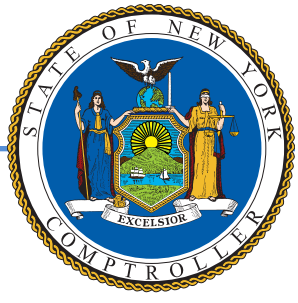
Homes and Community Renewal

Housing Trust Fund Corporation: Oversight of the Residential Emergency Services to Offer Home Repairs to the Elderly Program

Report 2020-S-4 | July 2021

OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Division of State Government Accountability



Audit Highlights

Objectives

To determine whether Local Program Administrators (LPAs) were selected appropriately and their selection was properly documented by Homes and Community Renewal (HCR); and whether selected LPAs were properly administering the Residential Emergency Services to Offer Home Repairs to the Elderly (RESTORE) program in accordance with program goals and requirements. The audit covered awards in funding years 2017-19.

About the Program

HCR consists of several of New York State's major housing and community renewal agencies, including the Housing Trust Fund Corporation (HTFC), which is responsible for community development through the construction, development, revitalization, and preservation of low-income housing. Within HTFC, the Office of Community Renewal (OCR) is responsible for administering the RESTORE program, which assists senior citizen homeowners with the cost of addressing emergencies and code violations that pose a threat to their health and safety or that affect the livability of their homes.

LPAs, which are selected through an application process where they must demonstrate, among other things, a clear understanding of the RESTORE program requirements, are responsible for administering the program locally. LPAs' applications are reviewed and scored, and selected LPAs enter into a contract for a term of one year with HTFC and can be awarded up to $150,000 per funding year. For the three funding years 2017-19, 49 RESTORE program awards totaling approximately $6.13 million were awarded to 36 LPAs for an estimated 785 projects to assist seniors.

Key Findings

HCR could improve its process for selecting LPAs and ensuring RESTORE program funds reach elderly residents from more counties and within the prescribed time frames to better support senior homeowners in need of assistance. Specifically, we found:

- Inaccurate scoring on 7 of 30 LPA applications reviewed (23 percent) resulted in at least three LPAs being inappropriately awarded funds while other LPAs were denied the opportunity for funding.
- LPAs were not properly administering the RESTORE program and were not using awarded funds within required time frames to ensure emergency repairs were addressed promptly.
- For the three-year period, the 49 RESTORE awards went to just 36 LPAs to serve only 36 of the 62 counties in the State. More targeted outreach regarding the RESTORE program could increase statewide participation in the application process and result in better distribution of funds.
- There were significant delays from the time OCR received notice of available funding to when RESTORE funds were made available to LPAs, thereby delaying the start of projects and assistance to seniors.

Key Recommendations

- Develop objective scoring guidelines to promote consistency and transparency in scoring and selecting LPA applications.

- Identify LPAs that have shown they are unable to use awarded RESTORE funds within the contracted period and provide timely assistance.
- Increase outreach and support to LPAs in counties that have not applied for or did not receive RESTORE program awards.
- Improve timeliness of awarding RESTORE program funds to LPAs.

Office of the State Comptroller
Division of State Government Accountability

July 15, 2021

RuthAnne Visnauskas
Commissioner/CEO
Homes and Community Renewal
25 Beaver Street
New York, NY 10004

Dear Ms. Visnauskas:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage government resources efficiently and effectively. By so doing, it provides accountability for the tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report entitled *Housing Trust Fund Corporation: Oversight of the Residential Emergency Services to Offer Home Repairs to the Elderly Program*. This audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Division of State Government Accountability

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Glossary of Terms

Term	Description	Identifier
AMI	Area median income	*Key Term*
Bishop Sheen	Bishop Sheen Ecumenical Housing Foundation, Inc.	*Local Program Administrator*
Delaware	Delaware Opportunities Inc.	*Local Program Administrator*
First Ward	First Ward Action Council, Inc.	*Local Program Administrator*
HCR	Homes and Community Renewal	*Auditee*
HTFC	Housing Trust Fund Corporation	*Division*
Keuka	Keuka Housing Council, Inc.	*Local Program Administrator*
LPA	Local Program Administrator	*Key Term*
NHSQ	Neighborhood Housing Services of Queens, CDC	*Local Program Administrator*
OCR	Office of Community Renewal	*Department*
PMD	Property Maintenance Declaration	*Key Term*
Rensselaer	City of Rensselaer	*Local Program Administrator*
RESTORE	Residential Emergency Services to Offer Home Repairs to the Elderly program	*Program*
RFA	Request for Application	*Key Term*
RFP	Request for Proposal	*Key Term*
RTS	Rebuilding Together Saratoga County, Inc.	*Local Program Administrator*

Background

Homes and Community Renewal (HCR) is New York State's affordable housing agency, whose mission is to build, preserve, and protect affordable housing and increase homeownership throughout the State. HCR comprises seven agencies, including the Housing Trust Fund Corporation (HTFC), whose mission is to further community development through the construction, development, revitalization, and preservation of low-income housing; the development and preservation of businesses; the creation of job opportunities; and the development of public infrastructures and facilities. HTFC accomplishes its mission by providing loans and grants to local housing partnerships committed to the development of low-income housing; coordinating local housing partnerships with existing State, federal, and local programs; and providing loans and grants to municipalities committed to economic development and the preservation and development of public infrastructures and facilities.

Within HTFC, the Office of Community Renewal (OCR) provides funding to local governments and not-for-profit organizations to support public infrastructure projects, job creation, and small business development and to create and preserve affordable housing. OCR administers several State-funded programs, including the Residential Emergency Services to Offer Home Repairs to the Elderly (RESTORE) program. The RESTORE program was established under New York Private Housing Finance Law, Article 29, to assist senior citizen homeowners with the cost of addressing emergencies and code violations that pose a threat to their health and safety or affect the livability of their homes.

Not-for-profit corporations and municipalities throughout the State (referred to as Local Program Administrators, or LPAs) are eligible for RESTORE program funding. For each funding round, HTFC, through OCR, sends out a Request for Applications (RFA) that outlines the application criteria for LPA selection. LPAs' applications are reviewed and scored using a 100-point scale based on criteria in the RFA. Generally, the review criteria give preference to applications that demonstrate sufficient organizational capacity and resources to complete the proposed program in a timely, efficient, and effective manner. Selected LPAs enter into a contract for a term of one year with HTFC and can be awarded up to $150,000 per funding year. For the three funding years 2017-19, 49 RESTORE program awards totaling approximately $6.13 million were awarded to 36 LPAs for an estimated 785 projects to assist seniors.

LPAs are responsible for administering the RESTORE program at the local level by providing funding to eligible senior homeowners in need of assistance. Homeowner eligibility requirements include evidence that an individual is 60 years or older, owns and occupies the home as their primary residence, has property insurance, is current on all property taxes, and has an income below or at the area median income (AMI). For 2017, eligible individuals were required to have an income of 80 percent or less of the AMI; for 2018-19, the requirement changed to 100 percent or less.

Homeowners can be awarded up to $10,000 for eligible repairs, and LPAs may request reimbursement of project delivery costs of up to 5 percent of the total award amount (included in the $10,000) and administrative costs of up to 7.5 percent of the total award (not included in the $10,000 limit). Each project is subject to mandatory

response and repair time frames to ensure emergency situations are addressed promptly.

Audit Findings and Recommendations

We found that HCR needs to increase oversight of LPAs to ensure the goals of the RESTORE program are being achieved. Specifically, HCR needs to improve its application review process to ensure the appropriate LPAs are selected and awarded RESTORE funds. HCR also needs to do more to encourage LPAs in underserved counties to apply for RESTORE program funds so that emergency housing repair assistance is reaching the elderly across the State.

Overall, for 7 of the 30 applications (23 percent) we reviewed, points were incorrectly added or deducted, resulting in at least three LPAs being inappropriately awarded funds while other LPAs with actual higher scores did not receive funding. OCR's lack of proper controls also resulted in inconsistencies and insufficient details to support the scores given to some applicants.

Our analysis of the RESTORE program applicants also showed that OCR should do more targeted outreach to increase statewide participation in the RESTORE program and achieve better distribution of funds: 49 awards went to just 36 LPAs to serve only 36 of 62 counties for the three funding years in our scope (2017-19). We also found that OCR needs to take additional steps to ensure RESTORE program funds are awarded more promptly to LPAs so they can provide emergency assistance to seniors.

Our review of nine LPAs' administration of the RESTORE program found that several did not administer the program properly (see Exhibit A for listing of LPAs reviewed). While most of the reviewed LPAs generally ensured assisted homeowners met eligibility requirements, such as age, income, and homeownership, there was a significant lack of compliance with other program requirements, such as bidding practices.

We also found six of the nine LPAs did not use funds awarded in a timely manner to assist seniors. In addition, eight of the nine LPAs did not comply with requirements regarding RESTORE program time frames (e.g., response to application, completion of repairs) or did not explicitly document these dates.

LPAs Not Selected Appropriately

The Request for Proposal (RFP) outlines the application criteria for LPAs and the selection process used by OCR. There is an RFP for each funding round, and LPA applications are reviewed and scored on a 100-point scale. OCR also developed application review forms for each funding round to guide reviewers assessing LPA applications, which, according to OCR officials, receive two levels of review.

The point allocation varies by year, and applicants are selected for awards based on points received. While the categories for all three funding years were similar, the scoring changed completely after the 2017 funding round. For the 2018 and 2019 funding rounds, applicants were scored in the following categories:

- Need: Community need for RESTORE funds in the proposed service area

- Service Area Coverage: Geographic location (scoring favors locations without existing resources)
- Program Support and Referral Strategies: LPA local support identified through referrals or Memorandums of Understanding (or equivalent agreements)
- Implementation and Capacity Readiness: LPA program experience, program design, organizational capacity, and financing plan

Additionally, LPA applications can receive penalty deductions (up to 20 points) for prior OCR contracts that were substantially incomplete or HCR programs/contracts in poor standing.

For the three funding years (2017-19), 113 LPAs applied for RESTORE program funding. Of these, 49 were awarded funds totaling approximately $6.13 million for an estimated 785 projects. To determine whether LPAs were selected appropriately and their selection was properly documented by OCR, we reviewed a judgmental sample of 30 of the 113 LPA applications: 11 from 2017, 11 from 2018, and 8 from 2019. We found inaccurate scoring in 7 of the 30 applications reviewed (23 percent), which resulted in the inappropriate selection of at least three LPAs. For example:

- A 2017 applicant that was not awarded RESTORE funds should have received 5 additional points for the Housing and Aging Services category (similar to the Program Support and Referral Strategies category for 2018-19), which would have resulted in a score of 81 – higher than the score of 80 received by three other applicants that received funding.
- A 2018 applicant that was not awarded RESTORE funds was inappropriately given a 5-point penalty deduction. Although OCR officials explained that this deduction was an error, had it not occurred, the applicant would have received a score of 78 – higher than the scores of five other applicants (one scored 77 and the other four scored 75) that received funding.
- A 2019 applicant was incorrectly given 25 points for the Service Area Coverage category when its score should have been 15. This would have reduced its overall score, and it may not have been selected for funding because two other applicants received the same overall score of 72. In addition, this applicant had outstanding funds from the two previous funding rounds and had requested extensions for both the 2017 and 2018 funding rounds until July 2020 and April 2021, respectively. The applicant received only a 3-point deduction for the 2018 award delays, despite outstanding funds for 2017 and guidance to deduct 5 points for each RESTORE contract in extension status.

Additionally, we found many applications contained inconsistencies or insufficient details to support the scores given for each category, which necessitated extensive research by OCR officials to justify the scores. For example, an applicant during the 2018 funding round received a score of 2 for the Need category when other applicants with similar narratives received a score of 4. OCR officials stated that the other applicants provided better-than-average narrative responses to Need-related

application questions. Another 2018 application received a 5-point deduction but did not contain any notes explaining the deduction. After researching, OCR officials determined that the deduction was related to a contract from 2015 that was extended and still had a balance. The basis for these scores was not clearly documented, creating a lack of assurance that scores were accurate and justified.

While OCR officials informed us that there are two levels of application review, we did not observe evidence of a second reviewer. Based on our review, it is clear that additional or more effective controls are needed to improve transparency in the selection process and to ensure scores are accurate so appropriate LPA selections are made. We found that OCR's application review process lacks clear guidance for scoring applications objectively. OCR officials acknowledged that notes to justify selected scores were limited in some application reviews, particularly the 2017 round, and added that instructions for reviewers will be updated to provide more detailed scoring guidance.

Inadequate LPA Oversight

To be considered for funding, LPAs must demonstrate a clear understanding of the RESTORE program requirements, among other things, and present the necessary organizational structures to implement the program without delay. We found that several of our sampled LPAs did not have the capacity or failed to administer the RESTORE program properly.

Delayed Use of RESTORE Funds

Our analysis of award and disbursement information provided by OCR indicates that significant monies awarded to LPAs for the 2017-19 funding rounds to assist seniors remained undisbursed as of January 12, 2021, as indicated in Table 1.

Table 1 – LPA Funding Balances for 2017-19 Funding Rounds

Award Year	Contract Start Date	Number of LPAs Awarded Funds	Contract Amount	Amount Disbursed as of 1/12/21	Remaining Balance	Number of LPAs With Balances
2017	7/26/2018	17	$2,131,360	$1,981,360	$150,000	2
2018	5/24/2019	18	2,184,565	1,498,966	685,599	14
2019	12/12/2019	14	1,738,991	537,877	1,201,114*	13
Totals		**49**	**$6,054,916**	**$4,018,203**	**$2,036,713**	**29**

*Per the LPAs we visited and OCR officials, the COVID-19 pandemic impacted LPAs' administration of 2019 awards.

Our review of a sample of 11 awards at nine LPAs totaling about $1.4 million (see Exhibit A) found that OCR had to extend eight awards beyond their original contract period: three awards for First Ward Action Council, Inc. (First Ward) and one award

each for Bishop Sheen Ecumenical Housing Foundation, Inc. (Bishop Sheen), Neighborhood Housing Services of Queens, CDC (NHSQ), City of Rensselaer (Rensselaer), Keuka Housing Council, Inc. (Keuka), and Delaware Opportunities Inc. (Delaware). These eight awards totaled $998,383, and as of January 12, 2021, there was a balance of $467,639 (47 percent) for six of the eight; by January 12, 2021, Bishop Sheen and First Ward had used all of their 2017 funds for the awards reviewed. At least 46 additional seniors should have been assisted by these six LPAs, based on the $10,000 maximum project amount. The six LPAs provided the following explanations for requesting extensions:

- Bishop Sheen, located in Ontario and Monroe counties, received two extensions concluding in October 2020 for a 2017 award that began in July 2018. According to Bishop Sheen officials, the extensions were needed because they did not have adequate staff to administer the RESTORE program. This led to delays in utilizing this award as it took them, on average, more than 13 months to obtain applicants after receiving funding.
- First Ward, located in Broome County, received extensions on both its 2017 and 2018 awards and recently received an extension for its 2019 award despite having completed just one project for the 2018 award. First Ward officials explained that their program administrator left abruptly, and they did not know how to proceed. First Ward had not completed any of the 2019 projects as of our visit in November 2020.
- NHSQ, in Queens County, received an extension for its 2018 award. As of October 2020, NHSQ had completed only one project, and attributed the delays to staff turnover/illnesses, relocation of offices, and clients reaching out for additional work that needed to be completed after projects had already been set up.
- Rensselaer, located in Rensselaer County, received an extension for its 2018 award. Rensselaer officials expressed difficulty obtaining applicants for their 2018 award funds and, as of December 2020, had about $10,000 remaining.
- Keuka, in Yates County, received an extension for its 2018 award. Keuka officials stated they had only $4,000 remaining; however, the only available applicant's repair project would exceed that amount.
- Delaware, located in Delaware County, received an extension for its 2019 award. Delaware officials stated that COVID-19 affected the completion of projects due to contractor availability and the increase of material prices. While the projects would not be completed, they indicated that all funds have been allocated and work is progressing.

OCR and LPAs do not engage in sufficient communication in order to assess the status of awards. No project status reports are sent to OCR on a consistent basis and, therefore, OCR might not be aware that LPAs are having issues utilizing their awards until late in the process. It is important that OCR monitor LPAs to ensure

that awarded funds are used promptly to help seniors. OCR officials indicated that they will resume contract status reviews throughout the period of performance and increase outreach to LPAs with delays implementing the program.

Lack of LPA Compliance With RESTORE Requirements

RESTORE funds are to be used for emergency repairs that pose a threat to the life, health, or safety of elderly homeowners. Each project is subject to mandatory response and repair time frames to ensure emergency situations are addressed promptly. LPAs are also required to collect and maintain documentation that establishes the eligibility of each homeowner assisted. This includes evidence that the individual is 60 years or older, owns and occupies the home as their primary residence, has property insurance, is current on all property taxes, and meets AMI requirements (80 percent of AMI for 2017, 100 percent for 2018-19). While most sampled LPAs generally ensured that homeowners met the eligibility requirements (such as age, income, and homeownership) to receive funding, we found significant documentation missing or program administration deficiencies at three of the nine LPAs reviewed, as follows:

- For 11 of the 12 project files reviewed at Rebuilding Together Saratoga County, Inc. (RTS), there was no evidence that the homeowners had property insurance. RTS officials stated that they often go by what the homeowner enters on the application without verifying the information. Three of the 11 homeowners indicated on their application that they did not have property insurance; one of them also listed income above the AMI. RTS officials admitted that they were wrong to go ahead with these applications despite the homeowners failing to meet the requirements, but proceeded due to the applicants' dire situations. Additionally, for 6 of the 12 homeowners, RTS officials did not obtain evidence that either the applicants owned the home or were current on their property taxes.

- For one 2017 project at First Ward, officials did not obtain documentation establishing the homeowner's age, income, homeownership, property insurance, or current taxes. First Ward officials admitted that the project file was incomplete, and explained that this homeowner was referred by the Broome County Office for Aging and was known to be income eligible. Additionally, none of the four First Ward projects reviewed had property insurance on file, and three of the projects did not have evidence that the homeowners were current on their property taxes.

- Rensselaer officials were using documents that referenced outdated project timelines and AMI requirements (80 percent AMI) for 2018 awards. They also improperly limited projects to $9,000 to account for the project delivery and administrative fees of 5 percent each. While OCR officials stated that Rensselaer officials are allowed to implement more rigorous guidelines than established by the program, we note that this LPA was already having

difficulties using RESTORE program funds within the allotted time frames. Tightening the requirements beyond those established by HCR seems counterproductive.

In response to our review, OCR officials indicated that they intend to pursue a procedure for temporarily waiving the requirements that homeowners have property insurance and be current on all property taxes in two scenarios: (1) when emergency repairs are required to renew or prevent cancellation of a homeowner's insurance policy and (2) when the homeowner can document a payment plan is in place to remedy outstanding property taxes.

Unmet Project Timeline Requirements

The LPA Manual outlines mandatory response and repair time frames to ensure emergency situations are addressed in a timely manner. Table 2 shows the required response time frames for 2017-19.

Table 2 – Required Response Time Frames for 2017-19

Activities	Response Time Frames	
	2017	2018-19
LPA response to an application/referral and inspection	3 days	5 business days
Contractor commences work	7 days	14 business days
Completion of repairs	30 days	60 business days

We found that eight of the nine LPAs reviewed were not complying with the timeline requirements or did not explicitly document required dates. Delaware, the only LPA we reviewed that had projects completed in 2019, maintained consistent documentation related to project timelines in its files. In certain cases, it indicated repair start times were affected by the COVID-19 pandemic; however, it was able to complete all the projects we reviewed in a timely manner.

In 2017, the project detail sheets that LPAs were required to submit to OCR showed the dates related to the RESTORE program timing requirements (3, 7, and 30 days). For the three reviewed LPAs from 2017, we examined 32 projects and found that 30 did not meet some aspect of the timeline (one of these was missing dates), and eight of these projects did not meet the 30-day requirement to complete the repair.

LPAs stated that it takes time to obtain documentation from the homeowners to determine eligibility, but they did not explicitly document the dates associated with the RESTORE program timeline, as required by the program, and there was no longer a place on the project detail sheets for 2018 and 2019 to capture this information. Despite the expanded time frames in 2018 (5, 14, and 60 business days), our review found many instances of projects taking significantly longer than these deadlines to complete. For example:

- Six of the eight projects reviewed at Homefront Development Corp. took more than 14 business days to begin repairs after the initial assessment, with one taking 68 days.
- For two of seven Keuka projects, Keuka officials took approximately eight months to assess the projects from the time of referral or availability of RESTORE funds.
- Five of the six projects reviewed at Rensselaer took more than 14 business days to begin repairs after the initial assessment, with one taking 42 days.
- For one project at NHSQ, which was incomplete at the time of our site visit, NHSQ took over six months to assess the project from the time of referral.

OCR officials indicated that they have reinstated the timeline dates in the project detail sheets and that LPAs are responsible for maintaining proof of timeline adherence, subject to OCR monitoring.

Inconsistent Bidding Practices at LPAs

LPAs are required to solicit proposals for each RESTORE project from an adequate number of qualified sources to permit reasonable competition consistent with the nature and requirements of the procurement. An award may be made to the bidder whose proposal will be most advantageous with price and other factors considered. This process can take place individually for each project or through a Contractor Bid List system, which must be approved by an OCR Program Manager prior to setting up the first project.

We found that not all LPAs have established proper bidding practices that would ensure competition and reasonable prices. For example, Keuka officials stated that, in some cases, they do not request bids from contractors, but instead seek available bidders from a list of contractors they have worked with before. This is even more concerning because the selection of the contractor as well as the preparation of the work scope, progress checks, and closeout verification are all performed by the same person: Keuka's construction management consultant.

Eight of the 12 projects we reviewed at RTS did not have evidence of bidding. For some of these projects, RTS officials explained that they did not bid because of the size (low cost) of the project or because it was an emergency situation. However, we note that *all* RESTORE program projects should be emergency repairs. We also determined that 8 of 12 projects at Bishop Sheen did not have multiple bids. Bishop Sheen officials responded that they were not required to bid in 2017. However, OCR officials stated otherwise: that, in 2017, LPAs were required to develop standard practices for contractor selection that included requesting contractor bids and selecting the lowest qualified available bidder for a project.

Due to these improper and inconsistent bidding practices, there is no assurance that contractors who performed RESTORE program work and received reimbursement were appropriately selected and that the amounts paid for the work were reasonable.

Deficient Property Maintenance Declarations

Units that are repaired using RESTORE funds are subject to restrictions of a Property Maintenance Declaration (PMD) for three years after the completion date of the most recent repair. The PMD states that, during the restriction period, owners must maintain the property in good condition and cannot sell, move, demolish, or materially alter the property without the prior written consent of the LPA. LPAs are responsible for ensuring that a PMD is filed for each repair project.

The maintenance term, or PMD three-year restriction period, must be calculated from the date of project completion (date of final inspection and approval by the LPA and the client) and must be specified in the PMD. We found that the declaration date listed on the PMDs for the start of the maintenance terms did not reflect the date the projects were completed, as required by the LPA Manual. Generally, the PMDs reflected the projects' start dates – shortening the timeline for when these applicants could receive additional funding or sell their properties. Additionally, several of the LPAs had homeowners sign the PMDs, certifying that they would remain in their homes for a period of at least three years, before work began. LPA officials indicated that, in the past, they have had difficulty getting homeowners to sign the PMDs after the work was completed. OCR officials stated that they told LPAs it is a best practice to have the participant sign a draft PMD at the start of the process in the event the participant refuses to sign the document after repairs are complete. However, while OCR may consider this to be a best practice, the start date of the maintenance term should be the date the project was completed.

OCR officials indicated that they conducted reviews of only two LPAs during our scope period, but expect to begin conducting remote desktop reviews and comprehensive completed project file reviews in early 2021 to monitor LPAs' compliance with program requirements.

Need for Statewide Promotion of the RESTORE Program

In enacting Article 29 of the Private Housing Finance Law, the Legislature found and declared that "there exists in New York State a need for financial resources to assist senior citizen homeowners with the cost of addressing emergencies and code violations that pose a threat to their health and safety, or affecting the livability of their home." According to the Legislature, providing assistance for the cost of making such critical repairs will enable many seniors to continue to live independently in their own homes. Thus, the goal of the RESTORE program is to address the statewide need for financial resources to assist senior citizen homeowners with the cost of addressing emergencies and code violations that pose a threat to their health and safety or affect the livability of their homes.

Consistent with the Legislature's findings and declarations, the LPA Manual states that, to the extent feasible, OCR allocates its resources to meet housing needs and achieve a geographic distribution of funding across the State, while promoting

community development policies that emphasize the needs of underserved communities and that advance smart growth principals and healthy living environments.

Our analysis of applications and awards from the three-year period in our scope indicates that OCR needs to encourage LPAs throughout the State to apply for RESTORE program funds. In addition, OCR should provide outreach and support to LPAs that were not selected or that did not apply, but that serve counties with seniors in need. We found that, generally, the same LPAs applied for RESTORE funding each year of the audit period: the 113 applications submitted for the three funding years 2017-19 came from just 58 LPAs, which were located in or served 50 of the 62 counties in the State.

In addition, we note that the 49 RESTORE awards for the three-year period went to 36 individual LPAs. Some of these LPAs serve multiple counties (with overlapping coverage in certain counties), but overall 36 counties were awarded program funds (see Exhibit B). For example, Bishop Sheen's 2017 funding award was to service Ontario, Seneca, and Yates counties.

Our analysis of the 49 awards showed that ten LPAs received funding more than once. Two LPAs were selected in all three funding rounds, while other applicants were not selected for funding despite applying all three years. For example, for the three-year period, Onondaga County was part of the service area in four LPA awards, while 14 other counties received no funding, despite LPAs covering those counties submitting 26 applications over the same three-year period. LPAs serving four counties – Allegany, Chemung, Oswego, and Steuben – were denied funding in all three years. OCR officials informed us that they provide support to LPAs that are denied funding to help improve their applications and increase their chances of selection. However, the fact that some LPAs applied all three years and were still not selected indicates that OCR may need to provide more support to LPAs in underserved counties. As indicated in Exhibit C, senior citizens throughout the State living in substandard conditions are potentially eligible to be assisted by the RESTORE program.

OCR officials indicated that they send out mass emails notifying LPAs of RESTORE program funding availability. However, conducting more targeted outreach to LPAs in the counties that have not applied for funding could lead to increased participation. We also recognize that OCR considers geographic distribution in its reviews and that RESTORE funds are limited in a given funding year due to limited appropriations. In addition, OCR officials indicated RESTORE is not the only HCR program designed to assist senior citizens. However, additional efforts should be made to ensure RESTORE program funding is available to seniors throughout the State.

Delays in Award Process

Our review of OCR's administration of the RESTORE program for 2017-19 found delays in making funds available to LPAs, which impacted when funds were available to assist seniors. For instance, the notice of funding availability for the 2017 funding

round was issued in June 2017; however, no awards were made to LPAs until April 2018. The LPA contracts with HTFC were not signed until July 2018 – more than 15 months after the appropriations were made in the State's budget. While OCR improved its time to process applications and award RESTORE program funding in the 2018 and 2019 funding rounds, a significant amount of time also passed from the date the funds were appropriated to the date the funds became available for LPAs – approximately 13 and 9 months, respectively.

According to OCR officials, significant staff turnover contributed to a minor delay in awarding 2017 and 2018 RESTORE program funds. They note that the 2017 funds were awarded only one month outside of the fiscal year, 2018 funds were awarded just two months outside of the fiscal year, and 2019 funds were awarded soon after the 2018 awards and completed well within the fiscal year. However, we note that these are not minor delays. As outlined above, for the 2017-19 funding rounds, it took approximately 15, 13, and 9 months, respectively, to enter into contracts with the LPAs from the time funds were made available.

Recommendations

1. Develop objective scoring guidelines to promote consistency and transparency in scoring and selecting LPA applications.
2. Maintain clear, contemporaneous documentation (e.g., supporting scores, including deductions) during the LPA application scoring process.
3. Identify LPAs that have shown they are unable to use awarded RESTORE funds within the contracted period and provide timely assistance.
4. Increase monitoring of LPAs for RESTORE program compliance and establish a process for LPAs to consistently track compliance with program requirements, including timeline, bidding, and PMD provisions.
5. Increase outreach and support to LPAs in counties that have not applied for or did not receive RESTORE program awards.
6. Improve timeliness of awarding RESTORE program funds to LPAs.

Audit Scope, Objectives, and Methodology

The objectives of our audit were to determine whether LPAs were selected appropriately and their selection was properly documented by HCR; and whether selected LPAs were properly administering the RESTORE program in accordance with program goals and requirements. The audit covered awards in funding years 2017-19.

To achieve our objectives and evaluate the relevant internal controls, we reviewed the Private Housing Finance Law and OCR's LPA Manual, RFPs, application review forms, and its monitoring checklist. We met with OCR officials to obtain an understanding of the RESTORE program regarding the selection of LPAs and administration of the program. We also visited nine LPAs and met with officials to obtain an understanding of how they administer the RESTORE program.

To determine whether LPAs were selected appropriately and whether those selections were properly documented by HCR, we reviewed a judgmental sample of 30 of the 113 LPA applications for the three funding years 2017-19. The sample consists of 14 applications from LPAs that received funding and 16 applications from LPAs that were not funded. Of the 30 applications reviewed, 11 were from 2017, 11 were from 2018, and 8 were from 2019.

To determine whether selected LPAs were properly administering the RESTORE program to eligible homeowners in accordance with program goals and requirements, we selected a judgmental sample of 11 awards from the 49 applications received from 36 LPAs that were funded in the three funding years 2017-19. Awards were selected from funding years as follows: 2019 – two awards; 2018 – five awards; and 2017 – four awards. We visited the LPAs for these 11 awards and reviewed project documentation for a sample of 67 projects. Our samples were not designed to be projected to the entire population.

As part of audit procedures, the audit team used Geographic Information Systems (GIS) software for geographic analysis. As part of the geographic analysis, we developed visualizations (see Exhibits B and C) to improve understanding of our report. Colors were selected from https://colorbrewer2.org by Cynthia A. Brewer, Geography, Pennsylvania State University. Portions of the maps contained in this report include the intellectual property of Esri and its licensors and are used under license. Copyright © 1987-2020 Esri and its licensors. All rights reserved.

Statutory Requirements

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

We conducted our performance audit in accordance with generally accepted government auditing standards. These 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 during our audit provides a reasonable basis for our findings and conclusions based on our audit objectives.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State, including some duties on behalf of public authorities. For the Housing Trust Fund Corporation (HTFC), these include operating the State's accounting system, reporting the HTFC as a discrete component unit in the State's financial statements, and approving selected contracts. These duties could be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our professional judgment, these duties do not affect our ability to conduct this independent audit of HTFC's oversight and administration of the Residential Emergency Services to Offer Home Repairs to the Elderly Program.

Reporting Requirements

A draft copy of this report was provided to HCR officials for their review and comment. Their comments were considered in preparing this final report and are included in their entirety at the end of it. While HCR officials generally agreed with the report's recommendations and indicated actions they have taken or will take to implement them, they disagreed with some of our conclusions. We addressed certain remarks in our State Comptroller's Comments, which are embedded within HCR's response.

Within 180 days of the final release of this report, as required by Section 170 of the Executive Law, the Commissioner of Homes and Community Renewal shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where the recommendations were not implemented, the reasons why.

Exhibit A

Sample of LPA Awards Reviewed

County	Funding Year	SHARSID	Local Program Administrator	Awarded Amount
Broome	2019 2018 2017	20193017* 20183113 20173096	First Ward Action Council, Inc.	$150,000* $83,865 $150,000
Delaware	2019	20193006	Delaware Opportunities Inc.	$92,518
Queens	2018	20183157	Neighborhood Housing Services of Queens, CDC	$150,000
Washington	2018	20183064	Homefront Development Corp.	$150,000
Rensselaer	2018	20183120	City of Rensselaer	$122,000
Yates	2018	20183158	Keuka Housing Council, Inc.	$100,000
Ulster	2017	20173077	RUPCO, Inc.	$95,000
Saratoga	2017	20173100	Rebuilding Together Saratoga County, Inc.	$150,000
Ontario, Monroe	2017	20173068	Bishop Sheen Ecumenical Housing Foundation, Inc.	$150,000

*We reviewed awards 20173096 and 20183113 because there were no projects completed for 20193017.

Exhibit B

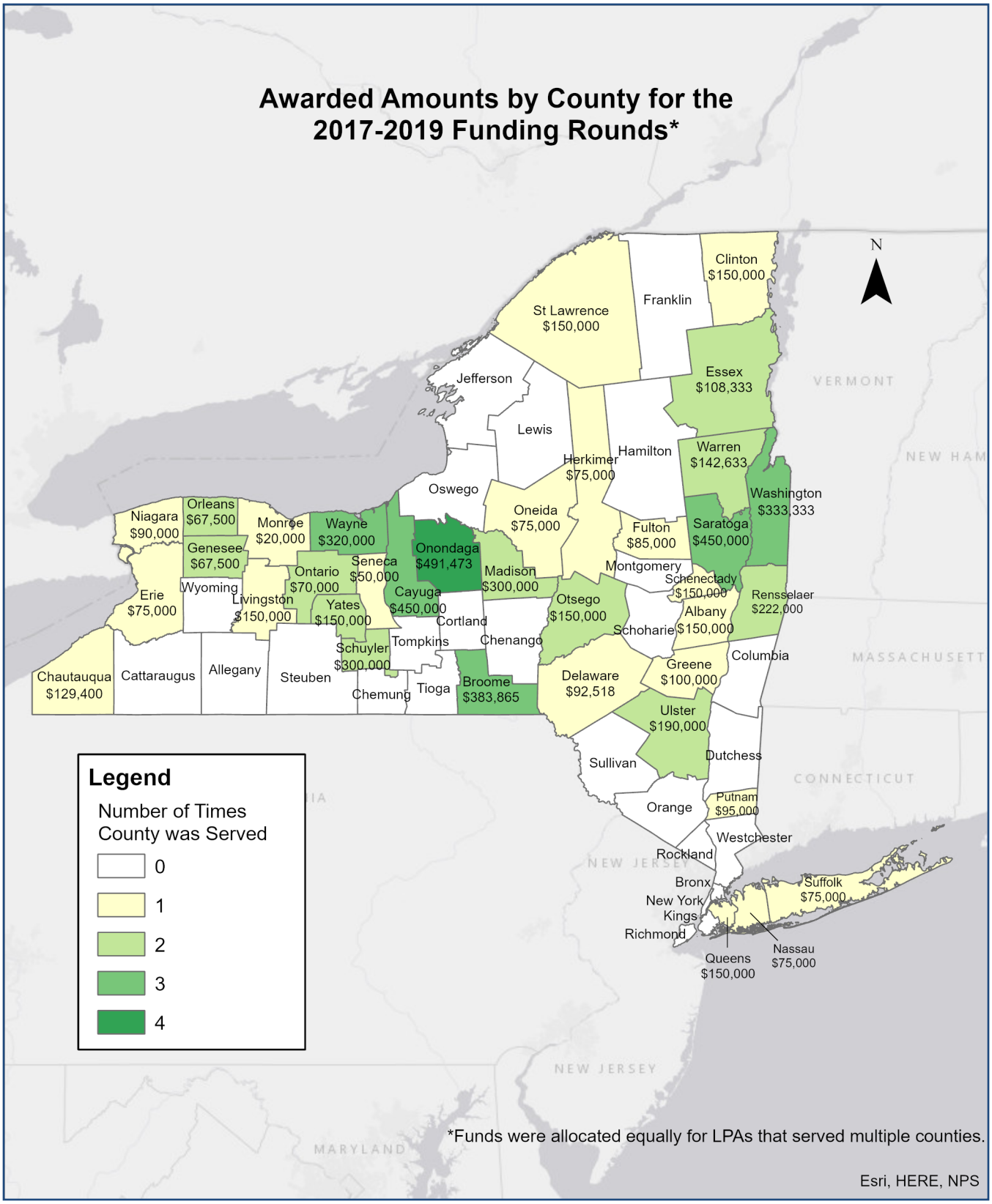
Awarded Amounts by County for the
2017-2019 Funding Rounds*
N
Clinton
$150,000
Franklin
St Lawrence
$150,000
Essex
$108,333
Jefferson
Lewis
Hamilton
Warren
$142,633
Herkimer
$75,000
Washington
$333,333
Oswego
Oneida
$75,000
Saratoga
$450,000
Fulton
$85,000
Montgomery
Schenectady
$150,000
Rensselaer
$222,000
Albany
$150,000
Schoharie
Otsego
$150,000
Madison
$300,000
Onondaga
$491,473
Cayuga
$450,000
Seneca
$50,000
Ontario
$70,000
Wayne
$320,000
Monroe
$20,000
Orleans
$67,500
Niagara
$90,000
Genesee
$67,500
Wyoming
Erie
$75,000
Livingston
$150,000
Yates
$150,000
Cortland
Chenango
Tompkins
Schuyler
$300,000
Chautauqua
$129,400
Cattaraugus
Allegany
Steuben
Chemung
Tioga
Broome
$383,865
Delaware
$92,518
Columbia
Greene
$100,000
Ulster
$190,000
Sullivan
Dutchess
Putnam
$95,000
Orange
Westchester
Rockland
Bronx
New York
Kings
Richmond
Queens
$150,000
Suffolk
$75,000
Nassau
$75,000
Legend
Number of Times
County was Served
0
1
2
3
4
VERMONT
NEW HAM
MASSACHUSETT
CONNECTICUT
NEW JERSEY
NEW JERSEY
MARYLAND
*Funds were allocated equally for LPAs that served multiple counties.
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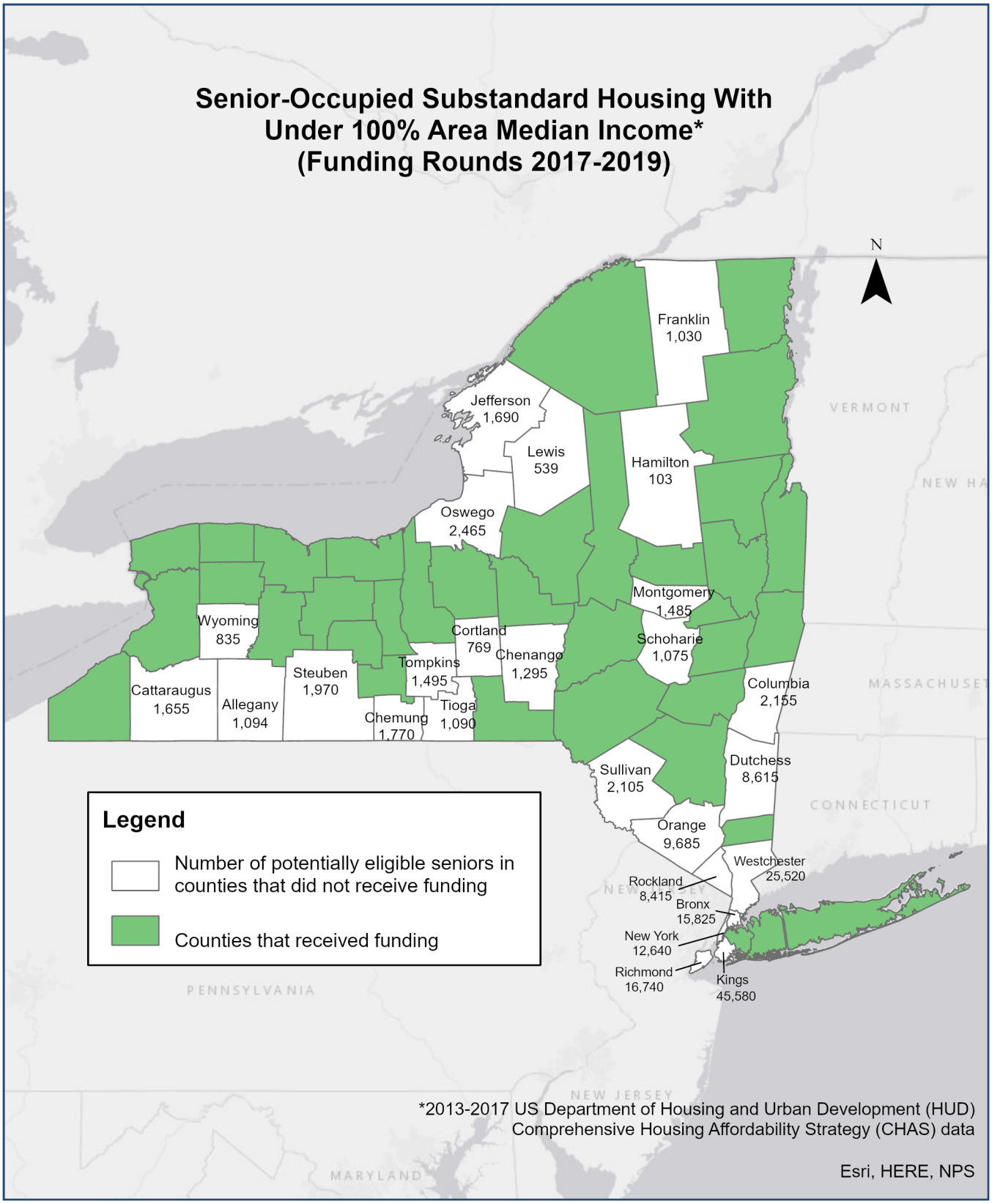
Exhibit C


Senior-Occupied Substandard Housing With
Under 100% Area Median Income*
(Funding Rounds 2017-2019)
N
Franklin
1,030
Jefferson
1,690
Lewis
539
Hamilton
103
Oswego
2,465
Montgomery
1,485
Wyoming
835
Cortland
769
Schoharie
1,075
Tompkins
1,495
Chenango
1,295
Steuben
1,970
Cattaraugus
1,655
Allegany
1,094
Chemung
1,770
Tioga
1,090
Columbia
2,155
Sullivan
2,105
Dutchess
8,615
Orange
9,685
Westchester
25,520
Rockland
8,415
Bronx
15,825
New York
12,640
Richmond
16,740
Kings
45,580
Legend
Number of potentially eligible seniors in counties that did not receive funding
Counties that received funding
VERMONT
NEW HA
MASSACHUSET
CONNECTICUT
NEW JERSEY
PENNSYLVANIA
MARYLAND
*2013-2017 US Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS) data
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Agency Comments and State Comptroller's Comments

NEW YORK STATE OF OPPORTUNITY. | Homes and Community Renewal | Housing Trust Fund Corporation

ANDREW M. CUOMO
Governor

RUTHANNE VISNAUSKAS
Commissioner/CEO

May 3, 2021

Ms. Aida Solomon
Audit Manager, Division of State Government Accountability
Office of the State Comptroller
110 State Street
Albany, NY 12236

Re.: Report 2020-S-04, Residential Emergency Responses to Offer (Home) Repairs to the Elderly (RESTORE) Program

Dear Ms. Solomon:

This shall serve as our response to the reported results of the above-referenced audit of the Residential Emergency Responses to Offer (Home) Repairs to the Elderly Program (2020-S-04).

NYS Homes and Community Renewal's (HCR) Office of Community Renewal (OCR) effectively administers the RESTORE program, which assists elderly homeowners with the cost of emergency repairs. The RESTORE program provides support in communities throughout New York State and, to date, has assisted more than 11,000 elderly homeowners, which in turn has enabled them to continue to live independently in their homes.

The Office of the State Comptroller's (OSC) audit report presents a mere snapshot of a few isolated errors over a three-year period and fails to recognize RESTORE's achievements. HCR continually works to refine and improve its systems and procedures so that RESTORE program funds are efficiently and effectively delivered to elderly New York State homeowners in need. Consistent with this commitment, we will consider and address the results of OSC's audit as noted in our following responses to the reported audit observations and recommendations:

State Comptroller's Comment – Our review found inaccurate scoring in 7 of 30 LPA applications we reviewed. This represents an error rate of 23 percent and not just a few isolated errors, as HCR officials suggest. More importantly, these errors had a significant impact, as they resulted in at least three LPAs (10 percent) being inappropriately awarded funds while others were denied. Further, contrary to HCR's assertion that we failed to recognize RESTORE's achievements, we do report the number and dollar amounts awarded as well as the number of projects assisted during our audit scope. HCR's RESTORE

accomplishments during our scope period are also depicted on the map in Exhibit B of our report.

Recommendation 1: Develop objective scoring guidelines to promote consistency and transparency in scoring and selecting LPA applications.

Agency Management's Response:
The Agency agrees with this recommendation, however, we submit that adequate internal controls already exist to ensure consistency and transparency in the application review and award selection process. The audit identified few instances of clerical and/or recordkeeping errors that occurred in supporting application scores. These limited examples are neither the result of "lack of controls" nor a "lack of clear guidance for scoring applications objectively" as OSC contends.

The current RESTORE program application review process prioritizes applicants best prepared to implement local programs and deliver RESTORE funds to elderly homeowners in need. Reviewer tools are developed for each funding round to allow for the selection and award of RESTORE funds to LPAs that demonstrate the best balance of the review criteria: need for funds, service area coverage, program support and referral strategies, and LPA administrative capacity and readiness. HCR provides clear instructions for its application reviewers describing the considerations in each review category. HCR will continue to refine scoring guidelines to maintain consistency and transparency in scoring, improve consistency of documentation to justify scores, and ensure appropriate LPA applications are selected for award.

Recommendation 2: Maintain clear, contemporaneous documentation (e.g., supporting scores, including deductions) during the LPA application scoring process.

Agency Management's Response:
The Agency agrees with this recommendation, however, we submit that HCR's RESTORE application review tool allows reviewers to document reviewer notes in support of scores. In response to OSC's recommendation, HCR has added additional fields to provide more clear documentation for a second reviewer's notes. HCR will maintain clear documentation during the application scoring process to ensure consistency and transparency in the application scoring process and continue to refine if inconsistencies are identified.

Recommendation 3: Identify LPAs that have shown they are unable to use awarded RESTORE funds within the contracted period and provide timely assistance.

Agency Management's Response:
The Agency agrees with this recommendation. HCR supports awardees in effectively utilizing RESTORE funds to assist elderly homeowners in need of emergency repairs. OCR project managers actively monitor the portfolio of RESTORE awards and provide timely technical assistance upon request and as deficiencies

are identified. HCR rejects OSC's assertion that "OCR and LPAs do not engage in sufficient communication in order to assess the status of awards." Project managers are in frequent contact with the grantees and provide significant support throughout the term of each RESTORE award.

State Comptroller's Comment – Given the number of extensions that were needed by the LPAs, it is clear that the current communication process is insufficient. OCR should be providing LPAs more than just technical assistance upon request and as deficiencies are identified.

To promote timely use of funds a 12-month contract term is imposed on RESTORE. Occasionally awardees are unable to implement and fully expend the funds within that term. If the awardee confirms that the awarded organization is capable of continuing the program activities and need remains within the proposed service area, HCR will grant extensions. Granting of extensions supports the agency's objectives and provides additional, uninterrupted opportunities to assist elderly homeowners in need.

Recommendation 4: Increase monitoring of LPAs for RESTORE program compliance and establish a process for LPAs to consistently track compliance with program requirements, including timeline, bidding, and PMD provisions.

Agency Management's Response:
HCR agrees with this recommendation but strongly disagrees with OSC's characterization of the level of our monitoring and that communication with LPAs as insufficient. There is a rapid and regular monitoring of LPAs under this program.

OCR project managers and LPA staff are in frequent contact to discuss routine program administration: project set ups and disbursements, eligibility of individual participants and projects, eligible use of funds and general program questions. OCR staff members are highly responsive to questions and generally provide answers and support in under 24 hours. Requests for contract status updates are routinely made by project managers.

In addition to the routine project management contact and check-ins already occurring, OCR has developed additional grantee monitoring procedures. Implementation was delayed, however, in 2020 given the operational challenges experienced by the LPAs during the COVID-19 pandemic. OCR is now in the process of launching these new procedures as the operations of the LPAs begin to return to normal. The new procedures are designed to increase monitoring of the LPAs to ensure program compliance and proactively offer technical assistance. These procedures include a First File Review, routine check-ins by project managers and contract monitoring at contract completion.

- First File Review: will serve as an early opportunity for OCR to provide direct technical assistance to the awardees as their first participants are assisted locally. OCR and the awardee will review the project to ensure that the local program was implemented correctly and effectively. OCR and the awardee will work together to make necessary adjustments to ensure the remaining projects meet all program requirements.
- Routine Check-ins: will be completed and documented by project managers. The record of check-ins

will identify technical assistance needs and support decision making related to extension requests.

- Contract monitoring: will be conducted at contract completion as either an in-person site visit or desk monitoring where program materials are transmitted electronically for OCR review. This monitoring will allow OCR to confirm program compliance and provide direct technical assistance to improve delivery of the program for future awards.

In addition to the launch of more formal monitoring procedures, a program form has been modified to formally track and document the project timelines to ensure compliance. The form will be reviewed at the time program funds are committed (Project Set up) and again prior to payment of project expenses (Project Completion). Upon review, project managers will require supporting documentation to explain any deviation from the required timelines.

State Comptroller's Comment – We maintain that HCR's monitoring and communication were insufficient for ensuring LPAs' compliance with program requirements. However, we are encouraged that HCR will be implementing new procedures to increase monitoring of LPAs that will also serve as an early opportunity to provide direct technical assistance to awardees.

Recommendation 5: Increase outreach and support to LPAs in counties that have not applied for or did not receive RESTORE program awards.

Agency Management's Response:
HCR disagrees with this recommendation only because it suggests that there is need for increased outreach or support to LPAs in counties not applying for program awards or that did not receive awards to achieve greater Statewide coverage. However, HCR does, in fact, conduct extensive outreach. HCR includes the review of geographic distribution and existing available resources as one of several application review criteria because of the limited availability of RESTORE funds in any given year. OCR conducts extensive outreach during each funding round and throughout the year to highlight the availability of the RESTORE program funds and to promote applications for funding, particularly in underserved communities. Examples of these efforts include:

- Availability of RESTORE program materials on HCR's website throughout the year;
- Publication of Notices of Funding Availability (NOFA) in the NYS Register;
- Mass email distribution following release of each new NOFA to all contacts on file among the programs administered by OCR. These include prior grantees and all Neighborhood & Rural Preservation Companies (network of approximately 200 not-for-profit organizations with statewide reach);
- RESTORE program presentations at annual statewide conferences including the Rural Housing Coalition and the Neighborhood Preservation Coalition;
- Distribution of promotional materials at annual conferences such as the annual conference for the Association of Towns;
- Referrals to OCR from other HCR offices such as our Office of Intergovernmental Affairs, from allied organizations and NYS legislators familiar with the RESTORE program and who frequently direct homeowners in need of assistance to OCR for LPA referrals; and

- Notification letters sent to unsuccessful applicants encouraging outreach to OCR for technical assistance and capacity building.

HCR is committed to the success of the program and will, nonetheless, consider exploring opportunities to further enhance our considerable program outreach efforts and promote statewide RESTORE applications.

State Comptroller's Comment – We are aware that HCR conducts outreach and are encouraged that opportunities to further enhance these efforts will be explored. However, we believe these efforts should include more targeted outreach toward counties that have not applied for or that have not received program funds.

Recommendation 6: Improve timeliness of awarding RESTORE program funds to LPAs.

Agency Management's Response:
HCR has issued discreet Requests for Applications and made awards for each annual funding appropriation. While the release of awards was delayed during the three years OSC examined as OSC acknowledges, the timeframe for award distribution improved each year and there was never a time when RESTORE program resources were not available to homeowners in need. Rather, full appropriations were awarded in each successive funding cycle and each solicitation was carefully scheduled to enable LPAs to effectively manage their RESTORE awards while ensuring continuity of program services.

HCR strategically managed timing of funding rounds following the minor delay of the 2017 awards. The 2018 funding round was launched in the second half of the fiscal year to allow the new (2017) awardees and prior recipients with outstanding funds time to expend existing grant funds. The 2019 funding round was launched soon after the 2018 awards and well within the fiscal year that the funds were made available. At that time, fewer recipients had funding balances and it was determined appropriate to open the funding round.

Please contact Ron Dickens, Director of Internal Audit and Quality Control, at (518) 486 – 6367 if you have any questions or require anything further.

Sincerely,

Crystal Loffler
Deputy Commissioner, Office of Community Renewal

Cc: RuthAnne Visnauskas
Betsy R.C. Mallow
Dina Levy
Linda Manley
Ron Dickens

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