. It maintained a paper list solely for the pre-(AWL) transition list of applicants. On January 23, 2017 DHCR issued a directive for Knickerbocker Village to remove the legacy paper list. On March 1, 2017, the Knickerbocker Village site manager advised DHCR that all items on the paper wait list had been transferred to the AWL. This was subsequently confirmed by DHCR staff.

Recommendation 6: “Determine whether successions approved by Knickerbocker meet eligibility criteria.”

DHCR agrees with this recommendation and it has been implemented. DHCR reviewed and approved all Knickerbocker succession applications from 2013 to date and directed Knickerbocker, going forward, to submit all unapproved successions to DHCR.

Recommendation 7: “Ensure that management representatives conduct field visits, including office and site reviews, at least yearly, as required.”

DHCR disagrees with this recommendation. DHCR's regulations do not require annual site and office visits. DHCR recognizes the importance for its management representatives to regularly visit housing companies. We prioritize monitoring frequency and method depending on each housing company's status and needs. For many housing companies, but not all, this results in annual visits.