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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

January 30, 2020

Ms. Louise Carroll  
Commissioner  
New York City Department of Housing Preservation and Development  
100 Gold Street  
New York, NY 10038

Re: Vacancies at the Clinton Towers  
Mitchell-Lama Housing  
Development  
Report 2019-F-55

Dear Ms. Carroll:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article III of the General Municipal Law, we have followed up on the actions taken by officials of the New York City Department of Housing Preservation and Development to implement the recommendations contained in our audit report, *Vacancies at the Clinton Towers Mitchell-Lama Housing Development* (Report [2017-N-1](#)).

**Background, Scope, and Objective**

The Mitchell-Lama Housing Program was created in 1955 to provide affordable rental and cooperative housing to middle-income families. The New York City Department of Housing Preservation and Development (HPD) is the nation's largest municipal housing preservation and development agency. Its mission is to promote the quality and affordability of New York City's housing and the strength and diversity of its many neighborhoods. HPD works to achieve this mission by preserving affordable housing and protecting tenants, developing new affordable housing, enforcing the Housing Maintenance Code, and engaging neighborhoods in planning. In New York City, there are 93 HPD-supervised Mitchell-Lama rental and limited-equity cooperative developments with approximately 47,000 total units (apartments).

Clinton Towers, a federally subsidized Mitchell-Lama rental development in Manhattan, is owned by Clinton Towers Housing Company, Inc., which was formed in 1972 for the purpose of constructing, owning, and operating the 396-apartment development. Clinton Towers was completed and occupancy commenced in 1973. The development is managed by P&L Management and Consulting. Prospective tenants file an application, and their names are placed on a waiting list based on the size of the apartment requested.

When vacancies occur, applicants should generally be offered and awarded apartments in the order their names appear on the list – subject to HPD’s approval. Apartments in Mitchell-Lama developments tend to be very desirable because of their affordability; consequently, the waiting lists for these apartments can be quite lengthy. As of August 2, 2019, Clinton Towers officials report there were over 10,000 applicants on the waiting lists for apartments at Clinton Towers.

Our initial audit report, issued on December 8, 2017, examined whether vacant housing units at Clinton Towers were being rented in a timely manner. Our audit focused on the period January 1, 2012 through March 31, 2017.

During the initial audit, we found that HPD was not adequately monitoring vacancies at Clinton Towers, and apartments were often not rented in a timely manner. For the period January 2012 through March 2017, an average of 13 apartments each month had been vacant for over 60 days, resulting in an estimated \$740,000 in lost rental revenue. Additionally, as of March 31, 2017, 15 apartments at Clinton Towers had been vacant for more than 60 days, despite over 9,000 applicants being on the external waiting lists. Eleven of these apartments had been vacant for more than six months, including three vacant for more than a year.

The objective of our follow-up review was to assess the extent of implementation, as of December 18, 2019, of the four recommendations included in our initial audit report.

### **Summary Conclusions and Status of Audit Recommendations**

We found that HPD officials implemented one recommendation and partially implemented three recommendations.

### **Follow-Up Observations**

#### **Recommendation 1**

*Implement policies and procedures for staff to follow when conducting audits or reviews of housing company operations, including processes for monitoring and acting on extended vacancies.*

Status – Partially Implemented

Agency Action – According to HPD officials, their staff follow a template when conducting audits or reviews of housing company operations, and since the issuance of our audit, they have added a section to the template to report on the vacancies. We reviewed this template and, while it contains a section to list vacancies, there is no guidance or process for staff to follow regarding monitoring and acting on extended vacancies. We continue to recommend that HPD implement such policies and procedures to guide its staff when conducting reviews.

## **Recommendation 2**

*Formally establish and clearly communicate a timeframe for housing companies to fill vacant units.*

Status – Partially Implemented

Agency Action – As indicated in the initial audit report, HPD sent a memorandum to its managing agents requiring them to provide an explanation for all apartments vacant more than 120 days and a plan for resolving the issue. While HPD officials continue to believe that this memorandum establishes a 120-day timeframe for filling vacancies, we maintain that it does not, as it does not state that all units are required to be filled within 120 days. We note that Clinton Tower's most recent quarterly report through September 2019 includes three apartments that had been vacant for more than 120 days, including one vacant since August 2017. HPD needs to formally establish and clearly communicate its requirement to fill vacancies within 120 days.

## **Recommendation 3**

*Obtain and review quarterly vacancy reports from Clinton Towers to ensure that vacancies are filled within the established timeframe.*

Status – Partially Implemented

Agency Action – We requested the quarterly vacancy reports submitted by Clinton Towers since January 2018. HPD officials were unable to provide us with the vacancy reports for the second and third quarters of 2018. The vacancy reports that were provided contained units that had extended vacancies. HPD officials indicated that they have monthly management meetings to discuss vacancies. However, they did not provide documentation to show they reviewed and followed up on the extended vacancies identified in the vacancy reports they obtained. For example, the most recent quarterly report for the period July through September 2019 includes three apartments that had been vacant for more than 120 days, including one vacant since August 2017. HPD officials did not provide any evidence that they contacted Clinton Towers to ensure the vacant units were filled, but noted that the HPD property manager who was overseeing Clinton Towers retired in August 2019.

## **Recommendation 4**

*Follow up on the specific long-standing vacancies identified in this report and ensure that they are filled promptly.*

Status – Implemented

Agency Action – We found the specific long-standing vacancies identified in the original audit report were filled. In fact, of the 15 long-standing vacancies identified in the report, 14 had been filled prior to the issuance of our initial audit report and the other was filled within two months of the report being issued.

Major contributors to this report were Nicholas Angel, Ryan Wendolowski, and Leanna Dillon.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We thank the management and staff of HPD for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Aida Solomon  
Audit Manager

cc: Steve Fodera, NYC HPD  
George Davis, Mayor's Office of Operations